

HORIZONS EXCHANGE TRADED FUNDS SERIES

ANNUAL FINANCIAL STATEMENTS

HORIZONS KOSPI 200 ETF
HORIZONS S&P EMERGING ASIA CONSUMER ETF
HORIZONS S&P GLOBAL CONSUMER BRANDS ETF
HORIZONS S&P ASIA EX JANZ FINANCIALS ETF
HORIZONS S&P ASIA EX JANZ IT ETF
HORIZONS S&P ASIA EX JANZ INDUSTRIALS ETF
HORIZONS S&P ASIA EX JANZ ENERGY ETF
HORIZONS S&P ASIA EX JANZ MATERIALS ETF

FOR THE YEAR ENDED 31 MARCH 2014

HORIZONS MSCI CHINA ETF
HORIZONS HANG SENG HIGH DIVIDEND YIELD ETF

FOR THE PERIOD FROM 11 JUNE 2013 (DATE OF INCEPTION) TO 31 MARCH 2014

(SUB-FUNDS OF HORIZONS EXCHANGE TRADED FUNDS SERIES)



Building a better
working world

HORIZONS EXCHANGE TRADED FUNDS SERIES

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IMPORTANT:

Any opinion expressed herein reflects the Manager's view only and are subject to change. For more information about Horizons Exchange Traded Funds Series, please refer to the prospectus of the Horizons Exchange Traded Funds Series which is available at our website: www.horizonsetfs.com.hk.

Investors should not rely on the information contained in this report for their investment decisions.

HORIZONS EXCHANGE TRADED FUNDS SERIES

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of the Horizons Exchange Traded Funds Series (the "Trust") has, in all material respects, managed, in accordance with the provisions of the trust deed dated 23 December 2010 as amended by the supplemental deeds dated 23 December 2011, 5 November 2012 and 14 May 2013 (collectively, the "Trust Deed"),

1. Horizons KOSPI 200 ETF
2. Horizons S&P Emerging Asia Consumer ETF
3. Horizons S&P Global Consumer Brands ETF
4. Horizons S&P Asia ex JANZ Financials ETF
5. Horizons S&P Asia ex JANZ IT ETF
6. Horizons S&P Asia ex JANZ Industrials ETF
7. Horizons S&P Asia ex JANZ Energy ETF
8. Horizons S&P Asia ex JANZ Materials ETF
for the year ended 31 March 2014; and
9. Horizons MSCI China ETF
10. Horizons Hang Seng High Dividend Yield ETF
for the period from 11 June 2013 (date of inception) to 31 March 2014.


Cititrust Limited
14 July 2014

Independent auditors' report

To the unitholders of Horizons Exchange Traded Funds Series (The "Trust")
(An umbrella unit trust established under the laws of Hong Kong)

We have audited the financial statements of Horizons KOSPI 200 ETF, Horizons S&P Emerging Asia Consumer ETF, Horizons S&P Global Consumer Brands ETF, Horizons S&P Asia ex JANZ Financials ETF, Horizons S&P Asia ex JANZ IT ETF, Horizons S&P Asia ex JANZ Industrials ETF, Horizons S&P Asia ex JANZ Energy ETF, Horizons S&P Asia ex JANZ Materials ETF, Horizons MSCI China ETF and Horizons Hang Seng High Dividend Yield ETF (collectively, the "Sub-Funds") of the Trust set out on pages 5 to 83, which comprise the statement of net assets as at 31 March 2014 for each of the Sub-Funds, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended for Horizons KOSPI 200 ETF, Horizons S&P Emerging Asia Consumer ETF, Horizons S&P Global Consumer Brands ETF, Horizons S&P Asia ex JANZ Financials ETF, Horizons S&P Asia ex JANZ IT ETF, Horizons S&P Asia ex JANZ Industrials ETF, Horizons S&P Asia ex JANZ Energy ETF and Horizons S&P Asia ex JANZ Materials ETF, and for the period from 11 June 2013 (date of inception) to 31 March 2014 for Horizons MSCI China ETF and Horizons Hang Seng High Dividend Yield ETF, and a summary of significant accounting policies and other explanatory information.

Trustee's and Manager's Responsibilities for the financial statements

The Trustee and the Manager (the "Management") of the Sub-Funds of the Trust are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In addition, the Management also has a responsibility to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed of the Sub-Funds dated 23 December 2010 as amended by the supplemental deeds dated 23 December 2011, 5 November 2012 and 14 May 2013 (collectively, the "Trust Deed"), and the disclosure requirements specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code").

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, and whether the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.

Independent auditors' report (continued)

To the unitholders of Horizons Exchange Traded Funds Series (The "Trust")
(An umbrella unit trust established under the laws of Hong Kong)

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.


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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of each of the Sub-Funds as at 31 March 2014, and of the financial performance and cash flows for the year then ended for Horizons KOSPI 200 ETF, Horizons S&P Emerging Asia Consumer ETF, Horizons S&P Global Consumer Brands ETF, Horizons S&P Asia ex JANZ Financials ETF, Horizons S&P Asia ex JANZ IT ETF, Horizons S&P Asia ex JANZ Industrials ETF, Horizons S&P Asia ex JANZ Energy ETF and Horizons S&P Asia ex JANZ Materials ETF, and for the period from 11 June 2013 (date of inception) to 31 March 2014 for Horizons MSCI China ETF and Horizons Hang Seng High Dividend Yield ETF, in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.


Certified Public Accountants
Hong Kong
14 July 2014

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF NET ASSETS

As at 31 March 2014

| Notes | Horizons KOSPI 200 ETF | | Horizons S&P Emerging Asia Consumer ETF | | Horizons S&P Global Consumer Brands ETF | | Horizons S&P Asia ex JANZ Financials ETF | | Horizons S&P Asia ex JANZ IT ETF | | |
|--|------------------------|-------------------|---|--------------------|---|--------------------|--|-------------------|----------------------------------|-------------------|-------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | |
| CURRENT ASSETS | | | | | | | | | | | |
| Investments | 11(b)(i) | 39,936,167 | 29,230,933 | 235,184,528 | 277,600,604 | 180,390,599 | 187,436,126 | 18,759,602 | 48,917,891 | 39,482,947 | 82,070,907 |
| Amount due from brokers | | – | – | – | 332,300 | 60,000 | 28,806 | – | – | – | – |
| Dividends receivable | | 315,924 | 215,483 | – | 72,762 | 127,199 | 180,790 | 28,996 | 77,349 | 96,438 | 108,199 |
| Prepayment | | 102 | 16,747 | – | – | – | – | – | – | – | – |
| Bank balances | 6(e) | 240,784 | 34,150 | 291,761 | 13,999,192 | 841,970 | 985,456 | 19,466 | 290,018 | 53,404 | 111,832 |
| TOTAL ASSETS | | 40,492,977 | 29,497,313 | 235,476,289 | 292,004,858 | 181,419,768 | 188,631,178 | 18,808,064 | 49,285,258 | 39,632,789 | 82,290,938 |
| CURRENT LIABILITIES | | | | | | | | | | | |
| Management fee payable | 6(b) | 1,684 | 8,784 | 87,606 | 97,234 | 69,089 | 71,812 | 6,968 | 18,800 | 15,110 | 29,981 |
| Trustee fee payable | 6(c) | 4,041 | 3,011 | 23,361 | 25,929 | 18,424 | 19,150 | 1,858 | 5,013 | 4,030 | 7,995 |
| Formation fee payable | 6(d)(i) | – | – | 177,104 | 181,879 | 172,171 | 176,943 | 177,104 | 181,879 | 177,104 | 181,879 |
| Administration fee payable | 6(d)(ii) | 3,872 | 3,137 | 35,043 | 38,893 | 27,635 | 28,725 | 2,787 | 7,520 | 6,044 | 11,992 |
| Amount due to participating dealers | | – | – | – | 674,465 | – | – | – | – | – | – |
| Amount due to brokers | | – | – | – | 13,356,657 | 31,195 | – | – | – | – | – |
| Other payables | | 168 | 125 | 15,000 | 90,000 | – | 30,000 | – | 15,000 | – | 15,000 |
| | | 9,765 | 15,057 | 338,114 | 14,465,057 | 318,514 | 326,630 | 188,717 | 228,212 | 202,288 | 246,847 |
| NON-CURRENT LIABILITIES | | | | | | | | | | | |
| Formation fee payable | 6(d)(i) | – | – | – | 167,624 | – | 163,075 | – | 167,624 | – | 167,624 |
| TOTAL LIABILITIES | | 9,765 | 15,057 | 338,114 | 14,632,681 | 318,514 | 489,705 | 188,717 | 395,836 | 202,288 | 414,471 |
| EQUITY | | | | | | | | | | | |
| Net assets attributable to unitholders | 3 | <u>40,483,212</u> | <u>29,482,256</u> | <u>235,138,175</u> | <u>277,372,177</u> | <u>181,101,254</u> | <u>188,141,473</u> | <u>18,619,347</u> | <u>48,889,422</u> | <u>39,430,501</u> | <u>81,876,467</u> |
| Number of units in issue | 3(b) | <u>2,000,000</u> | <u>1,500,000</u> | <u>11,000,000</u> | <u>12,800,000</u> | <u>6,000,000</u> | <u>7,600,000</u> | <u>800,000</u> | <u>2,000,000</u> | <u>1,400,000</u> | <u>3,400,000</u> |
| Net asset value per unit | 3(b) | <u>20.2417</u> | <u>19.6548</u> | <u>21.3762</u> | <u>21.6697</u> | <u>30.1836</u> | <u>24.7555</u> | <u>23.2742</u> | <u>24.4447</u> | <u>28.1647</u> | <u>24.0813</u> |

 Mirae Asset Global Investments (Hong Kong) Limited

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF NET ASSETS (CONTINUED)

As at 31 March 2014

| Notes | Horizons S&P Asia ex JANZ Industrials ETF | | Horizons S&P Asia ex JANZ Energy ETF | | Horizons S&P Asia ex JANZ Materials ETF | | Horizons MSCI China ETF | Horizons Hang Seng High Dividend Yield ETF | |
|--|--|-------------------|---|-------------------|--|-------------------|----------------------------|---|--------------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2014 | |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | |
| CURRENT ASSETS | | | | | | | | | |
| Investments | 11(b)(i) | 21,726,658 | 52,176,697 | 13,700,836 | 15,259,421 | 21,358,479 | 21,571,296 | 291,019,540 | 234,840,330 |
| Amount due from brokers | | – | – | – | 123,109 | – | – | – | – |
| Dividends receivable | | 68,507 | 233,928 | 53,066 | 48,395 | 106,364 | 69,807 | – | 504,183 |
| Bank balances | 6(e) | 51,281 | 222,875 | 60,129 | 45,091 | 37,485 | 198,280 | 1,850,536 | 1,061,091 |
| TOTAL ASSETS | | 21,846,446 | 52,633,500 | 13,814,031 | 15,476,016 | 21,502,328 | 21,839,383 | 292,870,076 | 236,405,604 |
| CURRENT LIABILITIES | | | | | | | | | |
| Management fee payable | 6(b) | 8,194 | 20,232 | 5,133 | 5,648 | 7,998 | 7,861 | 12,549 | 35,545 |
| Trustee fee payable | 6(c) | 2,185 | 5,395 | 1,369 | 1,506 | 2,133 | 2,096 | 25,611 | 19,747 |
| Formation fee payable | 6(d)(i) | 177,104 | 181,879 | 177,104 | 181,879 | 177,104 | 181,879 | 219,793 | 219,793 |
| Administration fee payable | 6(d)(ii) | 3,278 | 8,093 | 2,053 | 2,259 | 3,199 | 3,144 | 25,867 | 19,747 |
| Other payables | | – | – | – | 15,000 | – | 15,000 | 15,000 | – |
| | | 190,761 | 215,599 | 185,659 | 206,292 | 190,434 | 209,980 | 298,820 | 294,832 |
| NON-CURRENT LIABILITIES | | | | | | | | | |
| Formation fee payable | 6(d)(i) | – | 167,624 | – | 167,624 | – | 167,624 | 172,436 | 172,436 |
| TOTAL LIABILITIES | | 190,761 | 383,223 | 185,659 | 373,916 | 190,434 | 377,604 | 471,256 | 467,268 |
| EQUITY | | | | | | | | | |
| Net assets attributable to unitholders | 3 | <u>21,655,685</u> | <u>52,250,277</u> | <u>13,628,372</u> | <u>15,102,100</u> | <u>21,311,894</u> | <u>21,461,779</u> | <u>292,398,820</u> | <u>235,938,336</u> |
| Number of units in issue | 3(b) | <u>1,000,000</u> | <u>2,400,000</u> | <u>800,000</u> | <u>800,000</u> | <u>1,200,000</u> | <u>1,200,000</u> | <u>14,000,000</u> | <u>12,000,000</u> |
| Net asset value per unit | 3(b) | <u>21.6557</u> | <u>21.7709</u> | <u>17.0355</u> | <u>18.8776</u> | <u>17.7600</u> | <u>17.8848</u> | <u>20.8857</u> | <u>19.6616</u> |

Mirae Asset Global Investments (Hong Kong) Limited

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

| Notes | <u>Horizons KOSPI 200 ETF</u> | | <u>Horizons S&P Emerging Asia Consumer ETF</u> | | <u>Horizons S&P Global Consumer Brands ETF</u> | | <u>Horizons S&P Asia ex JANZ Financials ETF</u> | | <u>Horizons S&P Asia ex JANZ IT ETF</u> | |
|-----------------------------------|--|--|--|--|--|--|---|--|---|--|
| | For the year ended 31 March 2014 HK\$ | For the year ended 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ |
| INCOME | | | | | | | | | | |
| Dividend income | 461,320 | 635,891 | 5,861,818 | 3,952,634 | 4,048,857 | 3,338,826 | 1,285,598 | 1,418,438 | 586,736 | 1,739,646 |
| Interest income | 105 | 5,698 | 33 | 227 | 39 | 259 | 17 | 48 | 92 | 461 |
| Other income | – | – | 8,525 | – | 8,525 | – | 8,525 | – | 8,525 | – |
| Net gain/(loss) on investments | 5 (586,811) | (38,465,839) | (3,657,974) | 4,729,941 | 33,671,781 | 21,777,954 | (3,010,812) | 8,882,292 | 4,542,791 | 17,147,441 |
| Net exchange gain/(loss) | 16,776 | (221,424) | (502,988) | (1,758,549) | (51,650) | (371,030) | (40,628) | (91,356) | 131,540 | (435,034) |
| Total net income/(loss) | (108,610) | (38,045,674) | 1,709,414 | 6,924,253 | 37,677,552 | 24,746,009 | (1,757,300) | 10,209,422 | 5,269,684 | 18,452,514 |
| EXPENSES | | | | | | | | | | |
| Management fee | 6(b) (49,703) | (374,764) | (1,031,703) | (911,849) | (815,032) | (709,104) | (148,040) | (260,671) | (175,970) | (513,305) |
| Trustee fee | 6(c) (33,942) | (134,021) | (275,120) | (243,160) | (217,343) | (189,094) | (39,477) | (69,512) | (46,926) | (136,881) |
| Custody fee and bank charges | 6(d)(iii) (812) | (10,626) | (49,888) | (17,563) | (4,455) | (4,377) | (32,314) | (10,400) | (1,953) | (3,868) |
| Transaction costs on investments | 6(a) (37,540) | (1,012,743) | (372,532) | (750,163) | (143,336) | (288,308) | (60,012) | (37,329) | (148,130) | (320,583) |
| Professional fee | – | – | (153,002) | (111,997) | – | – | (63,302) | (93,686) | (66,490) | (97,650) |
| Formation fee | 6(d)(i) – | – | – | (537,131) | – | (522,554) | – | (537,131) | – | (537,131) |
| Administration fee | 6(d)(ii) (35,128) | (139,198) | (412,681) | (364,740) | (326,013) | (283,642) | (59,216) | (104,268) | (70,388) | (205,322) |
| Other expense | (349) | – | – | – | – | – | – | – | – | – |
| Total operating expenses | (157,474) | (1,671,352) | (2,294,926) | (2,936,603) | (1,506,179) | (1,997,079) | (402,361) | (1,112,997) | (509,857) | (1,814,740) |
| Operating profit/(loss) | (266,084) | (39,717,026) | (585,512) | 3,987,650 | 36,171,373 | 22,748,930 | (2,159,661) | 9,096,425 | 4,759,827 | 16,637,774 |
| FINANCE COSTS | | | | | | | | | | |
| Interest expense | – | – | (8,141) | (33,296) | (915) | (3,670) | (38) | (208) | (296) | (4,231) |
| Profit/(loss) before tax | (266,084) | (39,717,026) | (593,653) | 3,954,354 | 36,170,458 | 22,745,260 | (2,159,699) | 9,096,217 | 4,759,531 | 16,633,543 |
| Withholding tax | 8 (101,963) | (139,980) | (741,925) | (353,086) | (823,412) | (693,314) | (117,516) | (126,619) | (111,063) | (329,368) |
| Capital gains tax | 8 – | – | (236,309) | (574,096) | – | – | – | (16,564) | – | – |
| Total comprehensive income | (368,047) | (39,857,006) | (1,571,887) | 3,027,172 | 35,347,046 | 22,051,946 | (2,277,215) | 8,953,034 | 4,648,468 | 16,304,175 |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year/period ended 31 March 2014

| Notes | <u>Horizons S&P Asia ex JANZ Industrials ETF</u> | | <u>Horizons S&P Asia ex JANZ Energy ETF</u> | | <u>Horizons S&P Asia ex JANZ Materials ETF</u> | | <u>Horizons MSCI China ETF</u> | <u>Horizons Hang Seng High Dividend Yield ETF</u> |
|-----------------------------------|--|---|---|---|--|---|---|---|
| | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the period from 11 June 2013 (date of inception) to 31 March 2014 HK\$ | For the period from 11 June 2013 (date of inception) to 31 March 2014 HK\$ |
| INCOME | | | | | | | | |
| | 738,578 | 1,326,533 | 533,800 | 499,725 | 471,027 | 484,477 | 3,994,177 | 6,775,596 |
| Dividend income | 25 | 57 | 4 | 90 | 4 | 154 | 21 | 20 |
| Interest income | 8,525 | – | 8,525 | – | 8,525 | – | – | – |
| Other income | (2,002,446) | 2,607,036 | (1,744,489) | (937,955) | (312,095) | (2,568,677) | 23,672,468 | 912,571 |
| Net gain/(loss) on investments | (14,523) | (169,421) | (13,609) | (64,212) | (2,307) | (268,788) | – | (33) |
| Net exchange gain/(loss) | (1,269,841) | 3,764,205 | (1,215,769) | (502,352) | 165,154 | (2,352,834) | 27,666,666 | 7,688,154 |
| Total net income/(loss) | | | | | | | | |
| EXPENSES | | | | | | | | |
| Management fee | (136,949) | (259,159) | (70,494) | (110,004) | (96,679) | (126,561) | (130,732) | (331,313) |
| Trustee fee | (36,520) | (69,109) | (18,798) | (29,334) | (25,781) | (33,750) | (266,801) | (184,063) |
| Custody fee and bank charges | (7,142) | (5,294) | (9,036) | (4,701) | (3,195) | (1,870) | (165,719) | (66,157) |
| Transaction costs on investments | (68,333) | (33,071) | (10,681) | (110,755) | (3,964) | (113,024) | (679,369) | (406,786) |
| Professional fee | (63,302) | (97,650) | (63,302) | (97,650) | (66,490) | (97,650) | – | – |
| Formation fee | – | (537,131) | – | (537,131) | – | (537,131) | (529,997) | (529,997) |
| Administration fee | (54,779) | (103,664) | (28,198) | (44,002) | (38,672) | (50,624) | (269,468) | (184,063) |
| 6(d)(ii) | (367,025) | (1,105,078) | (200,509) | (933,577) | (234,781) | (960,610) | (2,042,086) | (1,702,379) |
| Total operating expenses | | | | | | | | |
| Operating profit/(loss) | (1,636,866) | 2,659,127 | (1,416,278) | (1,435,929) | (69,627) | (3,313,444) | 25,624,580 | 5,985,775 |
| FINANCE COSTS | | | | | | | | |
| Interest expense | (502) | (204) | (73) | – | (318) | – | – | – |
| Profit/(loss) before tax | (1,637,368) | 2,658,923 | (1,416,351) | (1,435,929) | (69,945) | (3,313,444) | 25,624,580 | 5,985,775 |
| Withholding tax | (58,667) | (73,181) | (50,622) | (43,891) | (79,023) | (85,016) | (318,561) | (134,075) |
| 8 | – | – | – | – | (917) | (5,670) | – | – |
| Capital gains tax | (1,696,035) | 2,585,742 | (1,466,973) | (1,479,820) | (149,885) | (3,404,130) | 25,306,019 | 5,851,700 |
| Total comprehensive income | | | | | | | | |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 March 2014

| | <u>Horizons KOSPI 200 ETF</u> | | <u>Horizons S&P Emerging Asia Consumer ETF</u> | | <u>Horizons S&P Global Consumer Brands ETF</u> | | <u>Horizons S&P Asia ex JANZ Financials ETF</u> | | <u>Horizons S&P Asia ex JANZ IT ETF</u> | |
|--|--|--|--|--|--|--|---|--|---|--|
| | For the year ended 31 March 2014 HK\$ | For the year ended 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ |
| Balance at the beginning of the year/period | 29,482,256 | 377,850,030 | 277,372,177 | – | 188,141,473 | – | 48,889,422 | – | 81,876,467 | – |
| Issue of units | | | | | | | | | | |
| - in-kind ¹ | – | – | – | – | – | 2,601,600 | – | 26,101,680 | – | – |
| - cash creation and cash component | 20,827,132 | – | 41,233,992 | 330,386,418 | 22,161,671 | 205,247,667 | 4,561,979 | 18,769,399 | – | 138,229,279 |
| Redemption of units | | | | | | | | | | |
| - cash redemption and cash component | (9,458,129) | (308,510,768) | (81,896,107) | (56,041,413) | (64,548,936) | (41,759,740) | (32,554,839) | (4,934,691) | (47,094,434) | (72,656,987) |
| Net issue/(redemption) of units | 11,369,003 | (308,510,768) | (40,662,115) | 274,345,005 | (42,387,265) | 166,089,527 | (27,992,860) | 39,936,388 | (47,094,434) | 65,572,292 |
| Total comprehensive income | (368,047) | (39,857,006) | (1,571,887) | 3,027,172 | 35,347,046 | 22,051,946 | (2,277,215) | 8,953,034 | 4,648,468 | 16,304,175 |
| Balance at the end of the year/period | 40,483,212 | 29,482,256 | 235,138,175 | 277,372,177 | 181,101,254 | 188,141,473 | 18,619,347 | 48,889,422 | 39,430,501 | 81,876,467 |

¹For major non-cash transactions, please refer to note 4.

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

For the year/period ended 31 March 2014

| | <u>Horizons S&P Asia ex JANZ Industrials ETF</u> | | <u>Horizons S&P Asia ex JANZ Energy ETF</u> | | <u>Horizons S&P Asia ex JANZ Materials ETF</u> | | <u>Horizons MSCI China ETF</u> | <u>Horizons Hang Seng High Dividend Yield ETF</u> |
|--|--|--|---|---|--|---|---|---|
| | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the period from 11 June 2013 (date of inception) to 31 March 2014 HK\$ | For the period from 11 June 2013 (date of inception) to 31 March 2014 HK\$ |
| Balance at the beginning of the year/period | 52,250,277 | – | 15,102,100 | – | 21,461,779 | – | – | – |
| Issue of units | | | | | | | | |
| - in-kind ¹ | – | 22,027,098 | – | – | – | – | 46,583,832 | 31,049,400 |
| - cash creation and cash component | – | 27,637,437 | 3,385,859 | 49,206,009 | – | 52,726,552 | 372,578,060 | 231,504,819 |
| Redemption of units | | | | | | | | |
| - in-kind ¹ | – | – | – | – | – | – | (129,244,108) | – |
| - cash redemption and cash component | (28,898,557) | – | (3,392,614) | (32,624,089) | – | (27,860,643) | (22,824,983) | (32,467,583) |
| Net issue/(redemption) of units | (28,898,557) | 49,664,535 | (6,755) | 16,581,920 | – | 24,865,909 | 267,092,801 | 230,086,636 |
| Total comprehensive income | (1,696,035) | 2,585,742 | (1,466,973) | (1,479,820) | (149,885) | (3,404,130) | 25,306,019 | 5,851,700 |
| Balance at the end of the year/period | 21,655,685 | 52,250,277 | 13,628,372 | 15,102,100 | 21,311,894 | 21,461,779 | 292,398,820 | 235,938,336 |

¹For major non-cash transactions, please refer to note 4.

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

| | <u>Horizons KOSPI 200 ETF</u> | |
|---|---|---|
| | For the year ended 31 March 2014 HK\$ | For the year ended 31 March 2013 HK\$ |
| Note | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total comprehensive income | (368,047) | (39,857,006) |
| Adjustments for: | | |
| Dividend income | (461,320) | (635,891) |
| Interest income | (105) | (5,698) |
| Withholding tax | 101,963 | 139,980 |
| | <u>(727,509)</u> | <u>(40,358,615)</u> |
| (Increase)/decrease in investments | (10,705,234) | 344,456,234 |
| Decrease in prepayment | 16,645 | 22,314 |
| Decrease in management fee payable | (7,100) | (105,011) |
| Increase/(decrease) in trustee fee payable | 1,030 | (38,041) |
| Decrease in formation fee payable | – | (20,841) |
| Increase/(decrease) in administration fee payable | 735 | (16,663) |
| Increase/(decrease) in other payables | 43 | (16,501) |
| Cash (used in)/generated from operating activities | (11,421,390) | 303,922,876 |
| Dividends received | 258,916 | 3,929,855 |
| Interest received | 105 | 5,698 |
| Net cash flows (used in)/from operating activities | <u>(11,162,369)</u> | <u>307,858,429</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from issue of units | 20,827,132 | – |
| Cash paid on redemption of units | (9,458,129) | (308,510,768) |
| Net cash flows from/(used in) financing activities | <u>11,369,003</u> | <u>(308,510,768)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | |
| | 206,634 | (652,339) |
| Cash and cash equivalents at the beginning of the year | 34,150 | 686,489 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>240,784</u> | <u>34,150</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances | 6(e) <u>240,784</u> | <u>34,150</u> |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2014

| | <u>Horizons S&P Emerging Asia Consumer ETF</u> | |
|--|--|--------------------------|
| | For the year ended | For the period from |
| | 31 March 2014 | 18 January 2012 |
| | (date of inception) to | 31 March 2013 |
| Note | HK\$ | HK\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total comprehensive income | (1,571,887) | 3,027,172 |
| Adjustments for: | | |
| Dividend income | (5,861,818) | (3,952,634) |
| Interest income | (33) | (227) |
| Withholding tax | 741,925 | 353,086 |
| Interest expense | 8,141 | 33,296 |
| Capital gains tax | 236,309 | 574,096 |
| | <u>(6,447,363)</u> | <u>34,789</u> |
| Decrease/(increase) in investments | 42,416,076 | (277,600,604) |
| Decrease/(increase) in amount due from brokers | 332,300 | (332,300) |
| (Decrease)/increase in management fee payable | (9,628) | 97,234 |
| (Decrease)/increase in trustee fee payable | (2,568) | 25,929 |
| (Decrease)/increase in formation fee payable | (172,399) | 349,503 |
| (Decrease)/increase in administration fee payable | (3,850) | 38,893 |
| (Decrease)/increase in amount due to participating dealer | (674,465) | 674,465 |
| (Decrease)/increase in amount due to brokers | (13,356,657) | 13,356,657 |
| (Decrease)/increase in other payables | (75,000) | 90,000 |
| Cash flows from/(used in) operating activities | 22,006,446 | (263,265,434) |
| Dividends received | 5,192,655 | 3,526,786 |
| Interest received | 33 | 227 |
| Capital gains tax paid | (236,309) | (574,096) |
| Net cash flows from/(used in) operating activities | <u>26,962,825</u> | <u>(260,312,517)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from issue of units | 41,233,992 | 330,386,418 |
| Cash paid on redemption of units | (81,896,107) | (56,041,413) |
| Interest paid | (8,141) | (33,296) |
| Net cash flows (used in)/from financing activities | <u>(40,670,256)</u> | <u>274,311,709</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | |
| | (13,707,431) | 13,999,192 |
| Cash and cash equivalents at the beginning of the year/period | 13,999,192 | – |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD | <u>291,761</u> | <u>13,999,192</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances | 6(e) <u>291,761</u> | <u>13,999,192</u> |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2014

| | <u>Horizons S&P Global Consumer Brands ETF</u> | |
|--|--|------------------------------|
| | For the year ended | For the period from |
| | 31 March 2014 | 18 January 2012 |
| | (date of inception) to | 31 March 2013 |
| Note | HK\$ | HK\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total comprehensive income | 35,347,046 | 22,051,946 |
| Adjustments for: | | |
| Dividend income | (4,048,857) | (3,338,826) |
| Interest income | (39) | (259) |
| Withholding tax | 823,412 | 693,314 |
| Interest expense | 915 | 3,670 |
| | <u>32,122,477</u> | <u>19,409,845</u> |
| Decrease/(increase) in investments | 7,045,527 | (184,834,526) |
| Increase in amount due from brokers | (31,194) | (28,806) |
| (Decrease)/increase in management fee payable | (2,723) | 71,812 |
| (Decrease)/increase in trustee fee payable | (726) | 19,150 |
| (Decrease)/increase in formation fee payable | (167,847) | 340,018 |
| (Decrease)/increase in administration fee payable | (1,090) | 28,725 |
| Increase in amount due to brokers | 31,195 | – |
| (Decrease)/increase in other payables | (30,000) | 30,000 |
| Cash generated from/(used in) operating activities | <u>38,965,619</u> | <u>(164,963,782)</u> |
| Dividends received | 3,279,036 | 2,464,722 |
| Interest received | 39 | 259 |
| Net cash flows from/(used in) operating activities | <u>42,244,694</u> | <u>(162,498,801)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from issue of units | 22,161,671 | 205,247,667 |
| Cash paid on redemption of units | (64,548,936) | (41,759,740) |
| Interest paid | (915) | (3,670) |
| Net cash flows (used in)/from financing activities | <u>(42,388,180)</u> | <u>163,484,257</u> |
| NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS | | |
| | <u>(143,486)</u> | <u>985,456</u> |
| Cash and cash equivalents at the beginning of the year/period | 985,456 | – |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD | <u><u>841,970</u></u> | <u><u>985,456</u></u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances | 6(e) <u><u>841,970</u></u> | <u><u>985,456</u></u> |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2014

| | <u>Horizons S&P Asia ex JANZ Financials ETF</u> | |
|--|---|----------------------------|
| | For the year ended | For the period from |
| | 31 March 2014 | 18 January 2012 |
| | (date of inception) to | 31 March 2013 |
| Note | HK\$ | HK\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total comprehensive income | (2,277,215) | 8,953,034 |
| Adjustments for: | | |
| Dividend income | (1,285,598) | (1,418,438) |
| Interest income | (17) | (48) |
| Withholding tax | 117,516 | 126,619 |
| Interest expense | 38 | 208 |
| Capital gains tax | – | 16,564 |
| | <u>(3,445,276)</u> | <u>7,677,939</u> |
| Decrease/(increase) in investments | 30,158,289 | (22,816,211) |
| (Decrease)/increase in management fee payable | (11,832) | 18,800 |
| (Decrease)/increase in trustee fee payable | (3,155) | 5,013 |
| (Decrease)/increase in formation fee payable | (172,399) | 349,503 |
| (Decrease)/increase in administration fee payable | (4,733) | 7,520 |
| (Decrease)/increase in other payables | (15,000) | 15,000 |
| Cash generated from/(used in) operating activities | 26,505,894 | (14,742,436) |
| Dividends received | 1,216,435 | 1,214,470 |
| Interest received | 17 | 48 |
| Capital gains tax paid | – | (16,564) |
| Net cash flows from/(used in) operating activities | <u>27,722,346</u> | <u>(13,544,482)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from issue of units | 4,561,979 | 18,769,399 |
| Cash paid on redemption of units | (32,554,839) | (4,934,691) |
| Interest paid | (38) | (208) |
| Net cash flows (used in)/from financing activities | <u>(27,992,898)</u> | <u>13,834,500</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents at the beginning of the year/period | (270,552) | 290,018 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD | <u>290,018</u> | <u>–</u> |
| | <u>19,466</u> | <u>290,018</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances | 6(e) <u>19,466</u> | <u>290,018</u> |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2014

| | <u>Horizons S&P Asia ex JANZ IT ETF</u> | |
|--|---|------------------------------|
| | For the year ended | For the period from |
| | 31 March 2014 | 18 January 2012 |
| | (date of inception) to | 31 March 2013 |
| Note | HK\$ | HK\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total comprehensive income | 4,648,468 | 16,304,175 |
| Adjustments for: | | |
| Dividend income | (586,736) | (1,739,646) |
| Interest income | (92) | (461) |
| Withholding tax | 111,063 | 329,368 |
| Interest expense | 296 | 4,231 |
| | <u>4,172,999</u> | <u>14,897,667</u> |
| Decrease/(increase) in investments | 42,587,960 | (82,070,907) |
| (Decrease)/increase in management fee payable | (14,871) | 29,981 |
| (Decrease)/increase in trustee fee payable | (3,965) | 7,995 |
| (Decrease)/increase in formation fee payable | (172,399) | 349,503 |
| (Decrease)/increase in administration fee payable | (5,948) | 11,992 |
| (Decrease)/increase in other payables | (15,000) | 15,000 |
| Cash generated from/(used in) operating activities | 46,548,776 | (66,758,769) |
| Dividends received | 487,434 | 1,302,079 |
| Interest received | 92 | 461 |
| Net cash flows from/(used in) operating activities | <u>47,036,302</u> | <u>(65,456,229)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from issue of units | – | 138,229,279 |
| Cash paid on redemption of units | (47,094,434) | (72,656,987) |
| Interest paid | (296) | (4,231) |
| Net cash flows (used in)/from financing activities | <u>(47,094,730)</u> | <u>65,568,061</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | |
| | <u>(58,428)</u> | <u>111,832</u> |
| Cash and cash equivalents at the beginning of the year/period | 111,832 | – |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD | <u><u>53,404</u></u> | <u><u>111,832</u></u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances | 6(e) <u><u>53,404</u></u> | <u><u>111,832</u></u> |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2014

| | <u>Horizons S&P Asia ex JANZ Industrials ETF</u> | |
|--|--|---|
| | For the year ended 31 March 2014 | For the period from 18 January 2012 (date of inception) to 31 March 2013 |
| Note | HK\$ | HK\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total comprehensive income | (1,696,035) | 2,585,742 |
| Adjustments for: | | |
| Dividend income | (738,578) | (1,326,533) |
| Interest income | (25) | (57) |
| Withholding tax | 58,667 | 73,181 |
| Interest expense | 502 | 204 |
| | <u>(2,375,469)</u> | <u>1,332,537</u> |
| Decrease/(increase) in investments | 30,450,039 | (30,149,599) |
| (Decrease)/increase in management fee payable | (12,038) | 20,232 |
| (Decrease)/increase in trustee fee payable | (3,210) | 5,395 |
| (Decrease)/increase in formation fee payable | (172,399) | 349,503 |
| (Decrease)/increase in administration fee payable | (4,815) | 8,093 |
| Cash generated from/(used in) operating activities | <u>27,882,108</u> | <u>(28,433,839)</u> |
| Dividends received | 845,332 | 1,019,424 |
| Interest received | 25 | 57 |
| Net cash flows from/(used in) operating activities | <u>28,727,465</u> | <u>(27,414,358)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from issue of units | – | 27,637,437 |
| Cash paid on redemption of units | (28,898,557) | – |
| Interest paid | (502) | (204) |
| Net cash flows (used in)/from financing activities | <u>(28,899,059)</u> | <u>27,637,233</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | |
| | <u>(171,594)</u> | <u>222,875</u> |
| Cash and cash equivalents at the beginning of the year/period | 222,875 | – |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD | <u>51,281</u> | <u>222,875</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances | 6(e) <u>51,281</u> | <u>222,875</u> |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2014

| | <u>Horizons S&P Asia ex JANZ Energy ETF</u> | |
|--|---|----------------------------|
| | For the year ended | For the period from |
| | 31 March 2014 | 18 January 2012 |
| | (date of inception) to | 31 March 2013 |
| Note | HK\$ | HK\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total comprehensive income | (1,466,973) | (1,479,820) |
| Adjustments for: | | |
| Dividend income | (533,800) | (499,725) |
| Interest income | (4) | (90) |
| Withholding tax | 50,622 | 43,891 |
| Interest expense | 73 | – |
| | <u>(1,950,082)</u> | <u>(1,935,744)</u> |
| Decrease/(increase) in investments | 1,558,585 | (15,259,421) |
| Decrease/(increase) in amount due from brokers | 123,109 | (123,109) |
| (Decrease)/increase in management fee payable | (515) | 5,648 |
| (Decrease)/increase in trustee fee payable | (137) | 1,506 |
| (Decrease)/increase in formation fee payable | (172,399) | 349,503 |
| (Decrease)/increase in administration fee payable | (206) | 2,259 |
| (Decrease)/increase in other payables | (15,000) | 15,000 |
| Cash used in operating activities | (456,645) | (16,944,358) |
| Dividends received | 478,507 | 407,439 |
| Interest received | 4 | 90 |
| Net cash flows from/(used in) operating activities | <u>21,866</u> | <u>(16,536,829)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from issue of units | 3,385,859 | 49,206,009 |
| Cash paid on redemption of units | (3,392,614) | (32,624,089) |
| Interest paid | (73) | – |
| Net cash flows (used in)/from financing activities | <u>(6,828)</u> | <u>16,581,920</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents at the beginning of the year/period | 45,091 | – |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD | <u>60,129</u> | <u>45,091</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances | 6(e) <u>60,129</u> | <u>45,091</u> |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2014

| | Note | <u>Horizons S&P Asia ex JANZ Materials ETF</u> | |
|--|------|--|---|
| | | For the year ended 31 March 2014 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Total comprehensive income | | (149,885) | (3,404,130) |
| Adjustments for: | | | |
| Dividend income | | (471,027) | (484,477) |
| Interest income | | (4) | (154) |
| Withholding tax | | 79,023 | 85,016 |
| Interest expense | | 318 | – |
| Capital gains tax | | 917 | 5,670 |
| | | <u>(540,658)</u> | <u>(3,798,075)</u> |
| Decrease/(increase) in investments | | 212,817 | (21,571,296) |
| Increase in management fee payable | | 137 | 7,861 |
| Increase in trustee fee payable | | 37 | 2,096 |
| (Decrease)/increase in formation fee payable | | (172,399) | 349,503 |
| Increase in administration fee payable | | 55 | 3,144 |
| (Decrease)/increase in other payables | | <u>(15,000)</u> | <u>15,000</u> |
| Cash used in operating activities | | <u>(515,011)</u> | <u>(24,991,767)</u> |
| Dividends received | | 355,447 | 329,654 |
| Interest received | | 4 | 154 |
| Capital gains tax paid | | <u>(917)</u> | <u>(5,670)</u> |
| Net cash flows used in operating activities | | <u>(160,477)</u> | <u>(24,667,629)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash received from issue of units | | – | 52,726,552 |
| Cash paid on redemptions of units | | – | (27,860,643) |
| Interest paid | | <u>(318)</u> | – |
| Net cash flows (used in)/from financing activities | | <u>(318)</u> | <u>24,865,909</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents at the beginning of the year/period | | <u>198,280</u> | – |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD | | <u>37,485</u> | <u>198,280</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Bank balances | 6(e) | <u>37,485</u> | <u>198,280</u> |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

For the period from 11 June 2013 (date of inception) to 31 March 2014

| | <u>Horizons MSCI China ETF</u> | <u>Horizons Hang Seng High Dividend Yield ETF</u> |
|---|--|--|
| | For the period from 11 June 2013 (date of inception) to 31 March 2014 HK\$ | For the period from 11 June 2013 (date of inception) to 31 March 2014 HK\$ |
| Note | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Total comprehensive income | 25,306,019 | 5,851,700 |
| Adjustments for: | | |
| Dividend income | (3,994,177) | (6,775,596) |
| Interest income | (21) | (20) |
| Withholding tax | 318,561 | 134,075 |
| | <u>21,630,382</u> | <u>(789,841)</u> |
| Increase in investments | (373,679,816) | (203,790,930) |
| Increase in management fee payable | 12,549 | 35,545 |
| Increase in trustee fee payable | 25,611 | 19,747 |
| Increase in formation fee payable | 392,229 | 392,229 |
| Increase in administration fee payable | 25,867 | 19,747 |
| Increase in other payables | 15,000 | – |
| Cash used in operating activities | <u>(351,578,178)</u> | <u>(204,113,503)</u> |
| Dividends received | 3,675,616 | 6,137,338 |
| Interest received | 21 | 20 |
| Net cash flows used in operating activities | <u>(347,902,541)</u> | <u>(197,976,145)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from issue of units | 372,578,060 | 231,504,819 |
| Cash paid on redemptions of units | (22,824,983) | (32,467,583) |
| Net cash flows from financing activities | <u>349,753,077</u> | <u>199,037,236</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,850,536 | 1,061,091 |
| Cash and cash equivalents at the beginning of the period | – | – |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u>1,850,536</u> | <u>1,061,091</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances | 6(e) <u>1,850,536</u> | <u>1,061,091</u> |

The accompanying notes are an integral part of these financial statements.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Horizons Exchange Traded Funds Series (the "Trust") is an umbrella unit trust governed by its trust deed dated 23 December 2010 as amended by the supplemental deeds dated 23 December 2011 and 5 November 2012 and 14 May 2013 (collectively, the "Trust Deed") between Mirae Asset Global Investments (Hong Kong) Limited (the "Manager") and Cititrust Limited (the "Trustee"). The Trust Deed is governed by Hong Kong Law.

As at 31 March 2014, the Trust has established ten sub-funds, each a separate sub-fund of the Trust and referred to individually or collectively as the "Sub-Fund(s)", which are authorised by the Securities and Futures Commission of Hong Kong (the "SFC") pursuant to section 104(1) of the Securities and Futures Ordinance. The Sub-Funds are also listed on the Stock Exchange of Hong Kong Limited (a subsidiary of The Hong Kong Exchanges and Clearing Limited):

| <u>Name of Sub-Funds</u> | <u>Listing date on the Stock Exchange of Hong Kong Limited (the "SEHK")</u> |
|--|---|
| Horizons KOSPI 200 ETF | 17 January 2011 |
| Horizons S&P Emerging Asia Consumer ETF | 27 January 2012 |
| Horizons S&P Global Consumer Brands ETF | 27 January 2012 |
| Horizons S&P Asia ex JANZ Financials ETF | 27 January 2012 |
| Horizons S&P Asia ex JANZ IT ETF | 27 January 2012 |
| Horizons S&P Asia ex JANZ Industrials ETF | 27 January 2012 |
| Horizons S&P Asia ex JANZ Energy ETF | 27 January 2012 |
| Horizons S&P Asia ex JANZ Materials ETF | 27 January 2012 |
| Horizons MSCI China ETF | 17 June 2013 |
| Horizons Hang Seng High Dividend Yield ETF | 17 June 2013 |

These financial statements relate to the above-mentioned Sub-Funds. The Manager and the Trustee (collectively, the "Management") are responsible for the preparation of the financial statements.

Horizons KOSPI 200 ETF ("KOSPI 200 ETF")

The objective of KOSPI 200 ETF (Stock code: 2835) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the KOSPI 200 Index by investing all, or substantially all, of the assets of KOSPI 200 ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons S&P Emerging Asia Consumer ETF ("S&P Emerging Asia Consumer ETF")

The objective of S&P Emerging Asia Consumer ETF (Stock code: 3054) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Emerging Asia Consumer Index by investing all, or substantially all, of the assets of S&P Emerging Asia Consumer ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons S&P Global Consumer Brands ETF ("S&P Global Consumer Brands ETF")

The objective of S&P Global Consumer Brands ETF (Stock code: 3056) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Global Consumer Enterprises Index by investing all, or substantially all, of the assets of S&P Global Consumer Brands ETF in index securities in substantially the same weightings as constituted in their underlying index.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

Horizons S&P Asia ex JANZ Financials ETF ("S&P Asia ex JANZ Financials ETF")

The objective of S&P Asia ex JANZ Financials ETF (Stock code: 3064) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Pan-Asia ex JANZ LargeCap Financials Index by investing all, or substantially all, of the assets of S&P Asia ex JANZ Financials ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons S&P Asia ex JANZ IT ETF ("S&P Asia ex JANZ IT ETF")

The objective of S&P Asia ex JANZ IT ETF (Stock code: 3066) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Pan-Asia ex JANZ LargeCap Information Technology Index by investing all, or substantially all, of the assets of S&P Asia ex JANZ IT ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons S&P Asia ex JANZ Industrials ETF ("S&P Asia ex JANZ Industrials ETF")

The objective of S&P Asia ex JANZ Industrials ETF (Stock code: 3075) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Pan-Asia ex JANZ LargeCap Industrials Index by investing all, or substantially all, of the assets of S&P Asia ex JANZ Industrials ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons S&P Asia ex JANZ Energy ETF ("S&P Asia ex JANZ Energy ETF")

The objective of S&P Asia ex JANZ Energy ETF (Stock code: 3076) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Pan-Asia ex JANZ LargeCap Energy Index by investing all, or substantially all, of the assets of S&P Asia ex JANZ Energy ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons S&P Asia ex JANZ Materials ETF ("S&P Asia ex JANZ Materials ETF")

The objective of S&P Asia ex JANZ Materials ETF (Stock code: 3078) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the S&P Pan-Asia ex JANZ LargeCap Materials Index by investing all, or substantially all, of the assets of S&P Asia ex JANZ Materials ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons MSCI China ETF ("MSCI China ETF")

The objective of MSCI China ETF (Stock code: 3040) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the MSCI China Index by investing all, or substantially all, of the assets of MSCI China ETF in index securities in substantially the same weightings as constituted in their underlying index.

Horizons Hang Seng High Dividend Yield ETF ("Hang Seng High Dividend Yield ETF")

The objective of Hang Seng High Dividend Yield ETF (Stock code: 3110) is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Hang Seng High Dividend Yield Index by investing all, or substantially all, of the assets of Hang Seng High Dividend Yield ETF in index securities in substantially the same weightings as constituted in their underlying index.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the SFC (the "SFC Code"). The financial statements have been prepared under the historical cost convention, except for financial assets held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts recognised in the financial statements and disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Going concern

The Management has made an assessment of the Sub-Funds' ability to continue as a going concern and is satisfied that the Sub-Funds have the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Sub-Funds' ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders unless otherwise stated.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Trust has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

| | |
|-------------------|---|
| IAS 1 Amendments | Amendments to IAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> |
| IAS 32 Amendments | Amendments to IAS 32 <i>Offsetting Financial Assets and Financial Liabilities</i> |

The principal effects of adopting these new and revised IFRSs are as follows:

IAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in Other Comprehensive Income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (e.g., net loss or gain on AFS financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the Sub-Funds' financial position or performance.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IAS 1 Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of net assets (as at 1 April 2012 in the case of the Sub-Funds), presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Sub-Funds have not included comparative information in respect of the opening statement of net assets as at 1 April 2012. The amendments affect presentation only and have no impact on the Sub-Funds' financial position or performance.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

The IAS 32 amendments, effective for annual periods beginning on or after 1 January 2014, have been early adopted. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have no impact on the Sub-Funds' financial position or performance.

ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Funds have not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements.

IFRS 9 *Financial Instruments*¹

¹ *No mandatory effective date determined yet but is available for adoption*

Further information about those IFRSs that are expected to be applicable to the Sub-Funds is as follows:

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 *Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Sub-Funds' financial assets, but will not have an impact on classification and measurements of financial liabilities. The Sub-Funds will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Sub-Funds.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Investments

The Sub-Funds classify their investments as "financial assets at fair value through profit or loss" in accordance with IAS 39. All investments are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Sub-Funds.

The Sub-Funds recognise investments when, and only when, they become a party to the contractual provisions of the instrument. Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gains and losses on investments are included in the statement of comprehensive income in the period in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Funds have transferred substantially all risks and rewards of ownership.

Fair value measurement

The Sub-Funds measure investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability of the principal or the most advantageous market must be accessible by the Sub-Funds.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Investments that are listed or traded on an exchange are fair valued based on quoted last traded market prices.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For investments that are recognised in the financial statements on a recurring basis, the Sub-Funds determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income

Interest income is recognised in the statement of comprehensive income on a time-proportionate basis using the effective interest method.

Dividend income on equity securities is recognised on the date on which the investments are quoted ex-dividend. Dividend income on equity securities where no ex-dividend date is quoted is accounted for when the Sub-Funds' right to receive payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income.

(d) Expenses

Expenses are recognised on an accrual basis.

(e) Cash component

Cash component represents the aggregate net asset value of all the units in connection with a creation or a redemption application less the application basket value.

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of net assets comprise cash on hand and short-term deposits in banks and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

(g) Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Funds operate (the "functional currency"). The performance of the Sub-Funds are measured and reported to the unitholders in Hong Kong dollar. The Management considers the Hong Kong dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong dollar, which is the Sub-Funds' functional and presentation currency.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Translation of foreign currencies (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at functional currency using the exchange rate ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are included in the statement of comprehensive income within "net exchange gain/(loss)".

Foreign exchange gains and losses relating to the financial instruments classified as at fair value through profit or loss are included in the statement of comprehensive income within "net gain/(loss) on investments".

(h) Redeemable units

Redeemable units are classified as an equity instrument when:

- (a) The redeemable units entitle the holder to a *pro-rata* share of the Sub-Funds' net assets in the event of the Sub-Funds' liquidation;
- (b) The redeemable units are in the class of instruments that is subordinate to all other classes of instruments;
- (c) All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features;
- (d) The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a *pro-rata* share of the Sub-Funds' net assets; or
- (e) The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Funds over the life of the instrument.

In addition to the redeemable units having all the above features, the Sub-Funds must have no other financial instrument or contract that has:

- (a) Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Funds; and
- (b) The effect of substantially restricting or fixing the residual return to the redeemable unit holders.

The Sub-Funds' redeemable units meet the definition of puttable instruments classified as equity instruments under the revised IAS 32 and are classified as equity.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Redeemable units (continued)

The Sub-Funds continuously assess the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Sub-Funds will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Sub-Funds will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as financial liabilities transactions. Upon issuance of redeemable units, the consideration received is included in equity.

Transaction costs incurred by the Sub-Funds in issuing or their own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

The Sub-Funds' own equity instruments which are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in profit or loss on the purchase, sale, issuance or cancellation of the Sub-Funds' own equity instruments.

Redeemable units can be redeemed in-kind and/or in cash equal to a proportionate share of the Sub-Funds' net asset value. The Sub-Funds' net asset value per unit is calculated by dividing the net assets attributable to the unitholders with the total number of outstanding units of the respective Sub-Funds. Units are created or redeemed in multiples of 500,000 units for KOSPI 200 ETF and 200,000 units for the remaining nine Sub-Funds.

(i) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

(j) Amounts due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the reporting date respectively.

These amounts are measured initially at fair value plus any directly attributable incremental costs of acquisition or issue and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amount due from brokers. Gains and losses are recognised in the statement of comprehensive income when the amount due from brokers are derecognised or impaired and when the amount due to brokers are derecognised, as well as through the amortisation process.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Amounts due from and due to brokers (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Funds estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(k) Impairment of financial assets

The Sub-Funds assess at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been occurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income as 'Credit loss expense'.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Funds. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the statement of comprehensive income.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(l) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of net assets if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxes

In some jurisdictions, investment income and capital gains are subject to withholding tax deducted from the source of the income. The Sub-Funds present the withholding tax separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

(n) Distributions to unitholders

Distributions are at the discretion of the Manager. A distribution to the Sub-Funds' unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager. No distribution will be paid out of or effectively out of the Sub-Funds' capital.

(o) Related parties

A party is considered to be related to the Sub-Funds if:

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Sub-Funds;
 - (ii) has significant influence over the Sub-Funds; or
 - (iii) is a member of the key management personnel of the Sub-Funds or of a parent of the Sub-Funds;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Sub-Funds are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Funds or an entity related to the Sub-Funds;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS

(a) Net assets attributable to unitholders

The creation and redemption of units of the Sub-Funds can only be facilitated by or through participating dealers. Investors other than the participating dealers make a request to create or redeem units through a participating dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a participating dealer.

The Trustee shall receive subscription proceeds from the participating dealers for the creation of units and pay redemption proceeds for the redemption of units to the relevant participating dealer in such form and manner as prescribed by the Trust Deed. Subscriptions and redemptions of units during the period are shown on the statement of changes in net assets attributable to unitholders.

As stated in note 2(h), units of the Sub-Funds, which are represented by assets less liabilities, are classified as equity and accounted for in accordance with IFRS (the "Accounting NAV"). For the purpose of determining the NAV per unit for subscriptions and redemptions and for various fee calculations (the "Dealing NAV"), the Trustee calculates the Dealing NAV in accordance with the provisions of the Trust Deed, which may be different from the accounting policies under IFRS.

Adjustment for formation fee

In accordance with the prospectus of the Trust, the total formation fee of establishing S&P Emerging Asia Consumer ETF, S&P Global Consumer Brands ETF, S&P Asia ex JANZ Financials ETF, S&P Asia ex JANZ IT ETF, S&P Asia ex JANZ Industrials ETF, S&P Asia ex JANZ Energy ETF and S&P Asia ex JANZ Materials ETF was approximately HK\$3.7 million. The formation fee of establishing MSCI China ETF and Hang Seng High Dividend Yield ETF, which were newly launched during the period ended 31 March 2014, was HK\$529,997 each. The formation fee will be amortised over the first 3 financial years of the Sub-Funds, except for KOSPI 200 ETF. However, with respect to the Sub-Funds for the purpose of financial statements preparation in compliance with IFRS, their accounting policy is to expense the formation fee in the statement of comprehensive income as incurred.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS (CONTINUED)

(a) Net assets attributable to unitholders (continued)

Adjustment for formation fee (continued)

The difference between the Accounting NAV reported in the statement of net assets and the Dealing NAV for the purpose of calculating the net asset value per unit for processing subscriptions and redemptions and for various fee calculations as at 31 March 2014 and 31 March 2013 is reconciled below:

| <u>As at 31 March 2014</u> | <u>KOSPI 200 ETF</u> HK\$ | <u>S&P Emerging Asia Consumer ETF</u> HK\$ | <u>S&P Global Consumer Brands ETF</u> HK\$ | <u>S&P Asia ex JANZ Financials ETF</u> HK\$ | <u>S&P Asia ex JANZ IT ETF</u> HK\$ |
|--|---|---|---|--|--|
| Accounting NAV as reported in the statement of net assets | 40,483,212 | 235,138,175 | 181,101,254 | 18,619,347 | 39,430,501 |
| Adjustment for formation fee | – | 163,239 | 158,693 | 163,240 | 163,239 |
| Dealing NAV | <u>40,483,212</u> | <u>235,301,414</u> | <u>181,259,947</u> | <u>18,782,587</u> | <u>39,593,740</u> |
| | <u>S&P Asia ex JANZ Industrials ETF</u> HK\$ | <u>S&P Asia ex JANZ Energy ETF</u> HK\$ | <u>S&P Asia ex JANZ Materials ETF</u> HK\$ | <u>MSCI China ETF</u> HK\$ | <u>Hang Seng High Dividend Yield ETF</u> HK\$ |
| Accounting NAV as reported in the statement of net assets | 21,655,685 | 13,628,372 | 21,311,894 | 292,398,820 | 235,938,336 |
| Adjustment for formation fee | 163,240 | 163,240 | 163,240 | 376,272 | 376,272 |
| Dealing NAV | <u>21,818,925</u> | <u>13,791,612</u> | <u>21,475,134</u> | <u>292,775,092</u> | <u>236,314,608</u> |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS (CONTINUED)

(a) Net assets attributable to unitholders (continued)

Adjustment for formation fee (continued)

The difference between the Accounting NAV reported in the statement of net assets and the Dealing NAV for the purpose of calculating the net asset value per unit for processing subscriptions and redemptions and for various fee calculations as at 31 March 2014 and 31 March 2013 is reconciled below:
(continued)

| <u>As at 31 March 2013</u> | <u>KOSPI 200 ETF</u> HK\$ | <u>S&P Emerging Asia Consumer ETF</u> HK\$ | <u>S&P Global Consumer Brands ETF</u> HK\$ | <u>S&P Asia ex JANZ Financials ETF</u> HK\$ | <u>S&P Asia ex JANZ IT ETF</u> HK\$ |
|--|---|---|---|--|--|
| Accounting NAV as reported in the statement of net assets | 29,482,256 | 277,372,177 | 188,141,473 | 48,889,422 | 81,876,467 |
| Adjustment for formation fee | – | 335,247 | 326,149 | 335,247 | 335,247 |
| Dealing NAV | <u>29,482,256</u> | <u>277,707,424</u> | <u>188,467,622</u> | <u>49,224,669</u> | <u>82,211,714</u> |
| | <u>S&P Asia ex JANZ Industrials ETF</u> HK\$ | <u>S&P Asia ex JANZ Energy ETF</u> HK\$ | <u>S&P Asia ex JANZ Materials ETF</u> HK\$ | | |
| Accounting NAV as reported in the statement of net assets | 52,250,277 | 15,102,100 | 21,461,779 | | |
| Adjustment for formation fee | 335,247 | 335,247 | 335,247 | | |
| Dealing NAV | <u>52,585,524</u> | <u>15,437,347</u> | <u>21,797,026</u> | | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

3. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MOVEMENT OF UNITS (CONTINUED)

(b) Movement of units

The table below summarises the movement of units for the periods ended 31 March 2014 and 31 March 2013, and the Accounting NAV per unit and the Dealing NAV per unit for each of the Sub-Funds at 31 March 2014 and 31 March 2013.

As at 31 March 2014

| | Number of units | | | | Net assets attributable to unitholders | |
|-----------------------------------|--|---------------------------------|-----------------------------------|--------------------------------------|--|----------------------------------|
| | Units in issue at beginning of year/period | Creation during the year/period | Redemption during the year/period | Units in issue at end of year/period | Accounting NAV | Dealing NAV |
| | | | | | Per unit at year/period end HK\$ | Per unit at year/period end HK\$ |
| KOSPI 200 ETF | 1,500,000 | 1,000,000 | (500,000) | 2,000,000 | 20.2417 | 20.2417 |
| S&P Emerging Asia Consumer ETF | 12,800,000 | 2,000,000 | (3,800,000) | 11,000,000 | 21.3762 | 21.3911 |
| S&P Global Consumer Brands ETF | 7,600,000 | 800,000 | (2,400,000) | 6,000,000 | 30.1836 | 30.2100 |
| S&P Asia ex JANZ Financials ETF | 2,000,000 | 200,000 | (1,400,000) | 800,000 | 23.2742 | 23.4783 |
| S&P Asia ex JANZ IT ETF | 3,400,000 | – | (2,000,000) | 1,400,000 | 28.1647 | 28.2813 |
| S&P Asia ex JANZ Industrials ETF | 2,400,000 | – | (1,400,000) | 1,000,000 | 21.6557 | 21.8190 |
| S&P Asia ex JANZ Energy ETF | 800,000 | 200,000 | (200,000) | 800,000 | 17.0355 | 17.2396 |
| S&P Asia ex JANZ Materials ETF | 1,200,000 | – | – | 1,200,000 | 17.7600 | 17.8960 |
| MSCI China ETF | – | 21,000,000 | (7,000,000) | 14,000,000 | 20.8857 | 20.9126 |
| Hang Seng High Dividend Yield ETF | – | 13,600,000 | (1,600,000) | 12,000,000 | 19.6616 | 19.6929 |

As at 31 March 2013

| | Number of units | | | | Net assets attributable to unitholders | |
|----------------------------------|--|---------------------------------|-----------------------------------|--------------------------------------|--|----------------------------------|
| | Units in issue at beginning of year/period | Creation during the year/period | Redemption during the year/period | Units in issue at end of year/period | Accounting NAV | Dealing NAV |
| | | | | | Per unit at year/period end HK\$ | Per unit at year/period end HK\$ |
| KOSPI 200 ETF | 19,500,000 | – | (18,000,000) | 1,500,000 | 19.6548 | 19.6548 |
| S&P Emerging Asia Consumer ETF | – | 15,600,000 | (2,800,000) | 12,800,000 | 21.6697 | 21.6959 |
| S&P Global Consumer Brands ETF | – | 9,600,000 | (2,000,000) | 7,600,000 | 24.7555 | 24.7984 |
| S&P Asia ex JANZ Financials ETF | – | 2,200,000 | (200,000) | 2,000,000 | 24.4447 | 24.6123 |
| S&P Asia ex JANZ IT ETF | – | 6,600,000 | (3,200,000) | 3,400,000 | 24.0813 | 24.1799 |
| S&P Asia ex JANZ Industrials ETF | – | 2,400,000 | – | 2,400,000 | 21.7709 | 21.9106 |
| S&P Asia ex JANZ Energy ETF | – | 2,400,000 | (1,600,000) | 800,000 | 18.8776 | 19.2967 |
| S&P Asia ex JANZ Materials ETF | – | 2,600,000 | (1,400,000) | 1,200,000 | 17.8848 | 18.1642 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

4. CREATION, REDEMPTION AND MAJOR NON-CASH TRANSACTIONS

KOSPI 200 ETF

For the year ended 31 March 2014, KOSPI 200 ETF:

- issued 1,000,000 units (2013: nil units) in exchange for cash balances of HK\$20,827,132 (2013: HK\$nil); and
- redeemed 500,000 units (2013: 18,000,000 units) in exchange for cash balances of HK\$9,458,129 (2013: HK\$308,510,768).

S&P Emerging Asia Consumer ETF

For the year ended 31 March 2014, S&P Emerging Asia Consumer ETF:

- issued 2,000,000 units (2013: 15,600,000 units) in exchange for cash balances of HK\$41,233,992 (2013: HK\$330,386,418); and
- redeemed 3,800,000 units (2013: 2,800,000 units) in exchange for cash balances of HK\$81,896,107 (2013: HK\$56,041,413).

S&P Global Consumer Brands ETF

For the year ended 31 March 2014, S&P Global Consumer Brands ETF:

- issued 800,000 units (2013: 9,600,000 units) in exchange for cash balances of HK\$22,161,167 (2013: cash balances of HK\$205,247,667 and Application Baskets consisting of investments valued at HK\$2,601,600); and
- redeemed 2,400,000 units (2013: 2,000,000 units) in exchange for cash balances of HK\$64,548,936 (2013: HK\$41,759,740).

S&P Asia ex JANZ Financials ETF

For the year ended 31 March 2014, S&P Asia ex JANZ Financials ETF:

- issued 200,000 units (2013: 2,200,000 units) in exchange for cash balances of HK\$4,561,979 (2013: cash balances of HK\$18,769,399 and Application Baskets consisting of investments valued at HK\$26,101,680); and
- redeemed 1,400,000 units (2013: 200,000 units) in exchange for cash balances of HK\$32,554,839 (2013: HK\$4,934,691).

S&P Asia ex JANZ IT ETF

For the year ended 31 March 2014, S&P Asia ex JANZ IT ETF:

- issued nil units (2013: 6,600,000 units) in exchange for cash balances of HK\$nil (2013: HK\$138,229,279); and
- redeemed 2,000,000 units (2013: 3,200,000 units) in exchange for cash balances of HK\$47,094,434 (2013: HK\$72,656,987).

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

4. CREATION, REDEMPTION AND MAJOR NON-CASH TRANSACTIONS (CONTINUED)

S&P Asia ex JANZ Industrials ETF

For the year ended 31 March 2014, S&P Asia ex JANZ Industrials ETF:

- issued nil units (2013: 2,400,000 units) in exchange for Application Baskets consisting of investments valued at HK\$nil (2013: HK\$ 22,027,098) and cash balances of HK\$nil (2013: HK\$27,637,437); and
- redeemed 1,400,000 units (2013: nil units) in exchange for cash balances of HK\$28,898,557 (2013: HK\$nil).

S&P Asia ex JANZ Energy ETF

For the year ended 31 March 2014, S&P Asia ex JANZ Energy ETF:

- issued 200,000 units (2013: 2,400,000 units) in exchange for cash balances of HK\$3,385,859 (2013: HK\$49,206,009); and
- redeemed 200,000 units (2013: 1,600,000 units) in exchange for cash balances of HK\$3,392,614 (2013: HK\$32,624,089).

S&P Asia ex JANZ Materials ETF

For the year ended 31 March 2014, S&P Asia ex JANZ Materials ETF:

- issued nil units (2013: 2,600,000 units) in exchange for cash balances of HK\$nil (2013: HK\$52,726,552); and
- redeemed nil units (2013: 1,400,000 units) in exchange for cash balances of HK\$nil (2013: HK\$27,860,643).

MSCI China ETF

For the period from 11 June 2013 (date of inception) to 31 March 2014, MSCI China ETF:

- issued 21,000,000 units in exchange for Application Baskets consisting of investments valued at HK\$46,583,832 and cash balances of HK\$372,578,060; and
- redeemed 7,000,000 units in exchange for Application Baskets consisting of investments valued at HK\$129,244,108 and cash balances of HK\$22,824,983.

Hang Seng High Dividend Yield ETF

For the period from 11 June 2013 (date of inception) to 31 March 2014, Hang Seng High Dividend Yield ETF:

- issued 13,600,000 units in exchange for Application Baskets consisting of investments valued at HK\$31,049,400 and cash balances of HK\$231,504,819; and
- redeemed 1,600,000 units in exchange for cash balances of HK\$32,467,583.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

5. NET GAIN/(LOSS) ON INVESTMENTS

The following is a breakdown of net gain/(loss) on investments:

| | <u>KOSPI 200 ETF</u> For the year ended 31 March 2014 HK\$ | <u>S&P Emerging Asia Consumer ETF</u> For the year ended 31 March 2014 HK\$ | <u>S&P Global Consumer Brands ETF</u> For the year ended 31 March 2014 HK\$ | <u>S&P Asia ex JANZ Financials ETF</u> For the year ended 31 March 2014 HK\$ | <u>S&P Asia ex JANZ IT ETF</u> For the year ended 31 March 2014 HK\$ |
|---|--|--|--|---|--|
| Net realised gain/(loss) on sale of investments | (734,772) | 458,491 | 19,555,240 | 2,865,467 | 4,538,801 |
| Net change in unrealised gain/(loss) on investments | 147,961 | (4,116,465) | 14,116,541 | (5,876,279) | 3,990 |
| | <u>(586,811)</u> | <u>(3,657,974)</u> | <u>33,671,781</u> | <u>(3,010,812)</u> | <u>4,542,791</u> |
| | <u>S&P Asia ex JANZ Industrials ETF</u> For the year ended 31 March 2014 HK\$ | <u>S&P Asia ex JANZ Energy ETF</u> For the year ended 31 March 2014 HK\$ | <u>S&P Asia ex JANZ Materials ETF</u> For the year ended 31 March 2014 HK\$ | <u>MSCI China ETF</u> For the period from 11 June 2013 (date of inception) to 31 March 2014 HK\$ | <u>Hang Seng High Dividend Yield ETF</u> For the period from 11 June 2013 (date of inception) to 31 March 2014 HK\$ |
| Net realised gain/(loss) on sale of investments | (37,089) | (749,688) | (575,391) | 13,834,789 | 881,574 |
| Net change in unrealised gain/(loss) on investments | (1,965,357) | (994,801) | 263,296 | 9,837,679 | 30,997 |
| | <u>(2,002,446)</u> | <u>(1,744,489)</u> | <u>(312,095)</u> | <u>23,672,468</u> | <u>912,571</u> |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

5. NET GAIN/(LOSS) ON INVESTMENTS (CONTINUED)

The following is a breakdown of net gain/(loss) on investments:

| | <u>KOSPI 200 ETF</u> | <u>S&P Emerging Asia Consumer ETF</u> | <u>S&P Global Consumer Brands ETF</u> | <u>S&P Asia ex JANZ Financials ETF</u> | <u>S&P Asia ex JANZ IT ETF</u> |
|---|---|---|---|---|---|
| | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ |
| Net realised gain/(loss) on sale of investments | (51,696,964) | (1,541,157) | 8,752,264 | 1,187,020 | 7,802,040 |
| Net change in unrealised gain/(loss) on investments | 13,231,125 | 6,271,098 | 13,025,690 | 7,695,272 | 9,345,401 |
| | <u>(38,465,839)</u> | <u>4,729,941</u> | <u>21,777,954</u> | <u>8,882,292</u> | <u>17,147,441</u> |
| | <u>S&P Asia ex JANZ Industrials ETF</u> | <u>S&P Asia ex JANZ Energy ETF</u> | <u>S&P Asia ex JANZ Materials ETF</u> | | |
| | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | For the period from 18 January 2012 (date of inception) to 31 March 2013 HK\$ | | |
| Net realised gain/(loss) on sale of investments | (640,846) | (179,868) | (691,185) | | |
| Net change in unrealised gain/(loss) on investments | 3,247,882 | (758,087) | (1,877,492) | | |
| | <u>2,607,036</u> | <u>(937,955)</u> | <u>(2,568,677)</u> | | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties of the Sub-Funds also include the Manager of the Sub-Funds and its connected persons. Connected persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period between the Sub-Funds and their related parties, including the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Funds do not have any other transactions with their related parties, including the Manager and its connected persons except for those disclosed below.

(a) Brokerage commission

The Sub-Funds utilise the trading services of brokers who are related to the Trustee and the Manager in their purchase and sale of investments. The details of such transactions and the brokerage commission are shown below.

| | Total transaction value HK\$ | % of total transaction value of the Sub-Funds | Total brokerage commission HK\$ | Average rate of commission |
|--|---------------------------------|---|------------------------------------|----------------------------|
| <u>KOSPI 200 ETF</u> | | | | |
| <i>For the year ended 31 March 2014:</i> | | | | |
| Citigroup Global Markets Seoul Securities Ltd | 9,325,715 | 30.20% | 2,795 | 0.03% |
| Mirae Asset Securities Co., Ltd | 46,516 | 0.15% | 12 | 0.02% |
| <i>For the year ended 31 March 2013:</i> | | | | |
| Citigroup Global Markets Seoul Securities Ltd | 9,398,285 | 2.93% | 2,820 | 0.03% |
| Mirae Asset Securities Co., Ltd | 11,374,383 | 3.55% | 2,840 | 0.02% |
| | | | | |
| | Total transaction value HK\$ | % of total transaction value of the Sub-Funds | Total brokerage commission HK\$ | Average rate of commission |
| <u>S&P Emerging Asia Consumer ETF</u> | | | | |
| <i>For the year ended 31 March 2014:</i> | | | | |
| Citigroup Global Markets Bombay Securities Ltd | 1,653,055 | 0.59% | 496 | 0.03% |
| Citigroup Global Markets New York City Securities Ltd | 8,352,781 | 2.99% | 2,525 | 0.03% |
| Citigroup Global Markets Taipei Securities Ltd | 1,019,139 | 0.37% | 306 | 0.03% |
| Mirae Asset Securities (HK) Limited | 2,297,551 | 0.82% | 230 | 0.01% |
| <i>For the period from 18 January 2012 (date of inception) to 31 March 2013:</i> | | | | |
| Citigroup Global Markets Bombay Securities Ltd | 68,124,838 | 11.25% | 20,437 | 0.03% |
| Citigroup Global Markets New York City Securities Ltd | 127,558,049 | 21.07% | 41,883 | 0.02% |
| Citigroup Global Markets Taipei Securities Ltd | 15,178,251 | 2.51% | 4,554 | 0.03% |
| Mirae Asset Securities (HK) Limited | 14,768,913 | 2.44% | 4,431 | 0.03% |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(a) Brokerage commission (continued)

| | Total transaction value HK\$ | % of total transaction value of the Sub-Funds | Total brokerage commission HK\$ | Average rate of commission |
|--|------------------------------------|--|---------------------------------------|-------------------------------|
| <u>S&P Global Consumer Brands ETF</u> | | | | |
| <i>For the period from 18 January 2012 (date of inception) to 31 March 2013:</i> | | | | |
| Citigroup Global Markets London Securities Ltd | 82,918,472 | 19.61% | 24,876 | 0.03% |
| Citigroup Global Markets New York City Securities Ltd | 81,284,824 | 19.22% | 24,385 | 0.03% |
| Citigroup Global Markets Seoul Securities Ltd | 7,497,537 | 1.77% | 2,249 | 0.03% |
| Mirae Asset Securities (HK) Limited | 4,501,580 | 1.06% | 1,350 | 0.03% |
| Mirae Asset Securities Co., Ltd | 2,885,845 | 0.68% | 721 | 0.02% |

| | Total transaction value HK\$ | % of total transaction value of the Sub-Funds | Total brokerage commission HK\$ | Average rate of commission |
|--|------------------------------------|--|---------------------------------------|-------------------------------|
| <u>S&P Asia ex JANZ Financials ETF</u> | | | | |
| <i>For the year ended 31 March 2014:</i> | | | | |
| Citigroup Global Markets Bombay Securities Ltd | 958,423 | 2.40% | 288 | 0.03% |
| Citigroup Global Markets New York City Securities Ltd | 10,399,354 | 26.04% | 3,146 | 0.03% |
| Citigroup Global Markets Seoul Securities Ltd | 1,183,535 | 2.96% | 355 | 0.03% |
| Citigroup Global Markets Taipei Securities Ltd | 1,316,635 | 3.30% | 395 | 0.03% |
| Mirae Asset Securities (HK) Limited | 17,114 | 0.04% | 7 | 0.04% |
| <i>For the period from 18 January 2012 (date of inception) to 31 March 2013:</i> | | | | |
| Citigroup Global Markets Bombay Securities Ltd | 645,225 | 2.04% | 194 | 0.03% |
| Citigroup Global Markets New York City Securities Ltd | 7,226,360 | 22.89% | 2,183 | 0.03% |
| Citigroup Global Markets Seoul Securities Ltd | 770,077 | 2.44% | 231 | 0.03% |
| Citigroup Global Markets Taipei Securities Ltd | 736,901 | 2.33% | 221 | 0.03% |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(a) Brokerage commission (continued)

| | Total transaction value HK\$ | % of total transaction value of the Sub-Funds | Total brokerage commission HK\$ | Average rate of commission |
|--|---------------------------------|---|------------------------------------|----------------------------|
| <u>S&P Asia ex JANZ IT ETF</u> | | | | |
| <i>For the period from 18 January 2012 (date of inception) to 31 March 2013:</i> | | | | |
| Citigroup Global Markets Bombay Securities Ltd | 10,799,057 | 4.78% | 3,240 | 0.03% |
| Citigroup Global Markets New York City Securities Ltd | 10,693,364 | 4.74% | 3,208 | 0.03% |
| Citigroup Global Markets Seoul Securities Ltd | 47,029,686 | 20.83% | 14,109 | 0.03% |
| Citigroup Global Markets Taipei Securities Ltd | 38,911,274 | 17.23% | 11,674 | 0.03% |
| Mirae Asset Securities (HK) Limited | 1,139,640 | 0.50% | 342 | 0.03% |
| Mirae Asset Securities Co., Ltd | 6,424,340 | 2.85% | 1,606 | 0.02% |

| | Total transaction value HK\$ | % of total transaction value of the Sub-Funds | Total brokerage commission HK\$ | Average rate of commission |
|--|---------------------------------|---|------------------------------------|----------------------------|
| <u>S&P Asia ex JANZ Industrials ETF</u> | | | | |
| <i>For the period from 18 January 2012 (date of inception) to 31 March 2013:</i> | | | | |
| Citigroup Global Markets Bombay Securities Ltd | 347,219 | 0.93% | 104 | 0.03% |
| Citigroup Global Markets New York City Securities Ltd | 5,888,393 | 15.72% | 1,766 | 0.03% |
| Citigroup Global Markets Seoul Securities Ltd | 2,108,611 | 5.63% | 633 | 0.03% |
| Citigroup Global Markets Taipei Securities Ltd | 453,349 | 1.21% | 136 | 0.03% |

| | Total transaction value HK\$ | % of total transaction value of the Sub-Funds | Total brokerage commission HK\$ | Average rate of commission |
|---|---------------------------------|---|------------------------------------|----------------------------|
| <u>S&P Asia ex JANZ Energy ETF</u> | | | | |
| <i>For the year ended 31 March 2014:</i> | | | | |
| Citigroup Global Markets Bombay Securities Ltd | 772,072 | 9.23% | 232 | 0.03% |
| Citigroup Global Markets New York City Securities Ltd | 2,337,877 | 27.95% | 701 | 0.03% |
| Citigroup Global Markets Seoul Securities Ltd | 191,106 | 2.28% | 57 | 0.03% |
| Citigroup Global Markets Taipei Securities Ltd | 83,636 | 1.00% | 25 | 0.03% |

| | | | | |
|--|------------|--------|--------|-------|
| <i>For the period from 18 January 2012 (date of inception) to 31 March 2013:</i> | | | | |
| Citigroup Global Markets Bombay Securities Ltd | 17,648,517 | 21.36% | 5,295 | 0.03% |
| Citigroup Global Markets New York City Securities Ltd | 53,935,151 | 65.27% | 16,181 | 0.03% |
| Citigroup Global Markets Seoul Securities Ltd | 5,102,859 | 6.17% | 1,531 | 0.03% |
| Citigroup Global Markets Taipei Securities Ltd | 1,804,194 | 2.18% | 541 | 0.03% |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(a) Brokerage commission (continued)

| | Total transaction value HK\$ | % of total transaction value of the Sub-Funds | Total brokerage commission HK\$ | Average rate of commission |
|--|---------------------------------|---|------------------------------------|----------------------------|
| <u>S&P Asia ex JANZ Materials ETF</u> | | | | |
| <i>For the year ended 31 March 2014:</i> | | | | |
| Mirae Asset Securities Co., Ltd | 37,567 | 1.22% | 9 | 0.02% |
| <i>For the period from 18 January 2012 (date of inception) to 31 March 2013:</i> | | | | |
| Citigroup Global Markets Bombay Securities Ltd | 7,743,267 | 9.34% | 2,323 | 0.03% |
| Citigroup Global Markets New York City Securities Ltd | 16,913,441 | 20.41% | 5,074 | 0.03% |
| Citigroup Global Markets Seoul Securities Ltd | 24,874,386 | 30.01% | 7,462 | 0.03% |
| Citigroup Global Markets Taipei Securities Ltd | 25,264,861 | 30.49% | 7,580 | 0.03% |
| | Total transaction value HK\$ | % of total transaction value of the Sub-Funds | Total brokerage commission HK\$ | Average rate of commission |
| <u>MSCI China ETF</u> | | | | |
| <i>For the period from 11 June 2013 (date of inception) to 31 March 2014</i> | | | | |
| Mirae Asset Securities (HK) Limited | 481,170 | 0.11% | 102 | 0.02% |
| | Total transaction value HK\$ | % of total transaction value of the Sub-Funds | Total brokerage commission HK\$ | Average rate of commission |
| <u>Hang Seng High Dividend Yield ETF</u> | | | | |
| <i>For the period from 11 June 2013 (date of inception) to 31 March 2014</i> | | | | |
| Mirae Asset Securities (HK) Limited | 4,906,312 | 1.66% | 1,394 | 0.03% |

During the year ended 31 March 2014, S&P Global Consumer Brands ETF, S&P Asia ex JANZ IT ETF and S&P Asia ex JANZ Industrials ETF did not utilise the trading services of brokers who are related to the Trustee and the Manager in their purchase and sale of investments.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(b) Management fee

The Manager is entitled to receive a management fee, calculated at an annual rate of the net asset value of the Sub-Funds at each dealing day, accrued daily and payable monthly in arrears. The Manager is also entitled to receive a servicing fee which is waived by the Manager.

| | <u>Maximum rate of the net asset value in %</u> | <u>Annual rate of the net asset value in %</u> | |
|--|---|--|-------|
| | | 2014 | 2013 |
| KOSPI 200 ETF | 0.35% | 0.05% | 0.35% |
| S&P Emerging Asia Consumer ETF ¹ | 0.45% | 0.45% | 0.45% |
| S&P Global Consumer Brands ETF ¹ | 0.45% | 0.45% | 0.45% |
| S&P Asia ex JANZ Financials ETF ¹ | 0.45% | 0.45% | 0.45% |
| S&P Asia ex JANZ IT ETF ¹ | 0.45% | 0.45% | 0.45% |
| S&P Asia ex JANZ Industrials ETF ¹ | 0.45% | 0.45% | 0.45% |
| S&P Asia ex JANZ Energy ETF ¹ | 0.45% | 0.45% | 0.45% |
| S&P Asia ex JANZ Materials ETF ¹ | 0.45% | 0.45% | 0.45% |
| MSCI China ETF ² | 0.049% | 0.049% | – |
| Hang Seng High Dividend Yield ETF ² | 0.18% | 0.18% | – |

(c) Trustee fee

The Trustee is entitled to receive a trustee fee, calculated at an annual rate of the net asset value of the Sub-Funds at each dealing day, accrued daily and payable monthly in arrears.

Under the terms of the Trust Deed, the Trustee may, after consulting the Manager, on giving not less than one month's notice to unitholders, increase the rate of the trustee fee payable in respect of the Sub-Funds up to or towards the maximum rate of 1 per cent per annum of the net asset value of the Sub-Funds.

| | <u>Annual rate³ of the net asset value in %</u> | |
|--|--|-------|
| | 2014 | 2013 |
| KOSPI 200 ETF | 0.12% | 0.12% |
| S&P Emerging Asia Consumer ETF ¹ | 0.12% | 0.12% |
| S&P Global Consumer Brands ETF ¹ | 0.12% | 0.12% |
| S&P Asia ex JANZ Financials ETF ¹ | 0.12% | 0.12% |
| S&P Asia ex JANZ IT ETF ¹ | 0.12% | 0.12% |
| S&P Asia ex JANZ Industrials ETF ¹ | 0.12% | 0.12% |
| S&P Asia ex JANZ Energy ETF ¹ | 0.12% | 0.12% |
| S&P Asia ex JANZ Materials ETF ¹ | 0.12% | 0.12% |
| MSCI China ETF ² | 0.10% | – |
| Hang Seng High Dividend Yield ETF ² | 0.10% | – |

¹The financial period of these Sub-Funds, which were new additions to the Trust during the period ended 31 March 2013, extended from 18 January 2012 (date of inception) to 31 March 2013.

²The financial period of these Sub-Funds, which were new additions to the Trust during the period ended 31 March 2014, commences from 11 June 2013 (date of inception) to 31 March 2014.

³The current standard annual rates of all Sub-Funds, except for MSCI China ETF and Hang Seng High Dividend Yield ETF, are 0.12% (0.10% for MSCI China ETF and Hang Seng High Dividend Yield ETF), 0.08% and 0.06% if the net asset value of each sub-fund equals or is less than US\$200 million, is between US\$200 million and US\$500 million, and exceeds US\$500 million respectively, and is subject to a minimum fee of US\$6,000 per month. However, applied minimum monthly fee can be revised down upon concession from the Trustee. Concession was given to all 10 Sub-Funds until 31 March 2014. The applied concession annual rate of the 10 Sub-Funds is subject to a minimum fee of US\$2,000 per month until 31 March 2014.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(c) Trustee fee (continued)

Trustee fee is borne by both the Sub-Funds and the Manager as follows:

| | For the year/period ended 31 March 2014 | |
|--|---|--------------------------------------|
| | Portion borne by the Sub-Funds HK\$ | Portion borne by the Manager HK\$ |
| KOSPI 200 ETF | 33,942 | 152,241 |
| S&P Emerging Asia Consumer ETF | 275,120 | 1 |
| S&P Global Consumer Brands ETF | 217,343 | (1) |
| S&P Asia ex JANZ Financials ETF | 39,477 | 146,706 |
| S&P Asia ex JANZ IT ETF | 46,926 | 139,257 |
| S&P Asia ex JANZ Industrials ETF | 36,520 | 149,663 |
| S&P Asia ex JANZ Energy ETF | 18,798 | 167,385 |
| S&P Asia ex JANZ Materials ETF | 25,781 | 160,402 |
| MSCI China ETF ¹ | 266,801 | 9,861 |
| Hang Seng High Dividend Yield ETF ¹ | 184,063 | 10,109 |

| | For the year/period ended 31 March 2013 | |
|---|---|--------------------------------------|
| | Portion borne by the Sub-Funds HK\$ | Portion borne by the Manager HK\$ |
| KOSPI 200 ETF | 134,021 | 336,849 |
| S&P Emerging Asia Consumer ETF ² | 243,160 | 152,946 |
| S&P Global Consumer Brands ETF ² | 189,094 | 188,037 |
| S&P Asia ex JANZ Financials ETF ² | 69,512 | 302,741 |
| S&P Asia ex JANZ IT ETF ² | 136,881 | 235,372 |
| S&P Asia ex JANZ Industrials ETF ² | 69,109 | 303,144 |
| S&P Asia ex JANZ Energy ETF ² | 29,334 | 342,918 |
| S&P Asia ex JANZ Materials ETF ² | 33,750 | 338,503 |

¹The financial period of these Sub-Funds, which were new additions to the Trust during the period ended 31 March 2014, commences from 11 June 2013 (date of inception) to 31 March 2014.

²The financial period of these Sub-Funds, which were new additions to the Trust during the period ended 31 March 2013, extended from 18 January 2012 (date of inception) to 31 March 2013.

(d) Other expenses

(i) *Formation fee*

For the period from 18 January 2012 (date of inception) to 31 March 2013, the estimated formation fee for each of S&P Emerging Asia Consumer ETF, S&P Asia ex JANZ Financials ETF, S&P Asia ex JANZ IT ETF, S&P Asia ex JANZ Industrials ETF, S&P Asia ex JANZ Energy ETF and S&P Asia ex JANZ Materials ETF amounted to HK\$537,131 and for S&P Global Consumer Brands ETF amounted to HK\$522,554 were expensed in the statement of comprehensive income. The formation fee for these 7 Sub-Funds is payable over the first 3 years from their inception date.

During the year ended 31 March 2014, the formation fee was finalised and amounted to HK\$528,606 for each of S&P Emerging Asia Consumer ETF, S&P Asia ex JANZ Financials ETF, S&P Asia ex JANZ IT ETF, S&P Asia ex JANZ Industrials ETF, S&P Asia ex JANZ Energy ETF and S&P Asia ex JANZ Materials ETF and HK\$514,029 for S&P Global Consumer Brands ETF. The resultant reduction in formation fee by HK\$8,525 each for these 7 Sub-Funds were recorded as “other income” in the statement of comprehensive income.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(d) Other expenses (continued)

(i) *Formation fee (continued)*

The formation fee for establishing MSCI China ETF and Hang Seng High Dividend Yield ETF, which were newly launched during the period ended 31 March 2014, was HK\$529,997 each. Similar to the above-mentioned 7 Sub-Funds, the formation fee for these 2 new Sub-Funds is payable over the first 3 years from their inception date.

(ii) *Administration fee*

The Manager is responsible for the payment of several fees, such as audit fee, conversion agent fee and index licensing fee¹, etc, for the administration of the Sub-Funds. The Manager is entitled to receive a recharge of the administration fee, calculated at an annual rate on the net asset value of the Sub-Funds at each dealing day and payable monthly in arrears, as illustrated by the table below.

| | <u>Current annual rate of the net asset value in %</u> | |
|--|--|---------|
| | 2014 | 2013 |
| KOSPI 200 ETF ¹ | 0.1150% | 0.1250% |
| S&P Emerging Asia Consumer ETF ² | 0.1300% | 0.1800% |
| S&P Global Consumer Brands ETF ² | 0.1300% | 0.1800% |
| S&P Asia ex JANZ Financials ETF ² | 0.1300% | 0.1800% |
| S&P Asia ex JANZ IT ETF ² | 0.1300% | 0.1800% |
| S&P Asia ex JANZ Industrials ETF ² | 0.1300% | 0.1800% |
| S&P Asia ex JANZ Energy ETF ² | 0.1300% | 0.1800% |
| S&P Asia ex JANZ Materials ETF ² | 0.1300% | 0.1800% |
| MSCI China ETF ³ | 0.0610% | — |
| Hang Seng High Dividend Yield ETF ³ | 0.0600% | — |

¹With the exception of KOSPI 200 ETF, index licensing fee incurred by the Sub-Funds is included within "Administration fee".

²The financial period of these Sub-Funds, which were new additions to the Trust during the period ended 31 March 2013, extended from 18 January 2012 (date of inception) to 31 March 2013.

³The financial period of these Sub-Funds, which were new additions to the Trust during the period ended 31 March 2014, commences from 11 June 2013 (date of inception) to 31 March 2014.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(d) Other expenses (continued)

(ii) Administration fee (continued)

The tables below list the breakdown of the administration fee incurred by the Sub-Funds.

| <u>KOSPI 200 ETF</u> | For the year ended 31 March 2014 | | |
|--------------------------|---------------------------------------|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 1,895 | 48,105 | 50,000 |
| Index licensing fee | 1,414 | – | 1,414 |
| Other administration fee | 31,819 | 807,655 | 839,474 |
| | <u>35,128</u> | <u>855,760</u> | <u>890,888</u> |

| | For the year ended 31 March 2013 | | |
|--------------------------|---------------------------------------|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 10,696 | 62,304 | 73,000 |
| Index licensing fee | 5,354 | – | 5,354 |
| Other administration fee | 123,148 | 717,573 | 840,721 |
| | <u>139,198</u> | <u>779,877</u> | <u>919,075</u> |

| <u>S&P Emerging Asia Consumer ETF</u> | For the year ended 31 March 2014 | | |
|---|---------------------------------------|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 40,045 | 9,955 | 50,000 |
| Index licensing fee | 114,634 | – | 114,634 |
| Other administration fee | 258,002 | 64,138 | 322,140 |
| | <u>412,681</u> | <u>74,093</u> | <u>486,774</u> |

| | For the period from 18 January 2012 (date of inception) to 31 March 2013 | | |
|--------------------------|--|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 48,435 | 24,422 | 72,857 |
| Index licensing fee | 101,317 | – | 101,317 |
| Other administration fee | 214,988 | 108,400 | 323,388 |
| | <u>364,740</u> | <u>132,822</u> | <u>497,562</u> |

| <u>S&P Global Consumer Brands ETF</u> | For the year ended 31 March 2014 | | |
|---|---------------------------------------|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 31,635 | 18,365 | 50,000 |
| Index licensing fee | 90,559 | – | 90,559 |
| Other administration fee | 203,819 | 118,321 | 322,140 |
| | <u>326,013</u> | <u>136,686</u> | <u>462,699</u> |

| | For the period from 18 January 2012 (date of inception) to 31 March 2013 | | |
|--------------------------|--|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 37,666 | 35,191 | 72,857 |
| Index licensing fee | 78,789 | – | 78,789 |
| Other administration fee | 167,187 | 156,202 | 323,389 |
| | <u>283,642</u> | <u>191,393</u> | <u>475,035</u> |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(d) Other expenses (continued)

(ii) Administration fee (continued)

S&P Asia ex JANZ Financials ETF

| | For the year ended 31 March 2014 | | |
|--------------------------|---------------------------------------|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 5,746 | 44,254 | 50,000 |
| Index licensing fee | 16,449 | 61,551 | 78,000 |
| Other administration fee | 37,021 | 285,119 | 322,140 |
| | <u>59,216</u> | <u>390,924</u> | <u>450,140</u> |

| | For the period from 18 January 2012 (date of inception) to 31 March 2013 | | |
|--------------------------|--|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 13,846 | 59,011 | 72,857 |
| Index licensing fee | 28,963 | 49,037 | 78,000 |
| Other administration fee | 61,459 | 261,929 | 323,388 |
| | <u>104,268</u> | <u>369,977</u> | <u>474,245</u> |

S&P Asia ex JANZ IT ETF

| | For the year ended 31 March 2014 | | |
|--------------------------|---------------------------------------|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 6,830 | 43,170 | 50,000 |
| Index licensing fee | 19,552 | 58,448 | 78,000 |
| Other administration fee | 44,006 | 278,134 | 322,140 |
| | <u>70,388</u> | <u>379,752</u> | <u>450,140</u> |

| | For the period from 18 January 2012 (date of inception) to 31 March 2013 | | |
|--------------------------|--|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 27,266 | 45,592 | 72,858 |
| Index licensing fee | 57,034 | 20,966 | 78,000 |
| Other administration fee | 121,022 | 202,365 | 323,387 |
| | <u>205,322</u> | <u>268,923</u> | <u>474,245</u> |

S&P Asia ex JANZ Industrials ETF

| | For the year ended 31 March 2014 | | |
|--------------------------|---------------------------------------|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 5,316 | 44,684 | 50,000 |
| Index licensing fee | 15,216 | 62,784 | 78,000 |
| Other administration fee | 34,247 | 287,893 | 322,140 |
| | <u>54,779</u> | <u>395,361</u> | <u>450,140</u> |

| | For the period from 18 January 2012 (date of inception) to 31 March 2013 | | |
|--------------------------|--|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 13,766 | 59,091 | 72,857 |
| Index licensing fee | 28,795 | 49,205 | 78,000 |
| Other administration fee | 61,103 | 262,286 | 323,389 |
| | <u>103,664</u> | <u>370,582</u> | <u>474,246</u> |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(d) Other expenses (continued)

(ii) Administration fee (continued)

S&P Asia ex JANZ Energy ETF

| | For the year ended 31 March 2014 | | |
|--------------------------|---------------------------------------|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 2,736 | 47,264 | 50,000 |
| Index licensing fee | 7,833 | 70,167 | 78,000 |
| Other administration fee | 17,629 | 304,511 | 322,140 |
| | <u>28,198</u> | <u>421,942</u> | <u>450,140</u> |

| | For the period from 18 January 2012 (date of inception) to 31 March 2013 | | |
|--------------------------|--|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 5,843 | 67,014 | 72,857 |
| Index licensing fee | 12,223 | 65,777 | 78,000 |
| Other administration fee | 25,936 | 297,452 | 323,388 |
| | <u>44,002</u> | <u>430,243</u> | <u>474,245</u> |

S&P Asia ex JANZ Materials ETF

| | For the year ended 31 March 2014 | | |
|--------------------------|---------------------------------------|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 3,753 | 46,247 | 50,000 |
| Index licensing fee | 10,742 | 67,258 | 78,000 |
| Other administration fee | 24,177 | 297,963 | 322,140 |
| | <u>38,672</u> | <u>411,468</u> | <u>450,140</u> |

| | For the period from 18 January 2012 (date of inception) to 31 March 2013 | | |
|--------------------------|--|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 6,723 | 66,135 | 72,858 |
| Index licensing fee | 14,062 | 63,938 | 78,000 |
| Other administration fee | 29,839 | 293,549 | 323,388 |
| | <u>50,624</u> | <u>423,622</u> | <u>474,246</u> |

MSCI China ETF

| | For the period from 11 June 2013 (date of inception) to 31 March 2014 | | |
|--------------------------|---|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 29,519 | 20,481 | 50,000 |
| Index licensing fee | 106,720 | – | 106,720 |
| Other administration fee | 133,229 | 92,438 | 225,667 |
| | <u>269,468</u> | <u>112,919</u> | <u>382,387</u> |

Hang Seng High Dividend Yield ETF

| | For the period from 11 June 2013 (date of inception) to 31 March 2014 | | |
|--------------------------|---|--------------------------------------|----------------|
| | Portion borne by the Sub-Fund HK\$ | Portion borne by the Manager HK\$ | Total HK\$ |
| Audit fee | 20,031 | 29,969 | 50,000 |
| Index licensing fee | 73,625 | – | 73,625 |
| Other administration fee | 90,407 | 135,260 | 225,667 |
| | <u>184,063</u> | <u>165,229</u> | <u>349,292</u> |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(d) Other expenses (continued)

(iii) *Custody fee and bank charges*

Custody fee and bank charges of the Sub-Funds for the periods ended 31 March 2014 and 31 March 2013 were charged by Citibank N.A., a related company of the Trustee.

(e) Bank balances

Bank balances held with Citibank N.A., a related company of the Trustee, are placed in interest-bearing accounts. The carrying accounts of the bank balances approximate their fair value. Interest was earned on these bank balances during the periods ended 31 March 2014 and 31 March 2013.

(f) Holdings of units

KOSPI 200 ETF

As at 31 March 2014, Citibank N.A., Citigroup Global Markets Asia Limited, related companies of the Trustee and Mirae Asset Securities (HK) Limited, a related company of the Manager, held 127,500 units (2013: 179,000 units), 67,500 units (2013: 48,000 units) and 1,000,000 units (2013: nil) of the Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

S&P Emerging Asia Consumer ETF

As at 31 March 2014, Citibank N.A., Citigroup Global Markets Asia Limited, related companies of the Trustee and Mirae Asset Securities (HK) Limited, a related company of the Manager, held 277,000 units (2013: 276,000 units), 7,320 units (2013: 622,820 units) and nil units (2013: 2,200,000 units) of the Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

S&P Global Consumer Brands ETF

As at 31 March 2014, Citibank N.A., Citigroup Global Markets Asia Limited, related companies of the Trustee and Mirae Asset Securities (HK) Limited, a related company of the Manager, held 210,000 units (2013: 200,000 units), 31,000 units (2013: 6,500 units) and 1,200,000 units (2013: 800,000 units) of the Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

S&P Asia ex JANZ Financials ETF

As at 31 March 2014, Citibank N.A., Citigroup Global Markets Asia Limited, related companies of the Trustee and Mirae Asset Securities (HK) Limited, a related company of the Manager, held 19,500 units (2013: 19,500 units), 108,500 units (2013: 18,500 units) and nil units (2013: 1,000 units) of the Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

S&P Asia ex JANZ IT ETF

As at 31 March 2014, Citibank N.A., Citigroup Global Markets Asia Limited, related companies of the Trustee and Mirae Asset Securities (HK) Limited, a related company of the Manager, held 24,000 units (2013: 22,500 units), 118,000 units (2013: 39,000 units) and nil units (2013: 580,000 units) of the Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSACTIONS WITH THE TRUSTEE/MANAGER AND ITS CONNECTED PERSONS (CONTINUED)

(f) Holdings of units (continued)

S&P Asia ex JANZ Industrials ETF

As at 31 March 2014, Citibank N.A. and Citigroup Global Markets Asia Limited, related companies of the Trustee, held 12,000 units (2013: 12,000 units) and 122,000 units (2013: 83,500 units) of the Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

S&P Asia ex JANZ Energy ETF

As at 31 March 2014, Citibank N.A., Citigroup Global Markets Asia Limited, related companies of the Trustee and Mirae Asset Securities (HK) Limited, a related company of the Manager, held 4,500 units (2013: 4,500 units), 28,500 units (2013: 36,500 units) and 560,000 units (2013: 560,000 units) of the Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

S&P Asia ex JANZ Materials ETF

As at 31 March 2014, Citibank N.A., Citigroup Global Markets Asia Limited, related companies of the Trustee and Mirae Asset Securities (HK) Limited, a related company of the Manager, held 7,000 units (2013: 7,000 units), 42,500 units (2013: 34,000 units) and 760,000 units (2013: 760,000 units) of the Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

MSCI China ETF

As at 31 March 2014, Citibank N.A., a related company of the Trustee held 3,013,000 units (2013: nil units) of the Sub-Fund. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

Hang Seng High Dividend Yield ETF

As at 31 March 2014, Citibank N.A., a related company of the Trustee and Mirae Asset Securities (HK) Limited, a related company of the Manager, held 554,400 units (2013: nil units) and 2,000,000 units (2013: nil units) of the Sub-Fund respectively. The units are held and transacted in the capacity of a nominee on behalf of the third parties.

7. SOFT COMMISSION ARRANGEMENTS

The Manager may effect transactions, provided that any such transaction is consistent with standards of "best execution", by or through the agency of another person for the account of the Sub-Funds with whom the Manager or any of its connected persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its connected persons goods, services or other benefits (such as advisory services, computer hardware associated with specialised software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Sub-Funds as a whole and may contribute to an improvement in the performance of the Sub-Funds. For the avoidance of doubt, such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees' salaries or direct money payments. Since the inception of the Sub-Funds, the Manager had not participated in any soft commission arrangements in respect of any transactions for the account of the Sub-Funds.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION

No provision for Hong Kong profits tax has been made for the Sub-Funds as they are authorised as collective investment schemes under section 104 of the Hong Kong Securities and Futures Ordinance and are therefore exempt from profits tax under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

The Sub-Funds invest in shares of companies in the People's Republic of China ("PRC") listed on the SEHK ("H-shares"). Under the PRC Corporate Income Tax Law, the Sub-Funds may be liable to pay PRC tax on the capital gains realised in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Management believes that the Sub-Funds can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of China tax on capital gains is not probable.

Withholding tax was charged on certain dividend income of the Sub-Funds during the periods ended 31 March 2014 and 31 March 2013.

For S&P Emerging Asia Consumer ETF and S&P Asia ex JANZ Materials ETF, capital gains tax was charged on realised gains on disposal of Indian securities during the periods ended 31 March 2014 and 31 March 2013.

For S&P Asia ex JANZ Financials ETF, capital gains tax was charged on realised gains on disposal of Indian securities during the period ended 31 March 2013; no capital gains tax was incurred during the period ended 31 March 2014.

9. DISTRIBUTIONS

The Manager may in its absolute discretion distribute income to unitholders at such time or times as it may determine in each financial year or determine that no distribution shall be made in any financial year. The amount to be distributed to unitholders, if any, will be derived from the net income of the Sub-Funds.

The Sub-Funds did not make any distribution for the year/period ended 31 March 2014 (2013: Nil).

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

The SFC Code allows the Sub-Funds to invest in constituent securities issued by a single issuer for more than 10% of the Sub-Funds' net asset value provided that:

- (a) the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the tracked index and;
- (b) the Sub-Funds' holding of any such constituent securities may not exceed their respective weightings in the tracked index, except where weightings are exceeded as a result of changes in the composition of the tracked index and the excess is only transitional and temporary in nature.

Constituent securities that account for more than 10% of the net asset value of the Sub-Funds as at year/period end were as follows:

| <u>As at 31 March 2014</u> | Respective weighting in the tracked index | Respective weighting in the Sub-Fund's net asset value |
|--|--|---|
| <i>KOSPI 200 ETF</i> | | |
| SAMSUNG ELECTRONICS CO LTD | 22.04% | 21.95% |
| <i>S&P Asia ex JANZ IT ETF</i> | | |
| SAMSUNG ELECTRONICS CO LTD | 24.10% | 24.03% |
| TENCENT HOLDINGS LTD | 11.48% | 11.49% |
| TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD | 11.33% | 11.25% |
| <i>S&P Asia ex JANZ Industrials ETF</i> | | |
| HUTCHISON WHAMPOA LTD | 15.39% | 15.18% |
| <i>S&P Asia ex JANZ Energy ETF</i> | | |
| RELIANCE INDUSTRIES LTD | 14.30% | 14.47% |
| CNOOC LTD HKD0.02 | 14.03% | 14.03% |
| PETROCHINA CO LTD | 13.35% | 13.39% |
| CHINA PETROLEUM & CHEMICAL-H | 13.26% | 13.44% |
| <i>S&P Asia ex JANZ Materials ETF</i> | | |
| POSCO | 16.29% | 16.34% |
| <i>MSCI China ETF</i> | | |
| TENCENT HOLDINGS LIMITED | 9.94% | 10.33% |
| <u>As at 31 March 2013</u> | Respective weighting in the tracked index | Respective weighting in the Sub-Fund's net asset value |
| <i>KOSPI 200 ETF</i> | | |
| SAMSUNG ELECTRONICS CO LTD | 25.14% | 25.30% |
| <i>S&P Emerging Asia Consumer ETF</i> | | |
| ASTRA INTERNASIONAL TBK | 11.39% | 11.36% |
| <i>S&P Asia ex JANZ IT ETF</i> | | |
| SAMSUNG ELECTRONICS | 31.92% | 32.08% |
| TAIWAN SEMICONDUCTOR M ORD | 11.91% | 11.92% |
| <i>S&P Asia ex JANZ Industrials ETF</i> | | |
| HUTCHISON WHAMPOA ORD SHS | 11.90% | 11.15% |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (CONTINUED)

| <u>As at 31 March 2013</u> | Respective weighting in the tracked index | Respective weighting in the Sub-Fund's net asset value |
|---|--|---|
| <i>S&P Asia ex JANZ Energy ETF</i> | | |
| CHINA PETROLEUM & CHEMICAL-H | 11.62% | 10.17% |
| CNOOC LTD HKD0.02 | 15.53% | 16.20% |
| PETROCHINA CO LTD | 13.91% | 13.75% |
| RELIANCE INDUSTRIES LTD | 11.32% | 12.02% |
| <i>S&P Asia ex JANZ Materials ETF</i> | | |
| POSCO | 16.80% | 16.53% |

S&P Emerging Asia Consumer ETF, S&P Global Consumer Brands ETF, S&P Asia ex JANZ Financials ETF and Hang Seng High Dividend Yield ETF did not have any constituent securities that accounted for more than 10% of their respective net asset value as at 31 March 2014.

S&P Global Consumer Brands ETF and S&P Asia ex JANZ Financials ETF did not have any constituent securities that accounted for more than 10% of their respective net asset value as at 31 March 2013.

During the period, the Sub-Funds' performances, together with their respective indices' performance, were as follows:

| | <u>2014</u> | | <u>2013</u> | |
|-----------------------------------|--------------------------------|-----------------------------|--------------------------------|-----------------------------|
| | Sub-Fund performance (%) | Index performance (%) | Sub-Fund performance (%) | Index performance (%) |
| KOSPI 200 ETF | 3.82 | 2.21 | 1.33 | 0.71 |
| S&P Emerging Asia Consumer ETF | (1.35) | 0.20 | 7.59 | 9.26 |
| S&P Global Consumer Brands ETF | 21.76 | 23.49 | 20.54 | 22.15 |
| S&P Asia ex JANZ Financials ETF | (4.51) | (2.93) | 20.91 | 22.89 |
| S&P Asia ex JANZ IT ETF | 17.73 | 18.67 | 20.39 | 22.18 |
| S&P Asia ex JANZ Industrials ETF | (0.36) | 1.57 | 6.40 | 7.61 |
| S&P Asia ex JANZ Energy ETF | (10.69) | (9.08) | (6.64) | (3.66) |
| S&P Asia ex JANZ Materials ETF | (0.82) | 0.28 | (11.45) | (9.29) |
| MSCI China ETF | 14.37 | 6.68 | – | – |
| Hang Seng High Dividend Yield ETF | 0.84 | 1.07 | – | – |

11. FINANCIAL RISK MANAGEMENT

(a) Strategy in using financial instruments

Investment objectives and investment policies

The investment objectives of the Sub-Funds are to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the underlying index relevant to each respective Sub-Fund by investing all, or substantially all, of the assets of such Sub-Fund in index securities in substantially the same weightings as constituted in the underlying index. Refer to note 1 for details.

The Sub-Funds themselves are subject to various risks. The main risks associated with the investments, assets and liabilities of the Sub-Funds are set out below:

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk

(i) *Market price risk*

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Sub-Funds are designated to track the performance of their respective indices, therefore the exposures to market risk in the Sub-Funds will be substantially the same as the tracked indices. The Manager manages the Sub-Funds' exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned with the characteristics of the tracked indices.

As at 31 March 2014 and 31 March 2013, the Sub-Funds' investments were concentrated in the following industries:

| | <u>KOSPI 200 ETF</u> | | | |
|--------------------------------------|----------------------|-------------------------|---------------------|-------------------------|
| | As at 31 March 2014 | | As at 31 March 2013 | |
| | Fair value HK\$ | % of net asset value | Fair value HK\$ | % of net asset value |
| <u>Listed Equities - By Industry</u> | | | | |
| Consumer discretionary | 6,717,873 | 16.59 | 4,642,302 | 15.75 |
| Consumer staples | 2,382,812 | 5.89 | 1,465,154 | 4.97 |
| Energy | 950,061 | 2.35 | 935,090 | 3.17 |
| Financials | 5,234,648 | 12.93 | 3,731,626 | 12.66 |
| Health care | 303,376 | 0.75 | 315,537 | 1.06 |
| Industrials | 5,192,640 | 12.83 | 3,846,188 | 13.05 |
| Information technology | 13,012,616 | 32.14 | 9,779,293 | 33.17 |
| Materials | 4,023,822 | 9.94 | 3,129,106 | 10.61 |
| Telecommunication services | 1,301,244 | 3.21 | 856,615 | 2.91 |
| Utilities | 817,075 | 2.02 | 530,022 | 1.80 |
| | <u>39,936,167</u> | <u>98.65</u> | <u>29,230,933</u> | <u>99.15</u> |

| | <u>S&P Emerging Asia Consumer ETF</u> | | | |
|--------------------------------------|---|-------------------------|---------------------|-------------------------|
| | As at 31 March 2014 | | As at 31 March 2013 | |
| | Fair value HK\$ | % of net asset value | Fair value HK\$ | % of net asset value |
| <u>Listed Equities - By Industry</u> | | | | |
| Consumer discretionary | 114,735,684 | 48.80 | 128,322,870 | 46.26 |
| Consumer staples | 120,448,844 | 51.22 | 149,277,734 | 53.82 |
| | <u>235,184,528</u> | <u>100.02</u> | <u>277,600,604</u> | <u>100.08</u> |

| | <u>S&P Global Consumer Brands ETF</u> | | | |
|--------------------------------------|---|-------------------------|---------------------|-------------------------|
| | As at 31 March 2014 | | As at 31 March 2013 | |
| | Fair value HK\$ | % of net asset value | Fair value HK\$ | % of net asset value |
| <u>Listed Equities - By Industry</u> | | | | |
| Consumer discretionary | 180,390,599 | 99.61 | 187,436,126 | 99.63 |
| | <u>180,390,599</u> | <u>99.61</u> | <u>187,436,126</u> | <u>99.63</u> |

| | <u>S&P Asia ex JANZ Financials ETF</u> | | | |
|--------------------------------------|--|-------------------------|---------------------|-------------------------|
| | As at 31 March 2014 | | As at 31 March 2013 | |
| | Fair value HK\$ | % of net asset value | Fair value HK\$ | % of net asset value |
| <u>Listed Equities - By Industry</u> | | | | |
| Financials | 18,759,602 | 100.79 | 48,917,891 | 100.06 |
| | <u>18,759,602</u> | <u>100.79</u> | <u>48,917,891</u> | <u>100.06</u> |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(i) Market price risk (continued)

| | | <u>S&P Asia ex JANZ IT ETF</u> | | | |
|--------------------------------------|--|---|--------------------|--|--------------------|
| | | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | | <u>Fair value</u> | <u>% of net</u> | <u>Fair value</u> | <u>% of net</u> |
| | | <u>HK\$</u> | <u>asset value</u> | <u>HK\$</u> | <u>asset value</u> |
| <u>Listed Equities - By Industry</u> | | | | | |
| Information technology | | 39,482,947 | 100.13 | 82,070,907 | 100.24 |
| | | <u>39,482,947</u> | <u>100.13</u> | <u>82,070,907</u> | <u>100.24</u> |
| | | <u>S&P Asia ex JANZ Industrials ETF</u> | | | |
| | | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | | <u>Fair value</u> | <u>% of net</u> | <u>Fair value</u> | <u>% of net</u> |
| | | <u>HK\$</u> | <u>asset value</u> | <u>HK\$</u> | <u>asset value</u> |
| <u>Listed Equities - By Industry</u> | | | | | |
| Industrials | | 21,726,658 | 100.33 | 52,176,697 | 99.86 |
| | | <u>21,726,658</u> | <u>100.33</u> | <u>52,176,697</u> | <u>99.86</u> |
| | | <u>S&P Asia ex JANZ Energy ETF</u> | | | |
| | | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | | <u>Fair value</u> | <u>% of net</u> | <u>Fair value</u> | <u>% of net</u> |
| | | <u>HK\$</u> | <u>asset value</u> | <u>HK\$</u> | <u>asset value</u> |
| <u>Listed Equities - By Industry</u> | | | | | |
| Energy | | 13,700,836 | 100.53 | 15,259,421 | 101.04 |
| | | <u>13,700,836</u> | <u>100.53</u> | <u>15,259,421</u> | <u>101.04</u> |
| | | <u>S&P Asia ex JANZ Materials ETF</u> | | | |
| | | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | | <u>Fair value</u> | <u>% of net</u> | <u>Fair value</u> | <u>% of net</u> |
| | | <u>HK\$</u> | <u>asset value</u> | <u>HK\$</u> | <u>asset value</u> |
| <u>Listed Equities - By Industry</u> | | | | | |
| Materials | | 21,358,479 | 100.22 | 21,571,296 | 100.51 |
| | | <u>21,358,479</u> | <u>100.22</u> | <u>21,571,296</u> | <u>100.51</u> |
| | | <u>MSCI China ETF</u> | | <u>Hang Seng High Dividend Yield ETF</u> | |
| | | <u>As at 31 March 2014</u> | | <u>As at 31 March 2014</u> | |
| | | <u>Fair value</u> | <u>% of net</u> | <u>Fair value</u> | <u>% of net</u> |
| | | <u>HK\$</u> | <u>asset value</u> | <u>HK\$</u> | <u>asset value</u> |
| <u>Listed Equities - By Industry</u> | | | | | |
| Consumer discretionary | | 16,039,450 | 5.48 | 27,858,675 | 11.81 |
| Consumer staples | | 14,945,350 | 5.11 | - | - |
| Energy | | 40,631,500 | 13.90 | 14,429,300 | 6.12 |
| Financials | | 112,480,620 | 38.47 | 102,035,435 | 43.25 |
| Health care | | 5,929,000 | 2.03 | 3,655,800 | 1.55 |
| Industrials | | 17,111,990 | 5.85 | 31,963,285 | 13.54 |
| Information technology | | 37,219,630 | 12.73 | 9,790,770 | 4.15 |
| Materials | | 9,574,600 | 3.27 | 5,923,500 | 2.51 |
| Telecommunications services | | 28,236,600 | 9.66 | 20,650,200 | 8.75 |
| Utilities | | 8,850,800 | 3.03 | 18,533,365 | 7.85 |
| | | <u>291,019,540</u> | <u>99.53</u> | <u>234,840,330</u> | <u>99.53</u> |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(i) *Market price risk (continued)*

Sensitivity analysis in the event of a possible change in the tracked indices by sensitivity threshold as estimated by the Manager

As at 31 March 2014 and 31 March 2013, if the tracked indices were to increase by the following sensitivity thresholds with all other variables held constant, this would increase the net asset value by the amounts stated below. Conversely, if the tracked indices were to decrease by the same sensitivity thresholds, this would decrease the net asset value by approximately equal amounts.

| | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
|-----------------------------------|----------------------------|-------------|----------------------------|-------------|
| | Sensitivity threshold in % | Impact HK\$ | Sensitivity threshold in % | Impact HK\$ |
| KOSPI 200 ETF | 2.21% | 882,861 | 0.71% | 207,540 |
| S&P Emerging Asia Consumer ETF | 0.20% | 480,490 | 4.88% | 13,546,909 |
| S&P Global Consumer Brands ETF | 23.49% | 42,374,549 | 11.95% | 22,398,617 |
| S&P Asia ex JANZ Financials ETF | 2.93% | 548,930 | 16.53% | 8,086,127 |
| S&P Asia ex JANZ IT ETF | 18.67% | 7,370,389 | 4.22% | 3,463,392 |
| S&P Asia ex JANZ Industrials ETF | 1.57% | 340,279 | 1.10% | 573,944 |
| S&P Asia ex JANZ Energy ETF | 9.08% | 1,243,963 | 2.58% | 393,693 |
| S&P Asia ex JANZ Materials ETF | 0.28% | 59,067 | 11.51% | 2,482,856 |
| MSCI China ETF | 2.13% | 6,198,828 | – | – |
| Hang Seng High Dividend Yield ETF | 4.89% | 11,479,724 | – | – |

The Manager has used their view of what would be a "reasonable shift" in each key market to estimate the change for use in the market sensitivity analysis above. Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factor.

(ii) *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates.

The majority of the Sub-Funds' financial assets and liabilities are non-interest bearing. As a result, the Sub-Funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Sub-Funds hold assets and liabilities denominated in currencies other than their functional currency, Hong Kong dollar, and are therefore exposed to currency risk with respect to these currencies. The Manager considers that there is no currency risk to the United States dollar ("US dollar") which is a linked currency with the Hong Kong dollar.

The tables below summarise the Sub-Funds' net exposure, monetary and non-monetary, which are denominated in a currency other than the Hong Kong dollar and the US dollar.

| <i>(Amounts in HK\$)</i> | <u>KOSPI 200 ETF</u> | |
|--------------------------|----------------------------|----------------------------|
| | <u>As at 31 March 2014</u> | <u>As at 31 March 2013</u> |
| | KRW | KRW |
| Current assets | | |
| Monetary assets | 460,293 | 231,691 |
| Non-monetary assets | 39,936,167 | 29,230,933 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| <i>(Amounts in HK\$)</i> | <u>S&P Emerging Asia Consumer ETF</u> | | | | | | |
|--------------------------|---|------------|------------|------------|------------|------------|------------|
| | As at 31 March 2014 | | | | | | |
| | IDR | INR | MYR | PHP | SGD | THB | TWD |
| Current assets | | | | | | | |
| Monetary assets | – | – | – | – | – | – | 83,158 |
| Non-monetary assets | 32,648,998 | 33,439,457 | 30,102,053 | 3,390,835 | 6,157,587 | 13,368,534 | 38,492,980 |
| | As at 31 March 2013 | | | | | | |
| | IDR | INR | MYR | PHP | SGD | THB | TWD |
| Current assets | | | | | | | |
| Monetary assets | – | – | – | – | 332,301 | 72,762 | 681,650 |
| Non-monetary assets | 51,057,650 | 60,047,830 | 26,137,635 | – | 7,084,125 | 24,843,319 | 14,713,628 |
| | <u>S&P Global Consumer Brands ETF</u> | | | | | | |
| | As at 31 March 2014 | | | | | | |
| <i>(Amounts in HK\$)</i> | CHF | EUR | GBP | JPY | KRW | SEK | |
| Current assets | | | | | | | |
| Monetary assets | – | – | – | – | 113,268 | – | |
| Non-monetary assets | 11,870,379 | 61,797,092 | 6,040,021 | 29,830,418 | 19,196,031 | 5,677,645 | |
| | As at 31 March 2013 | | | | | | |
| | CHF | EUR | GBP | JPY | KRW | SEK | |
| Current assets | | | | | | | |
| Monetary assets | – | – | – | 76,471 | 63,479 | – | |
| Non-monetary assets | 6,103,494 | 66,771,980 | 12,666,418 | 11,930,052 | 19,096,579 | 6,078,144 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| <i>(Amounts in HK\$)</i> | <u>S&P Asia ex JANZ Financials ETF</u> | | | | | | | |
|--------------------------|--|------------|------------|------------|------------|------------|------------|------------|
| | As at 31 March 2014 | | | | | | | |
| | IDR | INR | KRW | MYR | PHP | SGD | THB | TWD |
| Current assets | | | | | | | | |
| Monetary assets | 3,580 | 772 | 15,472 | 1,669 | – | – | – | 1,993 |
| Non-monetary assets | 770,579 | 1,410,937 | 1,679,005 | 630,674 | 373,533 | 1,984,492 | 535,148 | 1,748,898 |
| | As at 31 March 2013 | | | | | | | |
| | IDR | INR | KRW | MYR | PHP | SGD | THB | TWD |
| Current assets | | | | | | | | |
| Monetary assets | 10,796 | – | 35,295 | – | 826 | – | – | – |
| Non-monetary assets | 2,344,837 | 3,602,847 | 3,760,096 | 1,520,165 | 1,139,489 | 5,250,397 | 1,560,673 | 4,146,505 |
| | <u>S&P Asia ex JANZ IT ETF</u> | | | | | | | |
| | As at 31 March 2014 | | | | | | | |
| | INR | KRW | TWD | | | | | |
| Current assets | | | | | | | | |
| Monetary assets | – | 96,887 | 45,503 | | | | | |
| Non-monetary assets | 3,340,479 | 14,112,927 | 13,630,145 | | | | | |
| | As at 31 March 2013 | | | | | | | |
| | INR | KRW | TWD | | | | | |
| Current assets | | | | | | | | |
| Monetary assets | – | 108,543 | – | | | | | |
| Non-monetary assets | 7,342,096 | 35,454,835 | 30,199,796 | | | | | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| <i>(Amounts in HK\$)</i> | <u>S&P Asia ex JANZ Industrials ETF</u> | | | | | | | |
|--------------------------|---|------------|------------|------------|------------|------------|------------|------------|
| | As at 31 March 2014 | | | | | | | |
| | IDR | INR | KRW | MYR | PHP | SGD | THB | TWD |
| Current assets | | | | | | | | |
| Monetary assets | – | – | 42,094 | – | 6,974 | – | 5,940 | 17,663 |
| Non-monetary assets | 428,968 | 747,369 | 4,598,745 | 1,010,797 | 2,055,819 | 3,028,984 | 278,334 | 999,557 |
| | As at 31 March 2013 | | | | | | | |
| | IDR | INR | KRW | MYR | PHP | SGD | THB | TWD |
| Current assets | | | | | | | | |
| Monetary assets | – | – | 109,678 | 23,284 | 18,535 | – | – | – |
| Non-monetary assets | 610,644 | 1,363,677 | 12,191,892 | 2,414,063 | 4,379,433 | 9,045,625 | – | 2,671,892 |
| | <u>S&P Asia ex JANZ Energy ETF</u> | | | | | | | |
| | As at 31 March 2014 | | | | | | | |
| | IDR | INR | KRW | MYR | THB | TWD | | |
| Current assets | | | | | | | | |
| Monetary assets | – | 12,075 | 15,715 | – | 27,159 | – | | |
| Non-monetary assets | 109,748 | 3,367,197 | 700,671 | 562,375 | 1,276,225 | 315,860 | | |
| | As at 31 March 2013 | | | | | | | |
| | IDR | INR | KRW | MYR | THB | TWD | | |
| Current assets | | | | | | | | |
| Monetary assets | – | 14,365 | 11,152 | 592 | 22,317 | – | | |
| Non-monetary assets | 221,474 | 3,626,474 | 908,671 | 394,166 | 1,487,478 | 322,318 | | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| <i>(Amounts in HK\$)</i> | <u>S&P Asia ex JANZ Materials ETF</u> | | | | | |
|--------------------------|---|------------|------------|------------|------------|------------|
| | As at 31 March 2014 | | | | | |
| | IDR | INR | KRW | MYR | THB | TWD |
| Current assets | | | | | | |
| Monetary assets | – | – | 93,142 | – | 13,331 | 10,315 |
| Non-monetary assets | 1,078,310 | 1,462,963 | 7,044,797 | 659,859 | 1,200,926 | 8,200,394 |
| <i>(Amounts in HK\$)</i> | As at 31 March 2013 | | | | | |
| | IDR | INR | KRW | MYR | THB | TWD |
| Current assets | | | | | | |
| Monetary assets | – | – | 193,994 | – | 12,625 | – |
| Non-monetary assets | 1,476,043 | 1,857,320 | 6,889,402 | 578,494 | 1,599,063 | 7,516,293 |

All of MSCI China ETF's and Hang Seng High Dividend Yield ETF's assets and liabilities are denominated in their functional currency, Hong Kong dollar. As a result, MSCI China ETF and Hang Seng High Dividend Yield ETF are not exposed to significant currency risk as at 31 March 2014.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

The tables below summarise the sensitivity of the Sub-Funds' monetary and non-monetary assets and liabilities to changes in foreign exchange rates at 31 March 2014 and 31 March 2013. The analysis is based on the assumption that the relevant foreign exchange rate increased or decreased against the Hong Kong dollar by the percentage disclosed in the tables below with all other variables held constant. This represents the Management's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

| | <u>KOSPI 200 ETF</u> | | | |
|------------------|--------------------------------------|---|--------------------------------------|--|
| | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ |
| Currency | | | | |
| South Korean won | | | | |
| - monetary | 4.3% | 19,793 | 1.8% | 4,170 |
| - non-monetary | 4.3% | 1,717,255 | 1.8% | 526,157 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| | <u>S&P Emerging Asia Consumer ETF</u> | | | |
|-------------------|---|--|--------------------------------------|--|
| | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ |
| Currency | | | | |
| Indonesian rupiah | | | | |
| - monetary | — | — | — | — |
| - non-monetary | 17.0% | 5,550,330 | 6.3% | 3,216,632 |
| Indian rupee | | | | |
| - monetary | — | — | — | — |
| - non-monetary | 10.0% | 3,343,946 | 6.7% | 4,023,205 |
| Malaysian ringgit | | | | |
| - monetary | — | — | — | — |
| - non-monetary | 5.5% | 1,655,613 | 1.1% | 287,514 |
| Philippines Peso | | | | |
| - monetary | — | — | — | — |
| - non-monetary | 10.0% | 339,084 | — | — |
| Singapore dollar | | | | |
| - monetary | — | — | 1.3% | 4,320 |
| - non-monetary | 1.4% | 86,206 | 1.3% | 92,094 |
| Thai baht | | | | |
| - monetary | — | — | 5.1% | 3,711 |
| - non-monetary | 10.9% | 1,457,170 | 5.1% | 1,267,009 |
| Taiwan dollar | | | | |
| - monetary | 1.9% | 1,580 | 1.3% | 8,861 |
| - non-monetary | 1.9% | 731,367 | 1.3% | 191,277 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| | <u>S&P Global Consumer Brands ETF</u> | | | |
|------------------|---|--|--------------------------------------|--|
| | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ |
| Currency | | | | |
| Euro | | | | |
| - monetary | — | — | — | — |
| - non-monetary | 6.8% | 4,202,202 | 3.7% | 2,470,563 |
| Japanese yen | | | | |
| - monetary | — | — | 14.3% | 10,935 |
| - non-monetary | 9.6% | 2,863,720 | 14.3% | 1,705,997 |
| Pound sterling | | | | |
| - monetary | — | — | — | — |
| - non-monetary | 8.9% | 537,562 | 5.2% | 658,654 |
| South Korean won | | | | |
| - monetary | 4.3% | 4,871 | 1.8% | 1,143 |
| - non-monetary | 4.3% | 825,429 | 1.8% | 343,738 |
| Swedish krona | | | | |
| - monetary | — | — | — | — |
| - non-monetary | 0.2% | 11,355 | 2.0% | 121,563 |
| Swiss franc | | | | |
| - monetary | — | — | — | — |
| - non-monetary | 6.6% | 783,445 | 4.8% | 292,968 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| | <u>S&P Asia ex JANZ Financials ETF</u> | | | |
|-------------------|--|--|--------------------------------------|--|
| | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ |
| Currency | | | | |
| Indonesian rupiah | | | | |
| - monetary | 17.0% | 609 | 6.3% | 680 |
| - non-monetary | 17.0% | 130,998 | 6.3% | 147,725 |
| Indian rupee | | | | |
| - monetary | 10.0% | 77 | - | - |
| - non-monetary | 10.0% | 141,094 | 6.7% | 241,391 |
| Malaysian ringgit | | | | |
| - monetary | 5.5% | 92 | - | - |
| - non-monetary | 5.5% | 34,687 | 1.1% | 16,722 |
| Philippines peso | | | | |
| - monetary | - | - | 4.9% | 40 |
| - non-monetary | 10.0% | 37,353 | 4.9% | 55,835 |
| Singapore dollar | | | | |
| - monetary | - | - | - | - |
| - non-monetary | 1.4% | 27,783 | 1.3% | 68,255 |
| South Korean won | | | | |
| - monetary | 4.3% | 665 | 1.8% | 635 |
| - non-monetary | 4.3% | 72,197 | 1.8% | 67,682 |
| Thai baht | | | | |
| - monetary | - | - | - | - |
| - non-monetary | 10.9% | 58,331 | 5.1% | 79,594 |
| Taiwan dollar | | | | |
| - monetary | 1.9% | 38 | - | - |
| - non-monetary | 1.9% | 33,229 | 1.3% | 53,905 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| | <u>S&P Asia ex JANZ IT ETF</u> | | | |
|------------------|--------------------------------------|--|--------------------------------------|--|
| | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ |
| Currency | | | | |
| Indian rupee | | | | |
| - monetary | – | – | – | – |
| - non-monetary | 10.0% | 334,048 | 6.7% | 491,920 |
| South Korean won | | | | |
| - monetary | 4.3% | 4,166 | 1.8% | 1,954 |
| - non-monetary | 4.3% | 606,856 | 1.8% | 638,187 |
| Taiwan dollar | | | | |
| - monetary | 1.9% | 865 | – | – |
| - non-monetary | 1.9% | 258,973 | 1.3% | 392,597 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| | <u>S&P Asia ex JANZ Industrials ETF</u> | | | |
|-------------------|---|--|--------------------------------------|--|
| | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ |
| Currency | | | | |
| Indonesian rupiah | | | | |
| - monetary | – | – | – | – |
| - non-monetary | 17.0% | 72,925 | 6.3% | 38,471 |
| Indian rupee | | | | |
| - monetary | – | – | – | – |
| - non-monetary | 10.0% | 74,737 | 6.7% | 91,366 |
| Malaysian ringgit | | | | |
| - monetary | – | – | 1.1% | 256 |
| - non-monetary | 5.5% | 55,594 | 1.1% | 26,555 |
| Philippines peso | | | | |
| - monetary | 10.0% | 697 | 4.9% | 908 |
| - non-monetary | 10.0% | 205,582 | 4.9% | 214,592 |
| Singapore dollar | | | | |
| - monetary | – | – | – | – |
| - non-monetary | 1.4% | 42,406 | 1.3% | 117,593 |
| South Korean won | | | | |
| - monetary | 4.3% | 1,810 | 1.8% | 1,974 |
| - non-monetary | 4.3% | 197,746 | 1.8% | 219,454 |
| Thailand baht | | | | |
| - monetary | 10.9% | 647 | – | – |
| - non-monetary | 10.9% | 30,338 | – | – |
| Taiwan dollar | | | | |
| - monetary | 1.9% | 336 | – | – |
| - non-monetary | 1.9% | 18,992 | 1.3% | 34,735 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| | <u>S&P Asia ex JANZ Energy ETF</u> | | | |
|-------------------|--|--|--------------------------------------|--|
| | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ |
| Currency | | | | |
| Indonesian rupiah | | | | |
| - monetary | – | – | – | – |
| - non-monetary | 17.0% | 18,657 | 6.3% | 13,953 |
| Indian rupee | | | | |
| - monetary | 10.0% | 1,207 | 6.7% | 962 |
| - non-monetary | 10.0% | 336,720 | 6.7% | 242,974 |
| Malaysian ringgit | | | | |
| - monetary | – | – | 1.1% | 7 |
| - non-monetary | 5.5% | 30,931 | 1.1% | 4,336 |
| South Korean won | | | | |
| - monetary | 4.3% | 676 | 1.8% | 201 |
| - non-monetary | 4.3% | 30,129 | 1.8% | 16,356 |
| Thailand baht | | | | |
| - monetary | 10.9% | 2,960 | 5.1% | 1,138 |
| - non-monetary | 10.9% | 139,109 | 5.1% | 75,861 |
| Taiwan dollar | | | | |
| - monetary | – | – | – | – |
| - non-monetary | 1.9% | 6,001 | 1.3% | 4,190 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

(iii) *Currency risk (continued)*

| | <u>S&P Asia ex JANZ Materials ETF</u> | | | |
|-------------------|---|--|--------------------------------------|--|
| | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | |
| | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ | Reasonably possible shift in % | Impact on net assets attributable to unitholders HK\$ |
| Currency | | | | |
| Indonesian rupiah | | | | |
| - monetary | – | – | – | – |
| - non-monetary | 17.0% | 183,313 | 6.3% | 92,991 |
| Indian rupee | | | | |
| - monetary | – | – | – | – |
| - non-monetary | 10.0% | 146,296 | 6.7% | 124,440 |
| Malaysian ringgit | | | | |
| - monetary | – | – | – | – |
| - non-monetary | 5.5% | 36,292 | 1.1% | 6,363 |
| South Korean won | | | | |
| - monetary | 4.3% | 4,005 | 1.8% | 3,492 |
| - non-monetary | 4.3% | 302,926 | 1.8% | 124,009 |
| Thai baht | | | | |
| - monetary | 10.9% | 1,453 | 5.1% | 644 |
| - non-monetary | 10.9% | 130,901 | 5.1% | 81,552 |
| Taiwan dollar | | | | |
| - monetary | 1.9% | 196 | – | – |
| - non-monetary | 1.9% | 155,807 | 1.3% | 97,712 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Sub-Funds' financial assets which are potentially subject to credit risk consist principally of securities and bank balances. The Sub-Funds limit their exposure to credit risk by transacting with well established broker-dealers and banks with high credit ratings.

All transactions in securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk (continued)

| | <u>KOSPI 200 ETF</u> | | <u>S&P Emerging Asia Consumer ETF</u> | | <u>S&P Global Consumer Brands ETF</u> | | <u>S&P Asia ex JANZ Financials ETF</u> | | <u>S&P Asia ex JANZ IT ETF</u> | |
|-------------------------|------------------------------|------------|---|-------------|---|-------------|--|--|------------------------------------|------------|
| | Net exposure to counterparty | | Net exposure to counterparty | | Net exposure to counterparty | | Net exposure to counterparty | | Net exposure to counterparty | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ | HK\$ |
| Investments | | | | | | | | | | |
| Citibank N.A. | 39,936,167 | 29,230,933 | 235,184,528 | 277,600,604 | 180,390,599 | 187,436,126 | 18,759,602 | 48,917,891 | 39,482,947 | 82,070,907 |
| Rating | A2 | A3 | A2 | A3 | A2 | A3 | A2 | A3 | A2 | A3 |
| Source of rating | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's |
| Amount due from brokers | | | | | | | | | | |
| Citibank N.A. | - | - | - | 332,300 | 60,000 | - | - | - | - | - |
| Rating | - | - | - | A3 | A2 | - | - | - | - | - |
| Source of rating | - | - | - | Moody's | Moody's | - | - | - | - | - |
| Goldman Sachs | - | - | - | - | - | 28,806 | - | - | - | - |
| Rating | - | - | - | - | - | A- | - | - | - | - |
| Source of rating | - | - | - | - | - | Moody's | - | - | - | - |
| Bank balances | | | | | | | | | | |
| Citibank N.A. | 240,784 | 34,150 | 291,761 | 13,999,192 | 841,970 | 985,456 | 19,466 | 290,018 | 53,404 | 111,832 |
| Rating | A2 | A3 | A2 | A3 | A2 | A3 | A2 | A3 | A2 | A3 |
| Source of rating | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's |
| | | | | | | | <u>MSCI China ETF</u> | <u>Hang Seng High Dividend Yield ETF</u> | | |
| | | | | | | | Net exposure to counterparty | Net exposure to counterparty | | |
| | | | | | | | 2014 | 2014 | | |
| | | | | | | | HK\$ | HK\$ | | |
| Investments | | | | | | | | | | |
| Citibank N.A. | 21,726,658 | 52,176,697 | 13,700,836 | 15,259,421 | 21,358,479 | 21,571,296 | 291,019,540 | 234,840,330 | | |
| Rating | A2 | A3 | A2 | A3 | A2 | A3 | A2 | A3 | | |
| Source of rating | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | | |
| Amount due from brokers | | | | | | | | | | |
| UBS Warburg London | - | - | - | 123,109 | - | - | - | - | | |
| Rating | - | - | - | A2 | - | - | - | - | | |
| Source of rating | - | - | - | Moody's | - | - | - | - | | |
| Bank balances | | | | | | | | | | |
| Citibank N.A. | 51,281 | 222,875 | 60,129 | 45,091 | 37,485 | 198,280 | 1,850,536 | 1,061,091 | | |
| Rating | A2 | A3 | A2 | A3 | A2 | A3 | A2 | A3 | | |
| Source of rating | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | Moody's | | |

Accordingly, the Sub-Funds have no significant credit risk.

The maximum exposure to credit risk at period end is the carrying amount of the financial assets as shown on the statement of net assets.

None of the assets is impaired nor past due but not impaired.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling a liability, including a redemption request.

The Sub-Funds invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. The Sub-Funds' securities are considered readily realisable, as they are listed. It is the intent of the Manager to monitor the Sub-Funds' liquidity position on a daily basis.

The following table illustrates the expected liquidity of assets held at 31 March and gives the contractual undiscounted cash-flow projection of the Sub-Funds' financial liabilities. The Sub-Funds manage their liquidity risk by investing in securities that they expect to be able to liquidate within 1 month or less. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

KOSPI 200 ETF

| <u>As at 31 March 2014</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|-------------------|
| Financial assets | | | | |
| Investments | 39,936,167 | – | – | 39,936,167 |
| Dividends receivable | 315,924 | – | – | 315,924 |
| Prepayment | 102 | – | – | 102 |
| Bank balances | 240,784 | – | – | 240,784 |
| Total | <u>40,492,977</u> | <u>–</u> | <u>–</u> | <u>40,492,977</u> |
| Financial liabilities | | | | |
| Management fee payable | 1,684 | – | – | 1,684 |
| Trustee fee payable | 4,041 | – | – | 4,041 |
| Administration fee payable | 3,872 | – | – | 3,872 |
| Other payables | 168 | – | – | 168 |
| Total | <u>9,765</u> | <u>–</u> | <u>–</u> | <u>9,765</u> |

As at 31 March 2014, three unitholders respectively held 50%, 14% and 12% of KOSPI 200 ETF's total net assets.

| <u>As at 31 March 2013</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|-------------------|
| Financial assets | | | | |
| Investments | 29,230,933 | – | – | 29,230,933 |
| Dividends receivable | – | 215,483 | – | 215,483 |
| Prepayment | 16,747 | – | – | 16,747 |
| Bank balances | 34,150 | – | – | 34,150 |
| Total | <u>29,281,830</u> | <u>215,483</u> | <u>–</u> | <u>29,497,313</u> |
| Financial liabilities | | | | |
| Management fee payable | 8,784 | – | – | 8,784 |
| Trustee fee payable | 3,011 | – | – | 3,011 |
| Administration fee payable | 3,137 | – | – | 3,137 |
| Other payables | 125 | – | – | 125 |
| Total | <u>15,057</u> | <u>–</u> | <u>–</u> | <u>15,057</u> |

As at 31 March 2013, four unitholders respectively held 12%, 20%, 25% and 26% of KOSPI 200 ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

S&P Emerging Asia Consumer ETF

| <u>As at 31 March 2014</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|--------------------|
| Financial assets | | | | | |
| Investments | 235,184,528 | – | – | – | 235,184,528 |
| Bank balances | 291,761 | – | – | – | 291,761 |
| Total | 235,476,289 | – | – | – | 235,476,289 |
| Financial liabilities | | | | | |
| Management fee payable | 87,606 | – | – | – | 87,606 |
| Trustee fee payable | 23,361 | – | – | – | 23,361 |
| Formation fee payable | 13,864 | 40,810 | 122,430 | – | 177,104 |
| Administration fee payable | 35,043 | – | – | – | 35,043 |
| Other payables | 15,000 | – | – | – | 15,000 |
| Total | 174,874 | 40,810 | 122,430 | – | 338,114 |

As at 31 March 2014, a unitholder held 92% of S&P Emerging Asia Consumer ETF's total net assets.

| <u>As at 31 March 2013</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|---------------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|--------------------|
| Financial assets | | | | | |
| Investments | 277,600,604 | – | – | – | 277,600,604 |
| Amount due from brokers | 332,300 | – | – | – | 332,300 |
| Dividends receivable | – | 72,762 | – | – | 72,762 |
| Bank balances | 13,999,192 | – | – | – | 13,999,192 |
| Total | 291,932,096 | 72,762 | – | – | 292,004,858 |
| Financial liabilities | | | | | |
| Management fee payable | 97,234 | – | – | – | 97,234 |
| Trustee fee payable | 25,929 | – | – | – | 25,929 |
| Formation fee payable | 14,256 | 41,906 | 125,717 | 167,624 | 349,503 |
| Administration fee payable | 38,893 | – | – | – | 38,893 |
| Amount due to participating dealer | 674,465 | – | – | – | 674,465 |
| Amount due to brokers | 13,356,657 | – | – | – | 13,356,657 |
| Other payables | 90,000 | – | – | – | 90,000 |
| Total | 14,297,434 | 41,906 | 125,717 | 167,624 | 14,632,681 |

As at 31 March 2013, three unitholders respectively held 11%, 17% and 65% of S&P Emerging Asia Consumer ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

S&P Global Consumer Brands ETF

| <u>As at 31 March 2014</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|--------------------|
| Financial assets | | | | | |
| Investments | 180,390,599 | – | – | – | 180,390,599 |
| Amount due from brokers | 60,000 | – | – | – | 60,000 |
| Dividends receivable | 127,199 | – | – | – | 127,199 |
| Bank balances | 841,970 | – | – | – | 841,970 |
| Total | 181,419,768 | – | – | – | 181,419,768 |
| Financial liabilities | | | | | |
| Management fee payable | 69,089 | – | – | – | 69,089 |
| Trustee fee payable | 18,424 | – | – | – | 18,424 |
| Formation fee payable | 13,478 | 39,673 | 119,020 | – | 172,171 |
| Administration fee payable | 27,635 | – | – | – | 27,635 |
| Amount due to brokers | 31,195 | – | – | – | 31,195 |
| Total | 159,821 | 39,673 | 119,020 | – | 318,514 |

As at 31 March 2014, two unitholders respectively held 20% and 72% of S&P Global Consumer Brands ETF's total net assets.

| <u>As at 31 March 2013</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|--------------------|
| Financial assets | | | | | |
| Investments | 187,436,126 | – | – | – | 187,436,126 |
| Amount due from brokers | – | – | 28,806 | – | 28,806 |
| Dividends receivable | – | 180,790 | – | – | 180,790 |
| Bank balances | 985,456 | – | – | – | 985,456 |
| Total | 188,421,582 | 180,790 | 28,806 | – | 188,631,178 |
| Financial liabilities | | | | | |
| Management fee payable | 71,812 | – | – | – | 71,812 |
| Trustee fee payable | 19,150 | – | – | – | 19,150 |
| Formation fee payable | 13,869 | 40,769 | 122,305 | 163,075 | 340,018 |
| Administration fee payable | 28,725 | – | – | – | 28,725 |
| Other payables | 30,000 | – | – | – | 30,000 |
| Total | 163,556 | 40,769 | 122,305 | 163,075 | 489,705 |

As at 31 March 2013, two unitholders respectively held 11% and 85% of S&P Global Consumer Brands ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

S&P Asia ex JANZ Financials ETF

| <u>As at 31 March 2014</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|
| Financial assets | | | | | |
| Investments | 18,759,602 | – | – | – | 18,759,602 |
| Dividends receivable | 25,273 | 3,723 | – | – | 28,996 |
| Bank balances | 19,466 | – | – | – | 19,466 |
| Total | 18,804,341 | 3,723 | – | – | 18,808,064 |
| Financial liabilities | | | | | |
| Management fee payable | 6,968 | – | – | – | 6,968 |
| Trustee fee payable | 1,858 | – | – | – | 1,858 |
| Formation fee payable | 13,864 | 40,810 | 122,430 | – | 177,104 |
| Administration fee payable | 2,787 | – | – | – | 2,787 |
| Total | 25,477 | 40,810 | 122,430 | – | 188,717 |

As at 31 March 2014, two unitholders respectively held 80% and 14% of S&P Asia ex JANZ Financials ETF's total net assets.

| <u>As at 31 March 2013</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|
| Financial assets | | | | | |
| Investments | 48,917,891 | – | – | – | 48,917,891 |
| Dividends receivable | – | 77,349 | – | – | 77,349 |
| Bank balances | 290,018 | – | – | – | 290,018 |
| Total | 49,207,909 | 77,349 | – | – | 49,285,258 |
| Financial liabilities | | | | | |
| Management fee payable | 18,800 | – | – | – | 18,800 |
| Trustee fee payable | 5,013 | – | – | – | 5,013 |
| Formation fee payable | 14,256 | 41,906 | 125,717 | 167,624 | 349,503 |
| Administration fee payable | 7,520 | – | – | – | 7,520 |
| Other payables | 15,000 | – | – | – | 15,000 |
| Total | 60,589 | 41,906 | 125,717 | 167,624 | 395,836 |

As at 31 March 2013, a unitholder held 98% of S&P Asia ex JANZ Financials ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

S&P Asia ex JANZ IT ETF

| <u>As at 31 March 2014</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|
| Financial assets | | | | | |
| Investments | 39,482,947 | – | – | – | 39,482,947 |
| Dividends receivable | 96,438 | – | – | – | 96,438 |
| Bank balances | 53,404 | – | – | – | 53,404 |
| Total | <u>39,632,789</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>39,632,789</u> |
| Financial liabilities | | | | | |
| Management fee payable | 15,110 | – | – | – | 15,110 |
| Trustee fee payable | 4,030 | – | – | – | 4,030 |
| Formation fee payable | 13,864 | 40,810 | 122,430 | – | 177,104 |
| Administration fee payable | 6,044 | – | – | – | 6,044 |
| Total | <u>39,048</u> | <u>40,810</u> | <u>122,430</u> | <u>–</u> | <u>202,288</u> |

As at 31 March 2014, two unitholders respectively held 61% and 27% of S&P Asia ex JANZ IT ETF's total net assets.

| <u>As at 31 March 2013</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|
| Financial assets | | | | | |
| Investments | 82,070,907 | – | – | – | 82,070,907 |
| Dividends receivable | – | 108,199 | – | – | 108,199 |
| Bank balances | 111,832 | – | – | – | 111,832 |
| Total | <u>82,182,739</u> | <u>108,199</u> | <u>–</u> | <u>–</u> | <u>82,290,938</u> |
| Financial liabilities | | | | | |
| Management fee payable | 29,981 | – | – | – | 29,981 |
| Trustee fee payable | 7,995 | – | – | – | 7,995 |
| Formation fee payable | 14,256 | 41,906 | 125,717 | 167,624 | 349,503 |
| Administration fee payable | 11,992 | – | – | – | 11,992 |
| Other payables | 15,000 | – | – | – | 15,000 |
| Total | <u>79,224</u> | <u>41,906</u> | <u>125,717</u> | <u>167,624</u> | <u>414,471</u> |

As at 31 March 2013, three unitholders respectively held 17%, 27% and 54% of S&P Asia ex JANZ IT ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

S&P Asia ex JANZ Industrials ETF

| <u>As at 31 March 2014</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|
| Financial assets | | | | | |
| Investments | 21,726,658 | – | – | – | 21,726,658 |
| Dividends receivable | 49,037 | 19,470 | – | – | 68,507 |
| Bank balances | 51,281 | – | – | – | 51,281 |
| Total | <u>21,826,976</u> | <u>19,470</u> | <u>–</u> | <u>–</u> | <u>21,846,446</u> |
| Financial liabilities | | | | | |
| Management fee payable | 8,194 | – | – | – | 8,194 |
| Trustee fee payable | 2,185 | – | – | – | 2,185 |
| Formation fee payable | 13,864 | 40,810 | 122,430 | – | 177,104 |
| Administration fee payable | 3,278 | – | – | – | 3,278 |
| Total | <u>27,521</u> | <u>40,810</u> | <u>122,430</u> | <u>–</u> | <u>190,761</u> |

As at 31 March 2014, three unitholders respectively held 71%, 12% and 11% of S&P Asia ex JANZ Industrials ETF's total net assets.

| <u>As at 31 March 2013</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|
| Financial assets | | | | | |
| Investments | 52,176,697 | – | – | – | 52,176,697 |
| Dividends receivable | – | 233,928 | – | – | 233,928 |
| Bank balances | 222,875 | – | – | – | 222,875 |
| Total | <u>52,399,572</u> | <u>233,928</u> | <u>–</u> | <u>–</u> | <u>52,633,500</u> |
| Financial liabilities | | | | | |
| Management fee payable | 20,232 | – | – | – | 20,232 |
| Trustee fee payable | 5,395 | – | – | – | 5,395 |
| Formation fee payable | 14,256 | 41,906 | 125,717 | 167,624 | 349,503 |
| Administration fee payable | 8,093 | – | – | – | 8,093 |
| Total | <u>47,976</u> | <u>41,906</u> | <u>125,717</u> | <u>167,624</u> | <u>383,223</u> |

As at 31 March 2013, a unitholder held 96% of S&P Asia ex JANZ Industrials ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

S&P Asia ex JANZ Energy ETF

| <u>As at 31 March 2014</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|
| Financial assets | | | | | |
| Investments | 13,700,836 | – | – | – | 13,700,836 |
| Dividends receivable | 50,354 | 2,712 | – | – | 53,066 |
| Bank balances | 60,129 | – | – | – | 60,129 |
| Total | 13,811,319 | 2,712 | – | – | 13,814,031 |
| Financial liabilities | | | | | |
| Management fee payable | 5,133 | – | – | – | 5,133 |
| Trustee fee payable | 1,369 | – | – | – | 1,369 |
| Formation fee payable | 13,864 | 40,810 | 122,430 | – | 177,104 |
| Administration fee payable | 2,053 | – | – | – | 2,053 |
| Total | 22,419 | 40,810 | 122,430 | – | 185,659 |

As at 31 March 2014, two unitholders respectively held 70% and 20% of S&P Asia ex JANZ Energy ETF's total net assets.

| <u>As at 31 March 2013</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|
| Financial assets | | | | | |
| Investments | 15,259,421 | – | – | – | 15,259,421 |
| Amount due from brokers | 123,109 | – | – | – | 123,109 |
| Dividends receivable | – | 48,395 | – | – | 48,395 |
| Bank balances | 45,091 | – | – | – | 45,091 |
| Total | 15,427,621 | 48,395 | – | – | 15,476,016 |
| Financial liabilities | | | | | |
| Management fee payable | 5,648 | – | – | – | 5,648 |
| Trustee fee payable | 1,506 | – | – | – | 1,506 |
| Formation fee payable | 14,256 | 41,906 | 125,717 | 167,624 | 349,503 |
| Administration fee payable | 2,259 | – | – | – | 2,259 |
| Other payables | 15,000 | – | – | – | 15,000 |
| Total | 38,669 | 41,906 | 125,717 | 167,624 | 373,916 |

As at 31 March 2013, two unitholders respectively held 25% and 70% of S&P Asia ex JANZ Energy ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

S&P Asia ex JANZ Materials ETF

| <u>As at 31 March 2014</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|
| Financial assets | | | | | |
| Investments | 21,358,479 | – | – | – | 21,358,479 |
| Dividends receivable | 106,364 | – | – | – | 106,364 |
| Bank balances | 37,485 | – | – | – | 37,485 |
| Total | 21,502,328 | – | – | – | 21,502,328 |
| Financial liabilities | | | | | |
| Management fee payable | 7,998 | – | – | – | 7,998 |
| Trustee fee payable | 2,133 | – | – | – | 2,133 |
| Formation fee payable | 13,864 | 40,810 | 122,430 | – | 177,104 |
| Administration fee payable | 3,199 | – | – | – | 3,199 |
| Total | 27,194 | 40,810 | 122,430 | – | 190,434 |

As at 31 March 2014, two unitholders respectively held 63% and 20% of S&P Asia ex JANZ Materials ETF's total net assets.

| <u>As at 31 March 2013</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|-------------------|
| Financial assets | | | | | |
| Investments | 21,571,296 | – | – | – | 21,571,296 |
| Dividends receivable | – | 69,807 | – | – | 69,807 |
| Bank balances | 198,280 | – | – | – | 198,280 |
| Total | 21,769,576 | 69,807 | – | – | 21,839,383 |
| Financial liabilities | | | | | |
| Management fee payable | 7,861 | – | – | – | 7,861 |
| Trustee fee payable | 2,096 | – | – | – | 2,096 |
| Formation fee payable | 14,256 | 41,906 | 125,717 | 167,624 | 349,503 |
| Administration fee payable | 3,144 | – | – | – | 3,144 |
| Other payables | 15,000 | – | – | – | 15,000 |
| Total | 42,357 | 41,906 | 125,717 | 167,624 | 377,604 |

As at 31 March 2013, two unitholders respectively held 33% and 63% of S&P Asia ex JANZ Materials ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

MSCI China ETF

| <u>As at 31 March 2014</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|--------------------|
| Financial assets | | | | | |
| Investments | 291,019,540 | – | – | – | 291,019,540 |
| Bank balances | 1,850,536 | – | – | – | 1,850,536 |
| Total | <u>292,870,076</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>292,870,076</u> |
| Financial liabilities | | | | | |
| Management fee payable | 12,549 | – | – | – | 12,549 |
| Trustee fee payable | 25,611 | – | – | – | 25,611 |
| Formation fee payable | 15,957 | 50,959 | 152,877 | 172,436 | 392,229 |
| Administration fee payable | 25,867 | – | – | – | 25,867 |
| Other payables | 15,000 | – | – | – | 15,000 |
| Total | <u>94,984</u> | <u>50,959</u> | <u>152,877</u> | <u>172,436</u> | <u>471,256</u> |

As at 31 March 2014, two unitholders respectively held 72% and 22% of MSCI China ETF's total net assets.

Hang Seng High Dividend Yield ETF

| <u>As at 31 March 2014</u> | Less than 1 month HK\$ | 1 to 3 months HK\$ | 3 to 12 months HK\$ | More than 12 months HK\$ | Total HK\$ |
|------------------------------|------------------------------|-----------------------|---------------------------|--------------------------------|--------------------|
| Financial assets | | | | | |
| Investments | 234,840,330 | – | – | – | 234,840,330 |
| Dividends receivable | 461,703 | 42,480 | – | – | 504,183 |
| Bank balances | 1,061,091 | – | – | – | 1,061,091 |
| Total | <u>236,363,124</u> | <u>42,480</u> | <u>–</u> | <u>–</u> | <u>236,405,604</u> |
| Financial liabilities | | | | | |
| Management fee payable | 35,545 | – | – | – | 35,545 |
| Trustee fee payable | 19,747 | – | – | – | 19,747 |
| Formation fee payable | 15,957 | 50,959 | 152,877 | 172,436 | 392,229 |
| Administration fee payable | 19,747 | – | – | – | 19,747 |
| Total | <u>90,996</u> | <u>50,959</u> | <u>152,877</u> | <u>172,436</u> | <u>467,268</u> |

As at 31 March 2014, three unitholders respectively held 58%, 17% and 13% of Hang Seng High Dividend Yield ETF's total net assets.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period end date. The Sub-Funds used last traded market price as their fair valuation inputs for financial assets.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Funds for similar financial instruments.

IFRS 13 requires the Sub-Funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Sub-Funds. The Sub-Funds consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value estimation (continued)

Financial assets and financial liabilities carried at fair value

The following tables analyse within the fair value hierarchy the Sub-Funds' investments (by class) measured at fair value at 31 March 2014 and 31 March 2013:

| <u>As at 31 March 2014</u> | Level 1 HK\$ | Level 2 HK\$ | Level 3 HK\$ | Total HK\$ |
|--|-----------------|-----------------|-----------------|---------------|
| Financial assets at fair value through profit or loss at inception: | | | | |
| <i>Investments – equity securities</i> | | | | |
| KOSPI 200 ETF | 39,895,951 | 40,216 | – | 39,936,167 |
| S&P Emerging Asia Consumer ETF | 235,184,528 | – | – | 235,184,528 |
| S&P Global Consumer Brands ETF | 180,390,599 | – | – | 180,390,599 |
| S&P Asia ex JANZ Financials ETF | 18,759,602 | – | – | 18,759,602 |
| S&P Asia ex JANZ IT ETF | 39,482,947 | – | – | 39,482,947 |
| S&P Asia ex JANZ Industrials ETF | 21,726,658 | – | – | 21,726,658 |
| S&P Asia ex JANZ Energy ETF | 13,700,836 | – | – | 13,700,836 |
| S&P Asia ex JANZ Materials ETF | 21,358,479 | – | – | 21,358,479 |
| MSCI China ETF | 291,019,540 | – | – | 291,019,540 |
| Hang Seng High Dividend Yield ETF | 234,840,330 | – | – | 234,840,330 |
| | | | | |
| <u>As at 31 March 2013</u> | Level 1 HK\$ | Level 2 HK\$ | Level 3 HK\$ | Total HK\$ |
| Financial assets at fair value through profit or loss at inception: | | | | |
| <i>Investments – equity securities</i> | | | | |
| KOSPI 200 ETF | 29,230,933 | – | – | 29,230,933 |
| S&P Emerging Asia Consumer ETF | 277,600,604 | – | – | 277,600,604 |
| S&P Global Consumer Brands ETF | 187,436,126 | – | – | 187,436,126 |
| S&P Asia ex JANZ Financials ETF | 48,917,891 | – | – | 48,917,891 |
| S&P Asia ex JANZ IT ETF | 82,070,907 | – | – | 82,070,907 |
| S&P Asia ex JANZ Industrials ETF | 52,176,697 | – | – | 52,176,697 |
| S&P Asia ex JANZ Energy ETF | 15,259,421 | – | – | 15,259,421 |
| S&P Asia ex JANZ Materials ETF | 21,571,296 | – | – | 21,571,296 |

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Sub-Funds do not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 31 March 2014 and 31 March 2013, the Sub-Funds did not hold any investments classified in level 3.

For KOSPI 200 ETF, during the year ended 31 March 2014, there has been transfer of investment between Level 1 and Level 2 due to suspension of trading. There were no transfers of investments between Levels during the year ended 31 March 2013.

For all Sub-Funds, other than KOSPI 200 ETF as described above, there were no transfers between Levels during the periods ended 31 March 2014 and 2013.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value estimation (continued)

Transfer between Level 1 and Level 2

As at 31 March 2014, KOSPI 200 ETF classified one listed equity securities under the Level 2 financial instruments namely, Cosmax BTI Inc. (stock code: 044820KS). The Manager applied market approach in which they have used the last traded price before suspension as there has been no expected material gap-down and the trading resumed within a reasonable time after year end, and was trading above the last traded price used for valuation. The transfer from Level 1 to Level 2 of the fair value hierarchy is deemed to have occurred at the end of the reporting period.

The following table shows the transfer between Level 1 and Level 2 of the fair value hierarchy for financial assets recognised at fair value:

| | Transfer from Level 1 to Level 2 HK\$ |
|--|---|
| Financial assets at fair value through profit or loss at inception | |
| <i>Investments – equity securities</i> | |
| KOSPI 200 ETF | <u>40,216</u> |
| Total | <u><u>40,216</u></u> |

Financial assets and financial liabilities not carried at fair value but for which fair value is disclosed

The Management has assessed that the fair values of amount due from brokers, dividends receivable, prepayments, bank balances, management payable, trustee fee payable, formation fee payable, administration fee payable, amount due to participating dealer, amount due to brokers and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

(f) Capital risk management

The Sub-Funds' capital is represented by the net assets attributable to unitholders. The Sub-Funds' objective is to provide investment results that correspond generally to the performance of the respective indices. The Manager may:

- redeem and issue new units in accordance with the constitutive documents of the Sub-Funds;
- suspend the creation and redemption of units under certain circumstance stipulated in the Trust Deed.

(g) Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 March 2014 and 31 March 2013, the Sub-Funds were not subject to any master netting arrangement with its counterparties.

HORIZONS EXCHANGE TRADED FUNDS SERIES

NOTES TO THE FINANCIAL STATEMENTS

12. SEGMENT INFORMATION

The Manager makes the strategic resource allocations on behalf of the Sub-Funds and has determined the operating segments based on the reports reviewed which are used to make strategic decisions.

The Manager considers that each Sub-Fund has a single operating segment which is investing in securities. The objectives of the Sub-Funds are to track the performance of their respective indices and invest in substantially all the index constituents with security weight and industry weight that are closely aligned with the characteristics of the tracked indices.

The internal financial information used by the Manager for the Sub-Funds' assets, liabilities and performance is the same as that disclosed in the statement of net assets and statement of comprehensive income.

There were no changes in the reportable segment during the year/period.

The Sub-Funds are domiciled in Hong Kong. All of the Sub-Funds' income is derived from investments in securities which constitute the relevant tracked indices. The Sub-Funds' investments have been categorised by relevant industry but no industrial information for performance is provided as the Manager considers that the cost to develop it would be excessive and the information is generally not used by the Manager in managing the Sub-Funds.

The Sub-Funds have no assets classified as non-current assets. The Sub-Funds have portfolios that closely correspond to the security weight and industry weight of the relevant tracked indices. Refer to note 10 for investment holdings that account for more than 10% of each Sub-Fund's net asset value and note 11(d) for unit holdings that account for more than 10% of each Sub-Fund's net asset value.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 14 July 2014.

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

KOSPI 200 ETF

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|-----------------------------------|----------|--------------------|-----------------|
| Consumer Discretionary | | | |
| BASIC HOUSE CO LTD/THE KRW500 | 80 | 12,939 | 0.03% |
| CHEIL WORLDWIDE INC | 760 | 132,610 | 0.33% |
| COWAY CO LTD | 412 | 224,221 | 0.55% |
| DAE WON KANG UP CO. SHS | 320 | 15,294 | 0.04% |
| DAEKYO CO LTD SHS | 200 | 9,631 | 0.02% |
| DONG AH TIRE & RUBBER CO LTD | 80 | 11,249 | 0.03% |
| DONGYANG MECHATRONICS CORP KRW500 | 200 | 14,935 | 0.04% |
| GLOBAL & YUASA BATTERY CO KRW500 | 68 | 24,449 | 0.06% |
| HALLA VISTEON CLIMATE CONTROL | 320 | 113,304 | 0.28% |
| HANDSOME CO LTD | 120 | 23,080 | 0.06% |
| HANSAE CO LTD KRW500 | 120 | 19,627 | 0.05% |
| HWA SHIN CO LTD KRW500 | 120 | 10,753 | 0.03% |
| HYUNDAI DEPT STORE CO | 124 | 128,283 | 0.32% |
| HYUNDAI MOBIS | 560 | 1,285,158 | 3.17% |
| HYUNDAI MOTOR CO | 1,264 | 2,311,420 | 5.71% |
| HYUNDAI WIA CORP KRW5000 | 116 | 144,515 | 0.35% |
| KANGWON LAND INC KRW500 | 1,160 | 261,986 | 0.65% |
| KIA MOTORS CORPORATION | 2,160 | 933,182 | 2.30% |
| KUMHO TIRE CO INC KRW5000 | 840 | 81,393 | 0.20% |
| LG ELECTRONICS INC | 872 | 412,306 | 1.02% |
| LG FASHION CORP KRW5000 | 160 | 32,522 | 0.08% |
| LOTTE SHOPPING CO | 80 | 195,251 | 0.48% |
| MANDO CORP | 104 | 102,288 | 0.25% |
| NEXEN TIRE CORPORATION | 320 | 31,473 | 0.08% |
| S&T MOTIV CO LTD | 40 | 7,825 | 0.02% |
| HANIL E-HWA CO LTD | 160 | 24,071 | 0.06% |
| SHINSEGAE CO LTD ORD | 60 | 100,758 | 0.25% |
| SL CORP | 120 | 16,655 | 0.04% |
| SSANGYONG MOTOR CO. | 320 | 20,376 | 0.05% |
| WOONGJIN CHEMICAL CO LTD | 160 | 16,319 | 0.04% |
| | | 6,717,873 | |
| Consumer Staples | | | |
| ABLE C&C KRW500 | 88 | 21,028 | 0.05% |
| AMOREPACIFIC GROUP | 24 | 89,523 | 0.22% |
| AMOREPACIFIC CORP | 28 | 257,031 | 0.63% |
| BINGGRAE CO LTD | 48 | 32,173 | 0.08% |
| CJ CHEIJEONG CORP | 64 | 133,820 | 0.33% |
| COSMAX INC | 92 | 40,216 | 0.10% |
| DAESANG CORPORATION | 160 | 47,560 | 0.12% |
| E-MART CO LTD KRW5000 | 172 | 305,757 | 0.76% |
| GS RETAIL CO LTD GS RETAIL CO LTD | 240 | 47,122 | 0.12% |
| HITE JINRO | 240 | 41,090 | 0.10% |
| KT N G CORP | 900 | 524,554 | 1.31% |
| LG HOUSEHOLD & HEALTH CARE | 76 | 254,423 | 0.63% |
| LOTTE CHILSUNG BEVERAGE CO | 8 | 86,959 | 0.21% |
| LOTTE CONFECTIONERY CO LTD | 8 | 106,251 | 0.26% |
| LOTTE FOOD CO LTD | 8 | 46,044 | 0.11% |
| MUHAK CO LTD KRW200 | 122 | 20,799 | 0.05% |
| NAMYANG DAIRY PRODUCTS CO. | 4 | 25,208 | 0.06% |
| NONG SHIM CO LTD | 28 | 60,892 | 0.15% |
| ORION CORP | 32 | 190,938 | 0.47% |
| OTTOGI CORPORATION | 12 | 32,697 | 0.08% |
| SAMYANG HOLDINGS CORP | 36 | 18,727 | 0.05% |
| | | 2,382,812 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

KOSPI 200 ETF (continued)

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--------------------------------------|----------|--------------------|-----------------|
| Energy | | | |
| GS HOLDINGS | 424 | 148,892 | 0.36% |
| HANKOOK SHELL OIL CO LTD KRW5000 | 8 | 27,044 | 0.07% |
| SK INNOVATION CO LTD | 568 | 504,854 | 1.25% |
| S-OIL CORPORATION | 600 | 269,271 | 0.67% |
| | | 950,061 | |
| Financials | | | |
| BS FINANCIAL GROUP INC | 1,440 | 157,891 | 0.39% |
| DAEWOO SECURITIES CO LTD | 1,480 | 88,417 | 0.22% |
| DONGBU INSURANCE CO LTD SHS | 360 | 144,777 | 0.36% |
| HANA FINANCIAL HOLDINGS | 2,240 | 634,827 | 1.57% |
| HANKOOK TIRE WORLDWIDE CO LTD | 160 | 24,537 | 0.06% |
| HANWHA LIFE INSURANCE CO LTD | 3,600 | 183,069 | 0.45% |
| HYUNDAI SECURITIES CO | 680 | 32,004 | 0.08% |
| INDUSTRIAL BANK OF KOREA KRW5000 | 1,600 | 157,366 | 0.39% |
| KB FINANCIAL GROUP INC | 3,000 | 814,152 | 2.01% |
| KOREA INVESTMENT HOLDINGS CO KRW5000 | 360 | 96,518 | 0.24% |
| MIRAE ASSET SECURITIES CO LT KRW5000 | 240 | 72,214 | 0.18% |
| SAMSUNG CARD CO NPV | 280 | 70,684 | 0.17% |
| SAMSUNG FIRE & MARINE INS | 292 | 509,503 | 1.26% |
| SAMSUNG LIFE INSURANCE CO KRW5000 | 820 | 600,396 | 1.48% |
| SAMSUNG SECURITIES CO LTD | 480 | 136,559 | 0.34% |
| SHINHAN FINANCIAL GROUP LTD | 3,480 | 1,191,613 | 2.94% |
| WOORI FINANCE HOLDINGS CO | 2,960 | 260,937 | 0.64% |
| WOORI INVESTMENT & SECS-PFD KRW5000 | 920 | 59,184 | 0.15% |
| | | 5,234,648 | |
| Health Care | | | |
| BUKWANG PHARMACEUTICAL CO | 168 | 17,625 | 0.04% |
| CHONGKUNDANG HOLDINGS CORP | 12 | 4,966 | 0.01% |
| DAEWOONG PHARMACEUTICAL CO | 40 | 20,428 | 0.05% |
| DONG-A SOCIO HOLDINGS CO LTD | 28 | 24,479 | 0.06% |
| GREEN CROSS SANG-A CORP KRW5000 | 48 | 44,063 | 0.11% |
| HANALL BIOPHARMA CO LTD KRW500 | 200 | 5,974 | 0.01% |
| HANMI PHARM CO LTD KRW2500 | 42 | 34,883 | 0.09% |
| ILYANG PHARMACEUTICAL CO LTD KRW2500 | 80 | 15,154 | 0.04% |
| LG LIFE SCIENCES LTD | 80 | 22,206 | 0.05% |
| PHARMICELL CO LTD KRW500.00 | 280 | 7,813 | 0.02% |
| RNL BIO CO LTD KRW500 | 320 | - | 0.00% |
| YUHAN CORPORATION | 80 | 105,785 | 0.27% |
| | | 303,376 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

KOSPI 200 ETF (continued)

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--|----------|--------------------|-----------------|
| Industrials | | | |
| CJ CORP KRW5000 | 108 | 107,009 | 0.26% |
| CJ KOREA EXPRESS CORP | 76 | 62,568 | 0.15% |
| DAELIM INDUSTRIAL CO. | 228 | 144,016 | 0.36% |
| DAEWOO ENGINEERING&CONSTRUCTION | 1,720 | 99,622 | 0.25% |
| DAEWOO INTERNATIONAL CORP KRW5000 | 320 | 90,223 | 0.22% |
| DAEWOO SHIPBUILDING & MARINE | 1,120 | 261,112 | 0.64% |
| DOOSAN CORP | 60 | 60,542 | 0.15% |
| DOOSAN ENGINE CO LTD KRW1000 | 320 | 22,125 | 0.05% |
| DOOSAN HEAVY INDUSTRIES | 400 | 102,434 | 0.25% |
| DOOSAN INFRACORE CO LTD | 840 | 83,841 | 0.21% |
| GS ENGINEERING & CONSTRUCT | 280 | 74,050 | 0.18% |
| HANJIN HEAVY INDUSTRIES CO. LTD COM A097 | 360 | 35,407 | 0.09% |
| HYUNDAI DEVELOPMENT COMPANY | 520 | 113,653 | 0.28% |
| HYUNDAI ELEVATOR CO. | 56 | 18,400 | 0.05% |
| HYUNDAI ENGINEERING & CONSTR | 592 | 241,528 | 0.60% |
| HYUNDAI GLOVIS CO LTD | 92 | 161,869 | 0.40% |
| HYUNDAI HEAVY INDUSTRIES | 404 | 621,043 | 1.53% |
| HYUNDAI MERCHANT MARINE | 880 | 66,036 | 0.16% |
| HYUNDAI MIPO DOCKYARD | 84 | 94,857 | 0.23% |
| KCC CORP | 44 | 174,706 | 0.43% |
| KEPCO ENGINEERING & CONSTRUC KRW200 | 80 | 38,292 | 0.09% |
| KOREA AEROSPACE IN KRW5000 | 560 | 138,511 | 0.35% |
| KOREA ELECTRIC TERMINAL CO | 80 | 25,674 | 0.06% |
| KOREAN AIR LINES CO LTD | 353 | 99,142 | 0.24% |
| LG CORP | 780 | 329,027 | 0.82% |
| LG HAUSYS LTD KRW5000 | 52 | 60,236 | 0.15% |
| LG INTERNATIONAL CORP | 240 | 49,308 | 0.12% |
| LS CORP | 148 | 82,271 | 0.20% |
| LS INDUSTRIAL SYSTEMS | 136 | 66,583 | 0.16% |
| POSCO PLANTEC CO LTD | 280 | 8,996 | 0.02% |
| S&T DYNAMICS CO LTD | 160 | 14,163 | 0.03% |
| S1 CORPORATION | 204 | 132,275 | 0.33% |
| SAMSUNG C&T CORP | 1,088 | 489,071 | 1.21% |
| SAMSUNG ENGINEERING CO LTD SHS | 264 | 137,905 | 0.34% |
| SAMSUNG HEAVY INDUSTRIES | 1,440 | 334,141 | 0.84% |
| SAMSUNG TECHWIN CO LTD | 308 | 129,923 | 0.32% |
| SK HOLDINGS | 232 | 326,215 | 0.82% |
| SK NETWORKS CO LTD | 1,240 | 85,462 | 0.21% |
| TAIHAN ELECTRIC WIRE CO LTD | 680 | 10,404 | 0.03% |
| | | 5,192,640 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

KOSPI 200 ETF (continued)

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|------------------------------------|----------|--------------------|-----------------|
| Information Technology | | | |
| DAEDUCK ELECTRONICS CO | 280 | 15,034 | 0.04% |
| DAEDUCK GDS CO LTD | 120 | 14,425 | 0.04% |
| DONGBU HANNONG CHEMICAL CO | 200 | 9,763 | 0.02% |
| HANSOL TECHNICS CO LTD | 80 | 12,356 | 0.03% |
| ILJIN DISPLAY CO LTD KRW5000 | 120 | 13,901 | 0.03% |
| KOREA CIRCUIT CO. | 80 | 7,081 | 0.02% |
| LG DISPLAY CO LTD | 1,920 | 372,783 | 0.92% |
| LG INNOTEK CO LTD KRW5000 | 84 | 63,034 | 0.16% |
| NAVER CORP | 244 | 1,375,906 | 3.40% |
| NCISOFT CORPORATION | 144 | 228,706 | 0.56% |
| SAMSUNG ELECTRO MECHANICS | 492 | 248,403 | 0.61% |
| SAMSUNG ELECTRONICS | 908 | 8,884,231 | 21.95% |
| SAMSUNG SDI CO LTD | 280 | 328,429 | 0.81% |
| SINDOH CO LTD | 44 | 20,388 | 0.05% |
| SK C&C CO LTD | 204 | 222,192 | 0.55% |
| SK HYNIX INC | 4,560 | 1,195,984 | 2.95% |
| | | 13,012,616 | |
| Materials | | | |
| CAPRO CORPORATION | 240 | 8,288 | 0.02% |
| CHEIL INDUSTRIES INC | 368 | 192,232 | 0.47% |
| DONGKUK STEEL MILL CO LTD | 400 | 36,282 | 0.09% |
| FOOSUNG CO LTD KRW500 | 360 | 10,426 | 0.03% |
| HANIL CEMENT MANUFACTURING | 40 | 37,593 | 0.09% |
| HANSOL PAPER CO LTD KRW5000 | 280 | 24,683 | 0.06% |
| HANWHA CHEMICAL CORP | 640 | 90,223 | 0.22% |
| HANWHA CORPORATION | 360 | 84,191 | 0.21% |
| HUCHEMS FINE CHEMICAL CORP KRW1000 | 200 | 31,400 | 0.08% |
| HYOSUNG CORPORATION | 188 | 105,191 | 0.26% |
| HYUNDAI HYSKO | 91 | 36,464 | 0.09% |
| HYUNDAI STEEL CO | 584 | 292,725 | 0.72% |
| ISU CHEMICAL COMPANY LTD | 80 | 7,752 | 0.02% |
| KOLON INDUSTRIES INC | 120 | 47,560 | 0.12% |
| KOREA ZINC CO LTD | 72 | 173,365 | 0.43% |
| KUKDO CHEMICAL CO LTD | 40 | 14,367 | 0.04% |
| KUMHO PETRO CHEMICAL CO LTD | 152 | 97,229 | 0.24% |
| LG CHEMICAL LTD COMMON STOCK | 380 | 703,194 | 1.74% |
| LOCK&LOCK CO LTD KRW500 | 120 | 13,901 | 0.03% |
| LOTTE CHEMICAL CORP | 128 | 175,318 | 0.43% |
| MOORIM P&P CO LTD KRW5000 | 280 | 10,363 | 0.03% |
| NAMHAE CHEMICAL CORP | 200 | 12,793 | 0.03% |
| OCI COMPANY LTD | 128 | 165,526 | 0.41% |
| POONGSAN CORP KRW5000 | 160 | 29,725 | 0.07% |
| POSCO | 608 | 1,311,153 | 3.24% |
| SAMKWANG GLASS | 24 | 8,900 | 0.02% |
| SAMSUNG FINE CHEMICALS | 160 | 57,002 | 0.14% |
| SEAH BESTEEL CORP SHS | 120 | 23,824 | 0.06% |
| SEAH STEEL CORPORATION | 20 | 15,664 | 0.04% |
| SK CHEMICALS CO LTD | 120 | 54,991 | 0.14% |
| SKC CO LTD | 160 | 36,078 | 0.09% |
| SONGWON INDUSTRIAL CO LTD KRW500 | 120 | 9,180 | 0.02% |
| SSANGYONG CEMENT IND | 480 | 31,928 | 0.08% |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

KOSPI 200 ETF (continued)

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|------------------------------------|----------|--------------------|-----------------|
| Materials (continued) | | | |
| TAEKWANG INDUSTRIAL CO LTD KRW5000 | 4 | 39,924 | 0.10% |
| YOUNG POONG CORPORATION KRW5000 | 4 | 34,387 | 0.08% |
| | | <u>4,023,822</u> | |
| Telecommunication Services | | | |
| KT CORP | 1,840 | 396,126 | 0.97% |
| LG UPLUS CORP | 2,320 | 176,629 | 0.44% |
| SK TELECOM CO LTD ORD | 464 | 728,489 | 1.80% |
| | | <u>1,301,244</u> | |
| Utilities | | | |
| KOREA ELECTRIC POWER CORP | 2,640 | 701,067 | 1.73% |
| KOREA GAS CORPORATION | 256 | 116,008 | 0.29% |
| | | <u>817,075</u> | |
| Total listed investments | | <u>39,936,167</u> | <u>98.65%</u> |
| Total investments, at cost | | <u>40,398,211</u> | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

S&P Emerging Asia Consumer ETF

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--|-----------|--------------------|-----------------|
| Consumer Discretionary | | | |
| ASTRA INTERNASIONAL TBK | 4,048,000 | 20,385,896 | 8.67% |
| ASTRO MALAYSIA HLD MYR0.10 | 302,500 | 2,299,442 | 0.98% |
| BEC WORLD PUBLIC CO LTD-NVDR THB1(NVDR) | 198,000 | 2,580,331 | 1.10% |
| BELLE INTERNATIONAL HOLDINGS HKD0.01 | 935,000 | 7,227,550 | 3.07% |
| BRILLIANCE CHINA AUTOMOTIVE | 550,000 | 6,523,000 | 2.77% |
| CHENG SHIN RUBBER IND CO LTD | 330,000 | 7,304,777 | 3.11% |
| GEELY AUTOMOBILE ORD SHS | 1,100,000 | 3,355,000 | 1.43% |
| GENTING BHD | 445,500 | 10,582,661 | 4.51% |
| GENTING MALAYSIA BHD | 577,500 | 5,761,671 | 2.45% |
| GIANT MANUFACTURING SHS | 55,000 | 2,900,055 | 1.23% |
| GREAT WALL MOTOR COMPANY-H SHS H | 220,000 | 8,558,000 | 3.64% |
| HAIER ELECTRONICS GROUP CO HKD0.1 (POST) | 220,000 | 4,620,000 | 1.96% |
| HOTAI MOTOR COMPANY LTD TWD10 | 55,000 | 5,155,654 | 2.19% |
| INTIME RETAIL GROUP CO LTD | 192,500 | 1,607,375 | 0.68% |
| MAHINDRA & MAHINDRA LIMITED | 60,170 | 7,664,290 | 3.26% |
| MEDIA NUSANTARA CITRA TBK PT | 984,500 | 1,768,067 | 0.75% |
| NEW ORIENTAL EDUCATIO-SP ADR SPONS ADR E | 27,500 | 6,260,908 | 2.67% |
| POU CHEN | 495,000 | 5,415,538 | 2.30% |
| RUENTEX INDUSTRIES LTD TWD10 | 110,000 | 2,039,846 | 0.87% |
| UMW HOLDINGS BHD | 104,500 | 2,725,623 | 1.16% |
| | | <u>114,735,684</u> | |
| Consumer Staples | | | |
| CHAROEN POKPHAN INDONESIA TBK | 1,171,500 | 3,195,850 | 1.36% |
| CHAROEN POKPHAND FOODS-NVDR DP RCT NON V | 500,500 | 3,351,011 | 1.43% |
| CHINA RESOURCES ENTERPRISE | 220,000 | 4,818,000 | 2.05% |
| CP ALL PCL | 715,000 | 7,437,192 | 3.16% |
| FELDA GLOBAL VENTU MYR1 | 308,000 | 3,402,130 | 1.45% |
| HENGAN INTL GROUP CO LTD HKD0.1 | 137,500 | 11,048,125 | 4.70% |
| HINDUSTAN UNILEVER LIMITED | 116,930 | 9,196,694 | 3.90% |
| INDOFOOD SUKSES MAKMUR TBK P | 715,000 | 3,564,151 | 1.52% |
| IOI CORPORATION BHD | 467,500 | 5,330,526 | 2.27% |
| ITC LTD | 308,440 | 14,135,676 | 6.00% |
| NESTLE INDIA LIMITED INR10 | 3,740 | 2,442,797 | 1.04% |
| PRESIDENT CHAIN STORE CORP | 110,000 | 6,024,269 | 2.56% |
| SUN ART RETAIL GRO HKD0.30 | 357,500 | 3,485,625 | 1.48% |
| THAI BEVERAGE PCL THB1 | 1,650,000 | 6,157,587 | 2.62% |
| TINGYI (CAYMAN ISLN) HLDG CO | 330,000 | 7,342,500 | 3.12% |
| UNILEVER INDONESIA TBK PT | 187,000 | 3,735,035 | 1.59% |
| UNI-PRESIDENT ENTERPRISES CO | 715,000 | 9,652,841 | 4.11% |
| UNIVERSAL ROBINA CORP PHP1 | 138,050 | 3,390,835 | 1.44% |
| WANT WANT CHINA HOLDINGS LTD | 1,100,000 | 12,738,000 | 5.42% |
| | | <u>120,448,844</u> | |
| Total listed investments | | <u>235,184,528</u> | <u>100.02%</u> |
| Total investments, at cost | | <u>233,029,897</u> | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

S&P Global Consumer Brands ETF

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--------------------------------------|----------|--------------------|-----------------|
| Consumer Discretionary | | | |
| ADIDAS AG NPV | 7,076 | 5,941,597 | 3.29% |
| BMW | 6,866 | 6,725,408 | 3.71% |
| BRIDGESTONE CORP COM | 21,600 | 5,954,665 | 3.29% |
| CHRISTIAN DIOR | 4,067 | 6,076,458 | 3.36% |
| CIE FINANCIERE RICHEMON-REG | 8,100 | 6,003,316 | 3.31% |
| CONTINENTAL AG | 3,272 | 6,083,275 | 3.36% |
| DAIMLERCHRYSLER AG ORD | 8,449 | 6,195,704 | 3.42% |
| DENSO CORP ORD | 15,300 | 5,702,215 | 3.15% |
| FORD MTR CO DEL COM PAR \$0.01 | 50,300 | 6,086,801 | 3.36% |
| GALAXY ENTERTAINMENT GRP LTD HKD0.10 | 83,000 | 5,598,350 | 3.09% |
| HENNES & MAURITZ AB-B SHS | 17,194 | 5,677,645 | 3.14% |
| HONDA MOTOR CO LTD | 21,300 | 5,830,248 | 3.22% |
| HYUNDAI MOBIS | 2,746 | 6,303,493 | 3.48% |
| HYUNDAI MOTOR CO | 3,550 | 6,493,402 | 3.59% |
| INDITEX | 5,354 | 6,233,483 | 3.44% |
| KERING | 3,962 | 6,271,153 | 3.46% |
| KIA MOTORS CORPORATION | 14,808 | 6,399,136 | 3.53% |
| LAS VEGAS SANDS CORP COM USD0.001 | 9,200 | 5,764,853 | 3.18% |
| LVMH MOET HENNESSY LOUI V SA | 4,293 | 6,056,125 | 3.34% |
| MCDONALDS CORP COM | 7,800 | 5,931,304 | 3.28% |
| MICHELIN (CGDE) | 6,240 | 6,056,188 | 3.34% |
| NIKE INC CL B | 9,700 | 5,557,476 | 3.07% |
| NISSAN MOTOR CO LTD | 90,100 | 6,243,600 | 3.45% |
| PRICELINE.COM INC+ COM NEW | 600 | 5,547,330 | 3.06% |
| SANDS CHINA LTD | 96,400 | 5,586,380 | 3.08% |
| SWATCH GROUP AG/THE-BR | 1,206 | 5,867,063 | 3.24% |
| TOYOTA MOTOR CORP | 13,900 | 6,099,690 | 3.37% |
| VOLKSWAGEN AG-PREF | 3,062 | 6,157,700 | 3.40% |
| WPP PLC | 37,757 | 6,040,021 | 3.34% |
| YUM BRANDS INC COM | 10,100 | 5,906,520 | 3.26% |
| Total listed investments | | 180,390,599 | 99.61% |
| Total investments, at cost | | 153,248,366 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

S&P Asia ex JANZ Financials ETF

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--|----------|--------------------|-----------------|
| Financials | | | |
| AGRICULTURAL BK CH 'H' CNY1 | 68,000 | 229,837 | 1.23% |
| AIA GROUP LTD USD1.00 | 27,200 | 1,000,960 | 5.38% |
| AMMB HOLDINGS BHD | 2,800 | 47,756 | 0.26% |
| AXIS BANK LIMITED | 664 | 125,958 | 0.68% |
| AYALA CORPORATION | 680 | 67,986 | 0.37% |
| AYALA LAND INC | 16,400 | 84,820 | 0.46% |
| BANGKOK BANK PUBLIC CO-NVDR | 1,200 | 51,219 | 0.28% |
| BANK CENTRAL ASIA TBK | 40,000 | 289,530 | 1.55% |
| BANK DANAMON INDONESIA TBK | 10,000 | 29,704 | 0.16% |
| BANK MANDIRI TBK PT | 28,000 | 180,683 | 0.97% |
| BANK NEGARA INDONESIA (PERSERO) TBK | 22,000 | 74,513 | 0.40% |
| BANK OF AYUDHYA PUBLIC-NVDR | 8,400 | 75,322 | 0.40% |
| BANK OF CHINA LTD - H CNY1 | 200,000 | 688,000 | 3.70% |
| BANK OF COMMUNICATIONS - H 'H' CNY1.00 | 24,000 | 121,680 | 0.65% |
| BANK OF PHILIPPINE ISLANDS | 4,120 | 61,217 | 0.33% |
| BANK RAKYAT INDONESIA PERSER | 30,000 | 196,150 | 1.05% |
| BDO UNIBANK INC | 4,160 | 61,164 | 0.33% |
| BOC HONG KONG HOLDINGS LTD | 10,000 | 221,000 | 1.19% |
| CAPITALAND LTD | 8,000 | 142,613 | 0.77% |
| CAPITAMALL TRUST | 8,000 | 93,266 | 0.50% |
| CAPITAMALLS ASIA LTD | 4,000 | 44,166 | 0.24% |
| CATHAY FINANCIAL HOLDING CO | 22,032 | 249,178 | 1.34% |
| CENTRAL PATTANA PCL-NVDR THB1(NVDR) | 4,000 | 44,954 | 0.24% |
| CHANG HWA COMMERCIAL BANK | 12,000 | 55,174 | 0.30% |
| CHEUNG KONG HOLDINGS LTD | 4,000 | 514,400 | 2.76% |
| CHINA CITIC BANK CORP LTD-H | 24,000 | 107,280 | 0.58% |
| CHINA CONSTRUCTION BANK-H | 236,000 | 1,281,480 | 6.88% |
| CHINA DEVELOPMENT FINANCIAL | 40,000 | 88,747 | 0.48% |
| CHINA LIFE INSURANCE CO LTD TWD10 | 9,680 | 68,918 | 0.37% |
| CHINA LIFE INSURANCE CO-H 'H' CNY1 | 20,000 | 439,000 | 2.36% |
| CHINA MERCHANTS BANK - H CHINA MERCHANTS | 14,000 | 196,840 | 1.06% |
| CHINA MINSHENG BANKING-H | 16,000 | 124,480 | 0.67% |
| CHINA OVERSEAS LAND & INVEST | 8,000 | 160,800 | 0.86% |
| CHINA PACIFIC INSURANCE GR-H 'H' CNY1 | 5,600 | 155,120 | 0.83% |
| CHINA RESOURCES LAND LTD SHS | 8,000 | 136,160 | 0.73% |
| CHINA VANKE CO LTD -B | 4,000 | 51,600 | 0.28% |
| CIMB GROUP HOLDINGS BERHAD | 6,800 | 115,495 | 0.62% |
| CITIC SECURITIES CNY1 'H' | 2,000 | 32,360 | 0.17% |
| COUNTRY GARDEN HOLDINGS CO HKD0.10 | 20,000 | 64,800 | 0.35% |
| CTBC FINANCIAL HOLDING CO LT | 44,000 | 213,511 | 1.15% |
| DBS GROUP HOLDINGS LTD | 4,000 | 398,971 | 2.14% |
| E SUN FINANCIAL HOLDINGS CO | 16,000 | 74,788 | 0.40% |
| FIRST FINANCIAL TWD10 | 20,000 | 92,211 | 0.50% |
| FUBON FINANCIAL HOLDING CO | 20,000 | 210,404 | 1.13% |
| GLOBAL LOGISTIC PR NPV | 8,000 | 130,770 | 0.70% |
| HAITONG SECURITIES 'H' CNY1 | 4,800 | 49,344 | 0.27% |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

S&P Asia ex JANZ Financials ETF (continued)

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--|----------|--------------------|-----------------|
| Financials (continued) | | | |
| HANA FINANCIAL HOLDINGS | 840 | 238,122 | 1.28% |
| HANG LUNG PROPERTIES LTD | 8,000 | 178,400 | 0.96% |
| HANG SENG BANK | 2,000 | 247,000 | 1.33% |
| HANWHA LIFE INSURANCE CO LTD | 720 | 36,623 | 0.20% |
| HDFC BANK LIMITED | 3,392 | 329,896 | 1.77% |
| HENDERSON LAND DEVELOPMENT | 4,000 | 181,000 | 0.97% |
| HONG KONG EXCHANGES & CLEAR | 3,200 | 376,320 | 2.02% |
| HONG LEONG BANK BERHAD | 1,200 | 40,307 | 0.22% |
| HONG LEONG FINANCIAL GROUP BERHAD | 800 | 29,798 | 0.16% |
| HONGKONG LAND HOLDINGS LTD ORD USD0.10(S | 4,000 | 200,752 | 1.08% |
| HOUSING DEVELOPMENT FINANCE | 4,472 | 513,406 | 2.76% |
| HUA NAN FINANCIAL HOLDINGS C | 20,000 | 87,880 | 0.47% |
| ICICI BANK LTD | 1,632 | 263,914 | 1.42% |
| IND & COMM BK OF CHINA-H | 236,000 | 1,125,720 | 6.05% |
| INDUSTRIAL BANK OF KOREA KRW5000 | 480 | 47,222 | 0.25% |
| KASIKORNBANK PCL-NVDR | 3,600 | 153,227 | 0.82% |
| KB FINANCIAL GROUP INC | 1,120 | 304,029 | 1.63% |
| KLCC PROPERTY HOLDINGS BHD | 1,200 | 18,101 | 0.10% |
| KOTAK MAHINDRA BANK LTD | 780 | 79,128 | 0.42% |
| KRUNG THAI BANK - NVDR UTS N-VTG DP R | 10,000 | 44,715 | 0.24% |
| LINK REIT NPV | 6,000 | 228,900 | 1.23% |
| LONGFOR PROPERTIES | 4,000 | 42,800 | 0.23% |
| MALAYAN BANKING BERHAD | 7,600 | 174,758 | 0.94% |
| MEGA FINANCIAL HOLDING CO LTD | 26,000 | 156,300 | 0.84% |
| METROPOLITAN BANK & TRUST PHP20 | 3,200 | 42,787 | 0.23% |
| NEW CHINA LIFE INSURANCE C-H | 1,600 | 37,520 | 0.20% |
| OVERSEA-CHINESE BANKING CORP | 8,000 | 469,291 | 2.52% |
| PEOPLE'S INSURANCE 'H' CNY1 | 20,000 | 64,000 | 0.34% |
| PICC PROPERTY & CASUALTY -H 'H' CNY1 | 8,000 | 84,960 | 0.46% |
| PING AN INSURANCE GROUP CO-H 'H' CNY1 | 6,000 | 385,800 | 2.07% |
| PUBLIC BANK BHD | 3,200 | 145,644 | 0.78% |
| RHB CAPITAL BHD | 2,000 | 40,003 | 0.21% |
| RUENTEX DEVELOPMENT CO LTD TWD10 | 4,000 | 56,753 | 0.30% |
| SAMSUNG FIRE & MARINE INS | 108 | 188,495 | 1.01% |
| SAMSUNG LIFE INSURANCE CO KRW5000 | 424 | 310,529 | 1.67% |
| SHIMAO PROPERTY HOLDINDS LTD HKD0.10 | 4,000 | 68,000 | 0.37% |
| SHIN KONG FINANCIAL HOLDINGS | 24,000 | 58,811 | 0.32% |
| SHINHAN FINANCIAL GROUP LTD | 1,360 | 465,808 | 2.50% |
| SIAM COMMERCIAL BANK P-NVDR | 4,400 | 165,709 | 0.89% |
| SINGAPORE EXCHANGE LTD | 4,000 | 171,234 | 0.92% |
| SINOPAC HOLDINGS | 24,000 | 89,562 | 0.48% |
| SM PRIME HOLDINGS INC | 22,000 | 55,559 | 0.30% |
| STATE BANK OF INDIA | 396 | 98,635 | 0.53% |
| SUN HUNG KAI PROPERTIES | 4,000 | 380,000 | 2.04% |
| SWIRE PAC LTD CL A | 2,000 | 180,900 | 0.97% |
| SWIRE PROPERTIES LTD | 3,200 | 70,720 | 0.38% |
| TAISHIN FINANCIAL HOLDINGS | 20,000 | 70,304 | 0.38% |
| TAISHIN FINANCIAL HOL-RIGHTS (03APR2014) | 969 | 444 | 0.00% |
| TAIWAN COOPERATIVE FINANCIAL TWD0.10 | 16,000 | 66,433 | 0.36% |
| UEM SUNRISE BHD | 3,600 | 18,814 | 0.10% |
| UNITED OVERSEAS BANK | 4,000 | 534,182 | 2.87% |
| WHARF HOLDINGS | 4,000 | 198,400 | 1.07% |
| WOORI FINANCE HOLDINGS CO | 1,000 | 88,177 | 0.47% |
| YUANTA FINANCIAL HOLDING CO LTD | 28,000 | 109,481 | 0.59% |
| Total listed investments | | 18,759,602 | 100.79% |
| Total investments, at cost | | 16,940,613 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

S&P Asia ex JANZ IT ETF

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--|----------|--------------------|-----------------|
| Information Technology | | | |
| ACER INC | 21,000 | 96,020 | 0.24% |
| ADVANCED SEMICONDUCTOR ENGR | 49,000 | 421,877 | 1.07% |
| ADVANTECH CO LTD | 2,000 | 100,617 | 0.26% |
| ASUSTEK COMPUTER INC ORD | 6,000 | 460,799 | 1.17% |
| AU OPTRONICS CORP | 70,000 | 191,681 | 0.49% |
| BAIDU.COM - ADR SPON ADR REP A | 2,200 | 2,600,442 | 6.60% |
| CATCHER TECHNOLOGY CO LTD SHS | 5,000 | 280,835 | 0.71% |
| COMPAL ELECTRONICS | 35,000 | 192,573 | 0.49% |
| DELTA ELECTRONICS INC | 15,000 | 718,327 | 1.82% |
| EPISTAR CORP TWD10 | 6,000 | 111,723 | 0.28% |
| FIH MOBILE LTD | 21,000 | 89,880 | 0.23% |
| FLEXTRONICS INTL LTD ORD | 4,900 | 351,208 | 0.89% |
| FOXCONN TECHNOLOGY CO LTD | 7,000 | 128,025 | 0.32% |
| HCL TECHNOLOGIES LTD | 1,708 | 308,516 | 0.78% |
| HON HAI PRECISION INDS ORD | 90,000 | 1,978,457 | 5.03% |
| HTC CORPORATION | 6,000 | 233,838 | 0.59% |
| INFOSYS LTD | 3,867 | 1,648,824 | 4.18% |
| INNOLUX CORP | 65,000 | 173,023 | 0.44% |
| INOTERA MEMORIES INC TWD10 | 18,000 | 109,354 | 0.28% |
| INVENTEC CO LTD | 24,000 | 183,403 | 0.47% |
| LARGAN PRECISION CO LTD | 1,000 | 366,805 | 0.93% |
| LENOVO GROUP LTD | 50,000 | 428,500 | 1.09% |
| LG DISPLAY CO LTD | 1,820 | 353,459 | 0.90% |
| LITE-ON TECHNOLOGY CORP | 17,000 | 196,598 | 0.50% |
| MEDIATEK INC | 12,000 | 1,373,992 | 3.49% |
| NANYA TECHNOLOGY CORPORATION | 28,000 | 28,886 | 0.07% |
| NAVER CORP | 238 | 1,342,419 | 3.40% |
| NETEASE INC-ADR | 600 | 313,230 | 0.79% |
| NOVATEK MICROELECTRONICS LTD | 5,000 | 177,671 | 0.45% |
| PEGATRON CORP | 14,000 | 161,726 | 0.41% |
| QUANTA COMPUTER INC | 21,000 | 438,638 | 1.11% |
| SAMSUNG ELECTRONICS | 968 | 9,473,743 | 24.03% |
| SAMSUNG ELECTRONICS-PFD NV | 183 | 1,409,601 | 3.58% |
| SAMSUNG SDI CO LTD | 301 | 353,153 | 0.90% |
| SILICONWARE PRECISION INDS | 23,000 | 237,277 | 0.60% |
| SK HYNIX INC | 4,500 | 1,180,552 | 2.99% |
| SYNNEX TECHNOLOGY INTL CORP | 10,000 | 124,816 | 0.32% |
| TAIWAN SEMICONDUCTOR M ORD | 147,000 | 4,437,199 | 11.25% |
| TATA CONSULTANCY SERVICES LTD | 3,764 | 1,042,862 | 2.64% |
| TENCENT HOLDINGS LTD ORD HKD0.0001 | 8,400 | 4,531,800 | 11.49% |
| TPK HOLDING CO LTD TPK HOLDING CO LTD | 2,000 | 91,956 | 0.23% |
| UNITED MICROELECTRONICS CORP | 98,000 | 320,776 | 0.81% |
| WIPRO LTD | 4,823 | 340,277 | 0.86% |
| WISTRON CORP TWD10 | 19,000 | 121,237 | 0.31% |
| WPG HOLDINGS CO LTD TWD10 | 12,000 | 112,334 | 0.28% |
| ZHEN DING TECHNOLOGY HOLDING ZHEN DING T | 3,000 | 59,682 | 0.15% |
| ZTE CORP-H CNY1 | 5,600 | 84,336 | 0.21% |
| Total listed investments | | 39,482,947 | 100.13% |
| Total investments, at cost | | 30,133,555 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

S&P Asia ex JANZ Industrials ETF

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--|----------|--------------------|-----------------|
| Industrials | | | |
| ABOITIZ EQUITY VENTURES INC PHP1 | 32,000 | 309,971 | 1.43% |
| AIR CHINA LIMITED-H ORD CNY1 | 30,000 | 137,401 | 0.63% |
| AIRPORTS OF THAILAND PC-NVDR THB10(NVDR) | 6,000 | 278,335 | 1.29% |
| ALLIANCE GLOBAL GROUP INC PHP1 | 59,500 | 293,322 | 1.35% |
| BEIJING ENTERPRISES HLDGS | 7,500 | 521,250 | 2.41% |
| BHARAT HEAVY ELECTRICALS | 8,525 | 217,079 | 1.00% |
| CHINA AIRLINES TWD10 | 35,000 | 89,600 | 0.41% |
| CHINA COMMUNICATIONS CONST-H 'H' CNY1 | 60,000 | 324,600 | 1.50% |
| CHINA MERCHANTS HLDGS INTL | 16,000 | 426,400 | 1.97% |
| CHINA RAILWAY GROUP LTD-H | 55,000 | 198,550 | 0.92% |
| CHINA RAILWAYS CONSTRUCTIO-H 'H' CNY1 | 25,000 | 164,000 | 0.76% |
| CSR CORP LTD - H | 25,000 | 163,000 | 0.75% |
| DMCI HOLDINGS INC PHP1 | 14,500 | 175,569 | 0.81% |
| EVA AIRWAYS CORP | 25,000 | 97,433 | 0.45% |
| EVERGREEN MARINE | 25,000 | 113,353 | 0.52% |
| FAR EASTERN NEW CENTURY CORP | 53,000 | 436,740 | 2.02% |
| HIWIN TECHNOLOGIES CORP TWD10 | 2,000 | 150,288 | 0.69% |
| HUTCHISON PORT HOLDINGS TR-U | 76,000 | 383,198 | 1.78% |
| HUTCHISON WHAMPOA ORD SHS | 32,000 | 3,286,400 | 15.18% |
| HYUNDAI ENGINEERING & CONSTR | 1,050 | 428,497 | 1.98% |
| HYUNDAI GLOVIS CO LTD | 249 | 438,214 | 2.02% |
| HYUNDAI HEAVY INDUSTRIES | 677 | 1,040,978 | 4.81% |
| INTL CONTAINER TERM SVCS INC | 11,200 | 209,230 | 0.97% |
| JARDINE MATHESON HLDGS ORD | 2,800 | 1,370,081 | 6.33% |
| JARDINE STR | 3,000 | 834,503 | 3.85% |
| JASA MARGA (PERSERO) TBK | 30,000 | 122,914 | 0.57% |
| JG SUMMIT HOLDINGS INC PHP1 | 39,500 | 338,208 | 1.56% |
| KEPPEL CORP LTD | 20,000 | 1,343,474 | 6.20% |
| LARSEN & TOUBRO LIMITED | 3,210 | 530,290 | 2.45% |
| LG CORP | 1,853 | 781,851 | 3.61% |
| MISC BHD MYR1 | 13,500 | 221,274 | 1.02% |
| MTR CORP ORD SHS | 19,000 | 545,300 | 2.52% |
| SAMSUNG C&T CORP | 1,810 | 813,830 | 3.76% |
| SAMSUNG HEAVY INDUSTRIES | 2,550 | 591,861 | 2.73% |
| SAN MIGUEL CORP | 13,750 | 180,758 | 0.83% |
| SEMBCORP INDUSTRIES LIMITED | 13,000 | 440,237 | 2.03% |
| SEMBCORP MARINE LTD | 11,000 | 274,801 | 1.27% |
| SHANGHAI ELECTRIC GRP CO L-H | 40,000 | 110,000 | 0.51% |
| SIME DARBY BERHAD | 35,700 | 789,524 | 3.65% |
| SINGAPORE AIRLINES LTD | 7,000 | 452,081 | 2.09% |
| SINGAPORE TECH ENGINEERING | 22,000 | 518,391 | 2.39% |
| SK HOLDINGS | 358 | 503,513 | 2.33% |
| SM INVESTMENTS CORP SHS | 4,500 | 548,761 | 2.53% |
| TAIWAN GLASS IND CORP TAIWAN GLASS IND C | 15,000 | 112,143 | 0.52% |
| UNITED TRACTORS TBK | 21,600 | 306,055 | 1.41% |
| ZOOMLION HEAVY INDUSTRY SCIENC | 21,000 | 113,400 | 0.52% |
| Total listed investments | | 21,726,658 | 100.33% |
| Total investments, at cost | | 20,444,128 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

S&P Asia ex JANZ Energy ETF

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|-------------------------------------|----------|--------------------|-----------------|
| Energy | | | |
| ADARO ENERGY TBK | 164,000 | 109,748 | 0.81% |
| BUMI ARMADA BERHA MYR0.20 | 10,400 | 96,596 | 0.71% |
| CAIRN INDIA LTD | 4,696 | 203,108 | 1.49% |
| CHINA COAL ENERGY CO - H 'HCNY1 | 44,000 | 192,280 | 1.41% |
| CHINA OILFIELD SERVICES LTD | 16,000 | 291,200 | 2.14% |
| CHINA PETROLEUM & CHEMICAL-H | 264,000 | 1,832,160 | 13.44% |
| CHINA SHENHUA ENERGY CO - H CNY1'H' | 36,000 | 806,400 | 5.92% |
| CNOOC LTD HKD0.02 | 164,000 | 1,912,240 | 14.03% |
| COAL INDIA LTD INR10 | 6,512 | 244,226 | 1.79% |
| FORMOSA PETROCHEMICAL CORP TWD10 | 16,000 | 315,860 | 2.31% |
| INDIAN OIL CORPORATION LTD | 2,504 | 91,601 | 0.67% |
| KUNLUN ENERGY COMPANY LTD | 32,000 | 415,360 | 3.05% |
| OIL & NATURAL GAS CORP LTD INR10 | 18,524 | 766,783 | 5.63% |
| OIL INDIA LTD | 1,424 | 89,527 | 0.66% |
| PETRONAS DAGANGAN BHD | 2,400 | 175,024 | 1.28% |
| PTT EXPLOR & PROD PCL-NVDR | 14,400 | 540,600 | 3.97% |
| PTT PCL-NVDR | 8,800 | 629,169 | 4.62% |
| RELIANCE INDUSTRIES LTD | 16,312 | 1,971,951 | 14.47% |
| S-OIL CORPORATION | 428 | 192,130 | 1.41% |
| SAPURAKENCANA PETROLEUM BHD | 27,200 | 290,756 | 2.13% |
| SK INNOVATION CO LTD | 572 | 508,541 | 3.73% |
| THAI OIL PCL-NVDR THB10(NVDR) | 8,400 | 106,456 | 0.78% |
| YANZHOU COAL MINING CO ORD CL H | 16,000 | 93,920 | 0.69% |
| PETROCHINA CO LTD-H | 216,000 | 1,825,200 | 13.39% |
| Total listed investments | | <u>13,700,836</u> | <u>100.53%</u> |
| Total investments, at cost | | <u>15,453,725</u> | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

S&P Asia ex JANZ Materials ETF

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--|----------|--------------------|-----------------|
| Materials | | | |
| ALUMINUM CORP OF CHINA LTD | 84,000 | 224,279 | 1.05% |
| ANHUI CONCH CEMENT CO LTD-H ORD CL H | 27,000 | 897,750 | 4.21% |
| ASIA CEMENT CORP SHS | 48,000 | 464,620 | 2.18% |
| ASIAN PAINTS LTD DEMAT EQUITIY | 6,042 | 430,009 | 2.02% |
| CHINA STEEL CORP | 252,000 | 1,646,498 | 7.73% |
| FORMOSA CHEM N FIB | 72,000 | 1,349,844 | 6.33% |
| FORMOSA PLASTICS CORP | 102,000 | 1,979,832 | 9.29% |
| HINDUSTAN ZINC LIMITED INR10(100%DEMAT) | 5,328 | 89,202 | 0.42% |
| HYUNDAI STEEL CO | 1,182 | 592,620 | 2.78% |
| INDOCEMENT TUNGGAL PRAKARSA TBK | 27,000 | 430,966 | 2.02% |
| JIANGXI COPPER COMPANY-H SHS | 30,000 | 391,200 | 1.84% |
| KOREA ZINC CO LTD | 264 | 635,837 | 2.98% |
| LG CHEM LTD-PREFERENCE | 162 | 175,312 | 0.82% |
| LG CHEMICAL LTD COMMON STOCK | 918 | 1,699,208 | 7.97% |
| LOTTE CHEMICAL CORP | 336 | 460,328 | 2.16% |
| NAN YA PLASTIC CORP | 108,000 | 1,774,421 | 8.33% |
| NMDC LIMITED INR1 | 16,656 | 301,246 | 1.41% |
| PETRONAS CHEMICALS GROUP BHD | 40,200 | 659,859 | 3.10% |
| POSCO | 1,614 | 3,481,492 | 16.34% |
| PTT GLOBAL CHEMICAL PCL-NVDR THB10(NVDR) | 34,800 | 601,216 | 2.81% |
| SEMEN INDONESIA PERSERO TBK PT | 60,000 | 647,345 | 3.04% |
| SIAM CEMENT PCL- NVDR | 6,000 | 599,710 | 2.81% |
| TAIWAN CEMENT | 66,000 | 790,160 | 3.71% |
| TAIWAN FERTILIZER CO LTD | 12,000 | 195,018 | 0.92% |
| TATA STEEL LIMITED SHS | 4,896 | 250,518 | 1.18% |
| ULTRATECH CEMENT LTD | 1,380 | 391,989 | 1.84% |
| ZIJIN MINING GROUP CO LTD | 120,000 | 198,000 | 0.93% |
| Total listed investments | | 21,358,479 | 100.22% |
| Total investments, at cost | | 22,972,674 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

MSCI China ETF

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|---|-----------|--------------------|-----------------|
| Consumer Discretionary | | | |
| ANTA SPORTS PRODUCTS LTD HKD0.10 | 70,000 | 905,800 | 0.31% |
| BELLE INTERNATIONAL HOLDINGS HKD0.01 | 280,000 | 2,164,400 | 0.74% |
| BRILLIANCE CHINA AUTOMOTIVE | 140,000 | 1,660,400 | 0.57% |
| BYD CO LTD-H | 35,000 | 1,678,250 | 0.57% |
| DONGFENG MOTOR GRP CO LTD-H | 140,000 | 1,537,200 | 0.53% |
| GEELY AUTOMOBILE ORD SHS | 350,000 | 1,067,500 | 0.36% |
| GOME ELECTRICAL APPLIANCES HKD0.1(POST C) | 560,000 | 733,600 | 0.25% |
| GREAT WALL MOTOR COMPANY-H SHS H | 70,000 | 2,723,000 | 0.93% |
| GUANGZHOU AUTOMOBILE GROUP-H | 140,000 | 1,141,000 | 0.39% |
| HAIER ELECTRONICS GROUP CO HKD0.1 (POST) | 70,000 | 1,470,000 | 0.50% |
| INTIME RETAIL GROUP CO LTD | 70,000 | 584,500 | 0.20% |
| ZHONGSHENG GROUP HOLDINGS | 35,000 | 373,800 | 0.13% |
| | | 16,039,450 | |
| Consumer Staples | | | |
| CHINA AGRI-INDUSTRIES LTD | 140,000 | 424,200 | 0.15% |
| CHINA MENGNIU DAIRY CO HKD0.1 | 70,000 | 2,719,500 | 0.92% |
| HENGAN INTL GROUP CO LTD HKD0.1 | 35,000 | 2,812,250 | 0.95% |
| SUN ART RETAIL GRO HKD0.30 | 140,000 | 1,365,000 | 0.47% |
| TINGYI (CAYMAN ISLN) HLDG CO | 140,000 | 3,115,000 | 1.07% |
| UNI-PRESIDENT CHINA HOLDINGS | 70,000 | 456,400 | 0.16% |
| WANT WANT CHINA HOLDINGS LTD | 350,000 | 4,053,000 | 1.39% |
| | | 14,945,350 | |
| Energy | | | |
| CHINA COAL ENERGY CO - H 'H' CNY1 | 210,000 | 917,700 | 0.31% |
| CHINA OILFIELD SERVICES LTD | 140,000 | 2,548,000 | 0.87% |
| CHINA PETROLEUM & CHEMICAL-H | 1,400,000 | 9,716,000 | 3.32% |
| CHINA SHENHUA ENERGY CO - H CNY1'H' | 175,000 | 3,920,000 | 1.34% |
| CNOOC LTD HKD0.02 | 980,000 | 11,426,800 | 3.92% |
| KUNLUN ENERGY COMPANY LTD | 140,000 | 1,817,200 | 0.62% |
| PETROCHINA CO LTD-H | 1,120,000 | 9,464,000 | 3.24% |
| YANZHOU COAL MINING CO ORD CL H | 140,000 | 821,800 | 0.28% |
| | | 40,631,500 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

MSCI China ETF (Continued)

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|---|-----------|--------------------|-----------------|
| Financials | | | |
| AGILE PROPERTY HOLDINGS LTD | 140,000 | 890,400 | 0.30% |
| AGRICULTURAL BK CH 'H' CNY1 | 1,120,000 | 3,785,600 | 1.29% |
| BANK OF CHINA LTD - H CNY1 | 3,990,000 | 13,725,600 | 4.69% |
| BANK OF COMMUNICATIONS - H 'H' CNY1.00 | 490,000 | 2,484,300 | 0.85% |
| CHINA CINDA ASSET MANAGEME-H | 210,000 | 924,000 | 0.32% |
| CHINA CITIC BANK CORP LTD-H | 420,000 | 1,877,400 | 0.64% |
| CHINA CONSTRUCTION BANK-H | 3,850,000 | 20,905,500 | 7.15% |
| CHINA LIFE INSURANCE CO-H 'H' CNY1 | 420,000 | 9,219,000 | 3.15% |
| CHINA MERCHANTS BANK - H CHINA MERCHANTS | 245,000 | 3,444,700 | 1.18% |
| CHINA MINSHENG BANKING-H | 280,000 | 2,178,400 | 0.75% |
| CHINA OVERSEAS GRAND OCEANS GROUP LTD | 70,000 | 357,000 | 0.12% |
| CHINA OVERSEAS LAND & INVEST | 280,000 | 5,628,000 | 1.93% |
| CHINA PACIFIC INSURANCE GR-H 'H' CNY1 | 140,000 | 3,878,000 | 1.33% |
| CHINA RESOURCES LAND LTD SHS | 140,000 | 2,382,800 | 0.82% |
| CHINA TAIPING INSURANCE HOLDIN | 42,000 | 582,960 | 0.20% |
| CHONGQING RURAL CO CNY1 H SHARE | 140,000 | 476,000 | 0.16% |
| CITIC SECURITIES CNY1 'H' | 70,000 | 1,132,600 | 0.39% |
| COUNTRY GARDEN HOLDINGS CO HKD0.10 | 210,000 | 680,400 | 0.23% |
| EVERGRANDE REAL ESTATE GROUP USD0.01 | 350,000 | 1,281,000 | 0.44% |
| FAR EAST HORIZON L HKD0.01 REG S | 70,000 | 399,000 | 0.14% |
| FRANSHION PROPERTIES HKD1 | 140,000 | 362,600 | 0.12% |
| GREENTOWN CHINA HOLDINGS HKD0.10 | 35,000 | 293,300 | 0.10% |
| GUANGZHOU R&F PROPERTIES - H | 56,000 | 626,080 | 0.21% |
| HAITONG SECURITIES 'H' CNY1 | 56,000 | 575,680 | 0.20% |
| IND & COMM BK OF CHINA-H | 3,920,000 | 18,698,400 | 6.39% |
| LONGFOR PROPERTIES | 70,000 | 749,000 | 0.26% |
| NEW CHINA LIFE INSURANCE C-H | 42,000 | 984,900 | 0.34% |
| NEW WORLD CHINA LAND L SHS | 140,000 | 915,600 | 0.31% |
| PEOPLE'S INSURANCE 'H' CNY1 | 280,000 | 896,000 | 0.31% |
| PICC PROPERTY & CASUALTY -H 'H' CNY1 | 140,000 | 1,486,800 | 0.51% |
| PING AN INSURANCE GROUP CO-H 'H' CNY1 | 105,000 | 6,751,500 | 2.31% |
| POLY PROPERTY GROUP CO LTD | 140,000 | 480,200 | 0.16% |
| SHIMAO PROPERTY HOLDINGS LTD HKD0.10 | 70,000 | 1,190,000 | 0.41% |
| SHUI ON LAND LTD USD0.0025 | 175,000 | 378,000 | 0.13% |
| SINO-OCEAN LAND HOLDINGS | 175,000 | 742,000 | 0.25% |
| SOHO CHINA LTD | 105,000 | 669,900 | 0.23% |
| YUEXIU PROPERTY COMPANY LTD | 280,000 | 448,000 | 0.15% |
| | | 112,480,620 | |
| Health Care | | | |
| CSPC PHARMACEUTICAL GROUP LTD | 140,000 | 961,800 | 0.33% |
| SHANGHAI PHARMACEU 'H' CNY1 | 35,000 | 617,400 | 0.21% |
| SIHUAN PHARMACEUTICAL HLDGS HKD0.01 | 140,000 | 1,309,000 | 0.45% |
| SINO BIOPHARMACEUTICAL HKD0.025 (POST CO) | 280,000 | 1,850,800 | 0.63% |
| SINOPHARM GROUP CO-H 'H' SHS CNY1 | 56,000 | 1,190,000 | 0.41% |
| | | 5,929,000 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

MSCI China ETF (Continued)

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--|----------|--------------------|-----------------|
| Industrials | | | |
| AIR CHINA LIMITED-H ORD CNY1 | 140,000 | 641,200 | 0.22% |
| BEIJING CAPITAL INTL AIRPORT | 140,000 | 744,800 | 0.25% |
| BEIJING ENTERPRISES HLDGS | 35,000 | 2,432,500 | 0.83% |
| CHINA COMMUNICATIONS CONST-H 'H' CNY1 | 210,000 | 1,136,100 | 0.39% |
| CHINA EVERBRIGHT INTL LTD HKD0.10 | 140,000 | 1,486,800 | 0.51% |
| CHINA INTL MARINE 'H' CNY1 | 28,000 | 503,440 | 0.17% |
| CHINA RAILWAY GROUP LTD-H | 210,000 | 758,100 | 0.26% |
| CHINA RAILWAYS CONSTRUCTIO-H 'H' CNY1 | 105,000 | 688,800 | 0.24% |
| CHINA SHIPPING CONTAINER-H CNY1 | 210,000 | 369,600 | 0.13% |
| CHINA STATE CONSTRUCTION INT HKD0.1 | 140,000 | 1,839,600 | 0.63% |
| CITIC PACIFIC COMMON | 70,000 | 963,200 | 0.33% |
| COSCO HOLDINGS - H 'H' CNY1.00 | 140,000 | 449,400 | 0.15% |
| COSCO PACIFIC LIMITED | 140,000 | 1,386,000 | 0.47% |
| CSR CORP LTD - H | 70,000 | 456,400 | 0.16% |
| SHANGHAI ELECTRIC GRP CO L-H | 140,000 | 385,000 | 0.13% |
| SINOPEC ENGINEERING GROUP-H | 70,000 | 588,000 | 0.20% |
| ZHEJIANG EXPRESSWAY CO-H | 140,000 | 989,800 | 0.34% |
| ZHUZHOU CSR TIMES ELECTRIC-H 'H' CNY1 | 35,000 | 915,250 | 0.31% |
| ZOOMLION HEAVY INDUSTRY SCIENC | 70,000 | 378,000 | 0.13% |
| | | 17,111,990 | |
| Information Technology | | | |
| AAC TECHNOLOGIES HOLDINGS IN | 35,000 | 1,405,250 | 0.48% |
| GCL POLY ENERGY HOLDINGS LTD | 560,000 | 1,568,000 | 0.54% |
| HANERGY SOLAR GROUP LTD | 560,000 | 683,200 | 0.23% |
| KINGBOARD CHEMICALS HOLDINGS | 35,000 | 529,900 | 0.18% |
| LENOVO GROUP LTD | 280,000 | 2,399,600 | 0.82% |
| TENCENT HOLDINGS LTD ORD HKD0.0001 | 56,000 | 30,212,000 | 10.33% |
| ZTE CORP-H CNY1 | 28,000 | 421,680 | 0.15% |
| | | 37,219,630 | |
| Materials | | | |
| ALUMINUM CORP OF CHINA LTD | 140,000 | 373,800 | 0.13% |
| ANHUI CONCH CEMENT CO LTD-H ORD CL H | 70,000 | 2,327,500 | 0.80% |
| BBMG CORPORATION - H | 70,000 | 422,800 | 0.14% |
| CHINA BLUECHEMICAL LTD - H 'H' CNY1 | 140,000 | 560,000 | 0.19% |
| CHINA NATIONAL BUILDING MA-H 'H' CNY1 | 140,000 | 1,089,200 | 0.37% |
| CHINA RESOURCES CEMENT | 140,000 | 855,400 | 0.29% |
| FOSUN INTERNATIONAL HKD0.10 | 70,000 | 682,500 | 0.23% |
| JIANGXI COPPER COMPANY-H SHS | 70,000 | 912,800 | 0.31% |
| LEE & MAN PAPER MANUFACTURIN | 70,000 | 337,400 | 0.12% |
| NINE DRAGONS PAPER HOLDINGS | 70,000 | 422,800 | 0.14% |
| SHOUGANG FUSHAN RESOURCES GROUP LTD | 140,000 | 330,400 | 0.11% |
| SINOPEC SHANGHAI PETROCHEM | 140,000 | 280,000 | 0.10% |
| YINGDE GASES GROUP COMPANY USD0.000001 | 70,000 | 518,000 | 0.18% |
| ZIJIN MINING GROUP CO LTD | 280,000 | 462,000 | 0.16% |
| | | 9,574,600 | |
| Telecommunication Services | | | |
| CHINA COMMUNICATIONS SERVI-H 'H' CNY1 | 140,000 | 502,600 | 0.17% |
| CHINA MOBILE (HK) LTD | 315,000 | 22,365,000 | 7.65% |
| CHINA TELECOM CORP LTD SHS H | 700,000 | 2,513,000 | 0.86% |
| CHINA UNICOM HONG KONG LTD | 280,000 | 2,856,000 | 0.98% |
| | | 28,236,600 | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

MSCI China ETF (Continued)

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|---|----------|--------------------|-----------------|
| Utilities | | | |
| BEIJING ENTERPRISES WATER GR HKD0.1(POST) | 140,000 | 760,200 | 0.26% |
| CHINA GAS HOLDINGS LTD HKD0.01 | 140,000 | 1,696,800 | 0.58% |
| CHINA LONGYUAN POWER GROUP-H | 140,000 | 1,093,400 | 0.37% |
| CHINA RESOURCES POWER HOLDIN HKD1 | 140,000 | 2,828,000 | 0.97% |
| DATANG INTL POWER | 140,000 | 396,200 | 0.14% |
| GUANGDONG INVESTMENT LTD | 140,000 | 1,037,400 | 0.35% |
| HUANENG POWER INTL ORD CL H | 140,000 | 1,038,800 | 0.36% |
| | | <u>8,850,800</u> | |
| Total listed investments | | <u>291,019,540</u> | <u>99.53%</u> |
| Total investments, at cost | | <u>281,181,860</u> | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

Hang Seng High Dividend Yield ETF

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|--|-----------|--------------------|-----------------|
| Consumer Discretionary | | | |
| BOSIDENG INTL HLDGS LTD | 5,274,000 | 6,170,580 | 2.62% |
| SJM HOLDINGS LIMITED | 238,000 | 5,188,400 | 2.20% |
| WYNN MACAU LTD HKD0.001 | 255,600 | 8,230,320 | 3.49% |
| YUE YUEN INDUSTRIAL HLDG SHS | 327,500 | 8,269,375 | 3.50% |
| | | <u>27,858,675</u> | |
| Energy | | | |
| CHINA PETROLEUM & CHEMICAL-H | 1,106,000 | 7,675,640 | 3.25% |
| CNOOC LTD HKD0.02 | 256,000 | 2,984,960 | 1.27% |
| PETROCHINA CO LTD-H | 446,000 | 3,768,700 | 1.60% |
| | | <u>14,429,300</u> | |
| Financials | | | |
| AGRICULTURAL BK CH 'H'CN1 | 1,564,000 | 5,286,320 | 2.24% |
| BANK EAST ASIA LTD ORD | 140,000 | 4,242,000 | 1.80% |
| BANK OF CHINA LTD - H CNY1 | 1,959,000 | 6,738,960 | 2.86% |
| BANK OF COMMUNICATIONS - H 'H'CN1.00 | 897,000 | 4,547,790 | 1.93% |
| BOC HONG KONG HOLDINGS LTD | 214,500 | 4,740,450 | 2.01% |
| CHAMPION REIT | 1,786,000 | 6,322,440 | 2.68% |
| CHINA CONSTRUCTION BANK-H | 871,000 | 4,729,530 | 2.00% |
| CHINA EVERBRIGHT LTD | 224,000 | 2,217,600 | 0.94% |
| CHINA MERCHANTS BANK - H CHINA MERCHANTS | 384,500 | 5,406,070 | 2.29% |
| CHINA MINSHENG BANKING-H | 451,000 | 3,508,780 | 1.49% |
| FORTUNE REIT NPV (REIT) | 734,000 | 4,396,660 | 1.86% |
| HANG LUNG PROPERTIES LTD | 122,000 | 2,720,600 | 1.15% |
| HANG SENG BANK | 41,000 | 5,063,500 | 2.15% |
| HONG KONG EXCHANGES & CLEAR | 22,400 | 2,634,240 | 1.12% |
| HSBC HOLDINGS PLC | 52,800 | 4,147,440 | 1.76% |
| HYSAN DEVELOPMENT CO | 98,000 | 3,307,500 | 1.40% |
| IND & COMM BK OF CHINA-H | 1,063,000 | 5,070,510 | 2.15% |
| LINK REIT NPV | 106,000 | 4,043,900 | 1.71% |
| NEW WORLD DEVELOPMENT | 354,000 | 2,761,200 | 1.17% |
| NEW WORLD DEVELOPMENT-RIGHTS (17APR2014) | 118,000 | 188,800 | 0.08% |
| SINO LAND CO | 456,000 | 5,198,400 | 2.20% |
| SOHO CHINA LTD | 814,000 | 5,193,320 | 2.20% |
| SUN HUNG KAI PROPERTIES | 38,000 | 3,610,000 | 1.53% |
| SWIRE PAC LTD CL A | 44,500 | 4,025,025 | 1.71% |
| WHARF HOLDINGS | 39,000 | 1,934,400 | 0.82% |
| | | <u>102,035,435</u> | |
| Health Care | | | |
| CHINA SHINEWAY PHARMACEUTICA HKD0.10 | 270,000 | 3,655,800 | 1.55% |
| | | <u>3,655,800</u> | |
| Industrials | | | |
| CITIC PACIFIC COMMON | 638,000 | 8,778,880 | 3.72% |
| HOPEWELL HIGHWAY INFRASTRUCT | 2,173,000 | 8,170,480 | 3.46% |
| HOPEWELL HOLDINGS | 234,500 | 6,249,425 | 2.65% |
| HUTCHISON WHAMPOA ORD SHS | 35,000 | 3,594,500 | 1.52% |
| SHANGHAI INDUSTRIAL ORD SHS | 200,000 | 5,170,000 | 2.19% |
| | | <u>31,963,285</u> | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 March 2014

Hang Seng High Dividend Yield ETF (continued)

| Listed Equities | Holdings | Fair value HK\$ | % of net assets |
|---------------------------------------|-----------|--------------------|-----------------|
| Information Technology | | | |
| KINGBOARD LAMINATES HOLDING HKD0.10 | 1,801,000 | 5,114,840 | 2.17% |
| VTECH HOLDINGS LTD ORD | 46,900 | 4,675,930 | 1.98% |
| | | <u>9,790,770</u> | |
| Materials | | | |
| ZIJIN MINING GROUP CO LTD | 3,590,000 | 5,923,500 | 2.51% |
| | | <u>5,923,500</u> | |
| Telecommunication Services | | | |
| CHINA COMMUNICATIONS SERVI-H 'H' CNY1 | 692,000 | 2,484,280 | 1.05% |
| CHINA MOBILE (HK) LTD | 52,500 | 3,727,500 | 1.58% |
| HUTCHISON TELECOMMUNICATIONS HKD0.25 | 1,262,000 | 3,255,960 | 1.38% |
| PCCW LTD | 1,582,000 | 6,153,980 | 2.61% |
| SMARTONE TELECOMM HLDG ORD | 582,000 | 5,028,480 | 2.13% |
| | | <u>20,650,200</u> | |
| Utilities | | | |
| CHEUNG KONG INFRASTRUCTURE | 67,000 | 3,316,500 | 1.40% |
| CLP HOLDINGS LIMITED | 68,500 | 4,007,250 | 1.70% |
| DATANG INTL POWER | 1,254,000 | 3,548,820 | 1.50% |
| GUANGDONG INVESTMENT LTD | 512,000 | 3,793,920 | 1.61% |
| POWER ASSETS HOLDINGS LTD | 57,500 | 3,866,875 | 1.64% |
| | | <u>18,533,365</u> | |
| Total listed investments | | <u>234,840,330</u> | <u>99.53%</u> |
| Total investments, at cost | | <u>234,809,335</u> | |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the year from 1 April 2013 to 31 March 2014

KOSPI 200 ETF

| Investments | Beginning holdings at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings at 31 March 2014 |
|-----------------------------------|---------------------------------------|-----------|----------------------|-----------|--------------------------------------|
| Consumer Discretionary | | | | | |
| BASIC HOUSE CO LTD/THE KRW500 | 60 | 40 | - | 20 | 80 |
| CHEIL WORLDWIDE INC | 570 | 380 | - | 190 | 760 |
| COWAY CO LTD | 300 | 212 | - | 100 | 412 |
| DAE WON KANG UP CO. SHS | 240 | 160 | - | 80 | 320 |
| DAEKYO CO LTD SHS | 210 | 100 | - | 110 | 200 |
| DONG AH TIRE & RUBBER CO LTD | - | 80 | - | - | 80 |
| DONGYANG MECHATRONICS CORP KRW500 | 150 | 100 | - | 50 | 200 |
| GLOBAL & YUASA BATTERY CO KRW500 | 60 | 34 | - | 26 | 68 |
| HALLA VISTEON CLIMATE CONTROL | 240 | 160 | - | 80 | 320 |
| HANDSOME CO LTD | 90 | 60 | - | 30 | 120 |
| HANIL E-HWA CO LTD | 120 | 80 | - | 40 | 160 |
| HANSAE CO LTD KRW500 | - | 120 | - | - | 120 |
| HWA SHIN CO LTD KRW500 | 90 | 60 | - | 30 | 120 |
| HYUNDAI DEPT STORE CO | 96 | 62 | - | 34 | 124 |
| HYUNDAI MOBIS | 444 | 280 | - | 164 | 560 |
| HYUNDAI MOTOR CO | 960 | 632 | - | 328 | 1,264 |
| HYUNDAI WIA CORP KRW5000 | 87 | 58 | - | 29 | 116 |
| KANGWON LAND INC KRW500 | 870 | 580 | - | 290 | 1,160 |
| KIA MOTORS CORPORATION | 1,638 | 1,080 | - | 558 | 2,160 |
| KUMHO TIRE CO INC KRW5000 | 630 | 420 | - | 210 | 840 |
| LG ELECTRONICS INC | 663 | 436 | - | 227 | 872 |
| LG FASHION CORP KRW5000 | 120 | 80 | - | 40 | 160 |
| LOTTE SHOPPING CO | 54 | 44 | - | 18 | 80 |
| MANDO CORP | 78 | 52 | - | 26 | 104 |
| NEXEN TIRE CORPORATION | 240 | 160 | - | 80 | 320 |
| S&T MOTIV CO LTD | 30 | 20 | - | 10 | 40 |
| SHINSEGAE CO LTD ORD | 45 | 30 | - | 15 | 60 |
| SL CORP | 60 | 80 | - | 20 | 120 |
| SSANGYONG MOTOR CO. | 240 | 160 | - | 80 | 320 |
| WOONGJIN CHEMICAL CO LTD | 1,170 | 82 | (702) | 390 | 160 |
| Consumer Staples | | | | | |
| ABLE C&C KRW500 | - | 80 | 8 | - | 88 |
| AMOREPACIFIC GROUP | 18 | 12 | - | 6 | 24 |
| AMOREPACIFIC CORP | 21 | 14 | - | 7 | 28 |
| BINGGRAE CO LTD | 36 | 24 | - | 12 | 48 |
| CJ CHEIJDANG CORP | 48 | 32 | - | 16 | 64 |
| COSMAX INC | - | 92 | - | - | 92 |
| DAESANG CORPORATION | 120 | 80 | - | 40 | 160 |
| E-MART CO LTD KRW5000 | - | 172 | - | - | 172 |
| GS RETAIL CO LTD GS RETAIL CO LTD | - | 240 | - | - | 240 |
| HITE JINRO | 180 | 120 | - | 60 | 240 |
| KT N G CORP | 684 | 450 | - | 234 | 900 |
| LG HOUSEHOLD & HEALTH CARE | 57 | 38 | - | 19 | 76 |
| LOTTE CHILSUNG BEVERAGE CO | 6 | 4 | - | 2 | 8 |
| LOTTE CONFECTIONERY CO LTD | 6 | 4 | - | 2 | 8 |
| LOTTE FOOD CO LTD | 3 | 6 | - | 1 | 8 |
| MUHAK CO LTD KRW200 | - | 120 | 2 | - | 122 |
| NAMYANG DAIRY PRODUCTS CO. | 3 | 2 | - | 1 | 4 |
| NONG SHIM CO LTD | 21 | 14 | - | 7 | 28 |
| ORION CORP | 24 | 16 | - | 8 | 32 |
| OTTOGI CORPORATION | 9 | 6 | - | 3 | 12 |
| SAMYANG HOLDINGS CORP | 18 | 24 | - | 6 | 36 |
| Energy | | | | | |
| GS HOLDINGS | 318 | 212 | - | 106 | 424 |
| HANKOOK SHELL OIL CO LTD KRW5000 | 3 | 6 | - | 1 | 8 |
| SK INNOVATION CO LTD | 432 | 284 | - | 148 | 568 |
| S-OIL CORPORATION | 456 | 300 | - | 156 | 600 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

KOSPI 200 ETF (continued)

| Investments | Beginning holdings at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings at 31 March 2014 |
|---|---------------------------------------|-----------|----------------------|-----------|--------------------------------------|
| Financials | | | | | |
| BS FINANCIAL GROUP INC | 1,080 | 720 | - | 360 | 1,440 |
| DAEWOO SECURITIES CO LTD | 1,110 | 740 | - | 370 | 1,480 |
| DONGBU INSURANCE CO LTD SHS | - | 360 | - | - | 360 |
| HANA FINANCIAL HOLDINGS | 1,440 | 1,120 | 381 | 701 | 2,240 |
| HANKOOK TIRE WORLDWIDE CO LTD | 116 | 83 | - | 39 | 160 |
| HANWHA LIFE INSURANCE CO LTD | 2,700 | 1,800 | - | 900 | 3,600 |
| HYUNDAI SECURITIES CO | 690 | 340 | - | 350 | 680 |
| INDUSTRIAL BANK OF KOREA KRW5000 | 1,200 | 800 | - | 400 | 1,600 |
| KB FINANCIAL GROUP INC | 2,280 | 1,500 | - | 780 | 3,000 |
| KOREA EXCHANGE BANK | 2,010 | - | (2,010) | - | - |
| KOREA INVESTMENT HOLDINGS CO KRW5000 | 270 | 180 | - | 90 | 360 |
| MIRAE ASSET SECURITIES CO LT KRW5000 | 180 | 120 | - | 60 | 240 |
| SAMSUNG CARD CO NPV | 240 | 140 | - | 100 | 280 |
| SAMSUNG FIRE & MARINE INS | 222 | 146 | - | 76 | 292 |
| SAMSUNG LIFE INSURANCE CO KRW5000 | 621 | 410 | - | 211 | 820 |
| SAMSUNG SECURITIES CO LTD | 360 | 240 | - | 120 | 480 |
| SHINHAN FINANCIAL GROUP LTD | 2,640 | 1,740 | - | 900 | 3,480 |
| WOORI FINANCE HOLDINGS CO | 2,250 | 1,480 | - | 770 | 2,960 |
| WOORI INVESTMENT & SECS-PFD KRW5000 | 690 | 460 | - | 230 | 920 |
| Health Care | | | | | |
| BUKWANG PHARMACEUTICAL CO | 126 | 80 | 8 | 46 | 168 |
| CHONG KUN DANG PHARMACEUTICAL CORP | - | - | 32 | 32 | - |
| CHONGKUNDANG HOLDINGS CORP | 60 | 4 | (32) | 20 | 12 |
| DAEWOONG PHARMACEUTICAL CO | 30 | 20 | - | 10 | 40 |
| DONG-A SOCIO HOLDINGS CO LTD | 63 | 14 | (40) | 9 | 28 |
| DONG-A ST(SCIENCE& KRW5000 | - | - | 40 | 40 | - |
| GREEN CROSS SANG-A CORP KRW5000 | 33 | 24 | 3 | 12 | 48 |
| HANALL BIOPHARMA CO LTD KRW500 | 150 | 100 | - | 50 | 200 |
| HANMI PHARM CO LTD KRW2500 | 31 | 20 | 5 | 14 | 42 |
| ILYANG PHARMACEUTICAL CO LTD KRW2500 | 60 | 40 | - | 20 | 80 |
| LG LIFE SCIENCES LTD | 60 | 40 | - | 20 | 80 |
| PHARMICELL CO LTD KRW500.00 | 210 | 140 | - | 70 | 280 |
| RNL BIO CO LTD KRW500 | 480 | - | - | 160 | 320 |
| YUHAN CORPORATION | 60 | 40 | - | 20 | 80 |
| Industrials | | | | | |
| CJ CORP KRW5000 | 81 | 54 | - | 27 | 108 |
| CJ KOREA EXPRESS CORP | 57 | 38 | - | 19 | 76 |
| DAELIM INDUSTRIAL CO. | 174 | 114 | - | 60 | 228 |
| DAEWOO ENGINEERING&CONSTRUCTION | 1,290 | 860 | - | 430 | 1,720 |
| DAEWOO INTERNATIONAL CORP KRW5000 | 240 | 160 | - | 80 | 320 |
| DAEWOO SHIPBUILDING & MARINE | 840 | 560 | - | 280 | 1,120 |
| DOOSAN CORP | 45 | 30 | - | 15 | 60 |
| DOOSAN ENGINE CO LTD KRW1000 | 240 | 160 | - | 80 | 320 |
| DOOSAN HEAVY INDUSTRIES | 297 | 202 | - | 99 | 400 |
| DOOSAN INFRACORE CO LTD | 630 | 420 | - | 210 | 840 |
| GS ENGINEERING & CONSTRUCT | 222 | 140 | - | 82 | 280 |
| HANJIN HEAVY INDUSTRIES CO. LTD COM A097 | 210 | 220 | - | 70 | 360 |
| HANJIN KAL CORP HANJIN KAL CORP | - | 162 | 86 | 248 | - |
| HANJIN SHIPPING HOLDINGS CO LTD | 120 | - | - | 120 | - |
| HYUNDAI DEVELOPMENT COMPANY | 390 | 260 | - | 130 | 520 |
| HYUNDAI ELEVATOR CO. | 36 | 32 | 19 | 31 | 56 |
| HYUNDAI ENGINEERING & CONSTR | 450 | 296 | - | 154 | 592 |
| HYUNDAI GLOVIS CO LTD | 69 | 46 | - | 23 | 92 |
| HYUNDAI HEAVY INDUSTRIES | 306 | 202 | - | 104 | 404 |
| HYUNDAI MERCHANT MARINE | 630 | 460 | 34 | 244 | 880 |
| HYUNDAI MIPO DOCKYARD | 63 | 42 | - | 21 | 84 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

KOSPI 200 ETF (continued)

| Investments | Beginning holdings at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings at 31 March 2014 |
|------------------------------------|---------------------------------------|-----------|----------------------|-----------|--------------------------------------|
| Industrials (continued) | | | | | |
| KCC CORP | 33 | 22 | - | 11 | 44 |
| KEPCO ENGINEERING & CONSTRU KRW200 | 60 | 40 | - | 20 | 80 |
| KOREA AEROSPACE IN KRW5000 | - | 560 | - | - | 560 |
| KOREA ELECTRIC TERMINAL CO | 60 | 40 | - | 20 | 80 |
| KOREAN AIR LINES CO LTD | 300 | 196 | (43) | 100 | 353 |
| LG CORP | 591 | 390 | - | 201 | 780 |
| LG HAUSYS LTD KRW5000 | 39 | 26 | - | 13 | 52 |
| LG INTERNATIONAL CORP | 180 | 120 | - | 60 | 240 |
| LS CORP | 111 | 74 | - | 37 | 148 |
| LS INDUSTRIAL SYSTEMS | 102 | 68 | - | 34 | 136 |
| NEO HOLDINGS CO LTD | 45 | - | - | 45 | - |
| POSCO PLANTEC CO LTD | 210 | 140 | 68 | 138 | 280 |
| S&T DYNAMICS CO LTD | 120 | 80 | - | 40 | 160 |
| S1 CORPORATION | 153 | 102 | - | 51 | 204 |
| SAMSUNG C&T CORP | 825 | 544 | - | 281 | 1,088 |
| SAMSUNG ENGINEERING CO LTD SHS | 198 | 132 | - | 66 | 264 |
| SAMSUNG HEAVY INDUSTRIES | 1,080 | 720 | - | 360 | 1,440 |
| SAMSUNG TECHWIN CO LTD | 231 | 154 | - | 77 | 308 |
| SK HOLDINGS | 174 | 116 | - | 58 | 232 |
| SK NETWORKS CO LTD | 930 | 620 | - | 310 | 1,240 |
| STX CORPORATION | 210 | - | - | 210 | - |
| STX ENGINE CO LTD | 120 | - | - | 120 | - |
| STX OFFSHORE & SHIPBUILDING | 360 | - | - | 360 | - |
| STX PAN OCEAN CO LTD KRW100 | 840 | - | - | 840 | - |
| TAIHAN ELECTRIC WIRE CO LTD | 119 | 601 | - | 40 | 680 |
| Information Technology | | | | | |
| DAEDUCK ELECTRONICS CO | 210 | 140 | - | 70 | 280 |
| DAEDUCK GDS CO LTD | - | 120 | - | - | 120 |
| DONGBU HANNONG CHEMICAL CO | 150 | 100 | - | 50 | 200 |
| HANSOL TECHNICS CO LTD | 60 | 40 | - | 20 | 80 |
| ILJIN DISPLAY CO LTD KRW5000 | 90 | 60 | - | 30 | 120 |
| ILJIN MATERIALS CO LTD KRW500 | 90 | - | - | 90 | - |
| KOREA CIRCUIT CO. | - | 80 | - | - | 80 |
| LG DISPLAY CO LTD | 1,440 | 960 | - | 480 | 1,920 |
| LG INNOTEK CO LTD KRW5000 | 63 | 42 | - | 21 | 84 |
| NAVER CORP | 270 | 122 | (55) | 93 | 244 |
| NCSoft CORPORATION | 96 | 80 | - | 32 | 144 |
| NHN ENTERTAINMENT KRW500 | - | - | 56 | 56 | - |
| SAMSUNG ELECTRO MECHANICS | 372 | 246 | - | 126 | 492 |
| SAMSUNG ELECTRONICS | 699 | 454 | - | 245 | 908 |
| SAMSUNG SDI CO LTD | 213 | 140 | - | 73 | 280 |
| SINDOH CO LTD | 33 | 22 | - | 11 | 44 |
| SK C&C CO LTD | 156 | 102 | - | 54 | 204 |
| SK HYNIX INC | 3,450 | 2,280 | - | 1,170 | 4,560 |
| WOONGJIN ENERGY CO LTD KRW500 | 270 | - | - | 270 | - |
| Materials | | | | | |
| CAPRO CORPORATION | 180 | 120 | - | 60 | 240 |
| CHEIL INDUSTRIES INC | 276 | 184 | - | 92 | 368 |
| DONGBU STEEL CO. | 150 | - | - | 150 | - |
| DONGKUK STEEL MILL CO LTD | 300 | 200 | - | 100 | 400 |
| FOOSUNG CO LTD KRW500 | 270 | 180 | - | 90 | 360 |
| HANIL CEMENT MANUFACTURING | 30 | 20 | - | 10 | 40 |
| HANSOL PAPER CO LTD KRW5000 | 210 | 140 | - | 70 | 280 |
| HANWHA CHEMICAL CORP | 480 | 320 | - | 160 | 640 |
| HANWHA CORPORATION | 270 | 180 | - | 90 | 360 |
| HUCHEMS FINE CHEMICAL CORP KRW1000 | 150 | 100 | - | 50 | 200 |
| HYOSUNG CORPORATION | 141 | 94 | - | 47 | 188 |
| HYUNDAI HYSKO | 240 | 160 | (229) | 80 | 91 |
| HYUNDAI STEEL CO | 345 | 230 | 125 | 116 | 584 |
| ISU CHEMICAL COMPANY LTD | 60 | 40 | - | 20 | 80 |
| KOLON CORP | 30 | - | - | 30 | - |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

KOSPI 200 ETF (continued)

| Investments | Beginning holdings at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings at 31 March 2014 |
|------------------------------------|---------------------------------------|-----------|----------------------|-----------|--------------------------------------|
| Materials (continued) | | | | | |
| KOLON INDUSTRIES INC | 102 | 60 | - | 42 | 120 |
| KOREA PETROCHEMICAL IND CO | 15 | - | - | 15 | - |
| KOREA ZINC CO LTD | 54 | 36 | - | 18 | 72 |
| KUKDO CHEMICAL CO LTD | 30 | 20 | - | 10 | 40 |
| KUMHO PETRO CHEMICAL CO LTD | 114 | 76 | - | 38 | 152 |
| LG CHEMICAL LTD COMMON STOCK | 288 | 190 | - | 98 | 380 |
| LOCK&LOCK CO LTD KRW500 | 90 | 60 | - | 30 | 120 |
| LOTTE CHEMICAL CORP | 105 | 64 | - | 41 | 128 |
| MOORIM P&P CO LTD KRW5000 | 210 | 140 | - | 70 | 280 |
| NAMHAE CHEMICAL CORP | 150 | 100 | - | 50 | 200 |
| OCI COMPANY LTD | 96 | 64 | - | 32 | 128 |
| POONGSAN CORP KRW5000 | 120 | 80 | - | 40 | 160 |
| POSCO | 462 | 304 | - | 158 | 608 |
| SAMKWANG GLASS | 18 | 12 | - | 6 | 24 |
| SAMSUNG FINE CHEMICALS | 105 | 90 | - | 35 | 160 |
| SEAH BESTEEL CORP SHS | 90 | 60 | - | 30 | 120 |
| SEAH STEEL CORPORATION | 15 | 10 | - | 5 | 20 |
| SK CHEMICALS CO LTD | 105 | 60 | - | 45 | 120 |
| SKC CO LTD | 120 | 80 | - | 40 | 160 |
| SONGWON INDUSTRIAL CO LTD KRW500 | 90 | 60 | - | 30 | 120 |
| SSANGYONG CEMENT IND | 360 | 240 | - | 120 | 480 |
| TAEKWANG INDUSTRIAL CO LTD KRW5000 | 3 | 2 | - | 1 | 4 |
| UNID CO LTD KRW5000 | 30 | - | - | 30 | - |
| YOUNG POONG CORPORATION KRW5000 | 3 | 2 | - | 1 | 4 |
| Telecommunication Services | | | | | |
| KT CORP | 1,380 | 920 | - | 460 | 1,840 |
| LG UPLUS CORP | 1,290 | 1,460 | - | 430 | 2,320 |
| SK TELECOM CO LTD ORD | 351 | 232 | - | 119 | 464 |
| Utilities | | | | | |
| KOREA ELECTRIC POWER CORP | 2,010 | 1,320 | - | 690 | 2,640 |
| KOREA GAS CORPORATION | 210 | 128 | 21 | 103 | 256 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

S&P Emerging Asia Consumer ETF

| Investments | Beginning holdings as at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings at 31 March 2014 |
|---|--|-----------|----------------------|-----------|--------------------------------------|
| Consumer Discretionary | | | | | |
| ASTRA INTERNASIONAL TBK | 4,992,000 | 774,800 | - | 1,718,800 | 4,048,000 |
| ASTRO MALAYSIA HLD MYR0.10 | - | 398,000 | - | 95,500 | 302,500 |
| BEC WORLD PUBLIC CO LTD-NVDR THB1(NVDR) | 256,000 | 36,600 | - | 94,600 | 198,000 |
| BELLE INTERNATIONAL HOLDINGS HKD0.01 | 1,024,000 | 228,000 | - | 317,000 | 935,000 |
| BERJAYA SPORTS TOTO BHD | 179,200 | 11,600 | - | 190,800 | - |
| BRILLIANCE CHINA AUTOMOTIVE | 640,000 | 100,000 | - | 190,000 | 550,000 |
| CHENG SHIN RUBBER IND CO LTD | - | 395,000 | 44,250 | 109,250 | 330,000 |
| DONGFENG MOTOR GRP CO LTD-H | 640,000 | 10,000 | - | 650,000 | - |
| GEELEY AUTOMOBILE ORD SHS | - | 1,295,000 | - | 195,000 | 1,100,000 |
| GENTING BHD | 505,600 | 122,600 | - | 182,700 | 445,500 |
| GENTING MALAYSIA BHD | 691,200 | 129,600 | - | 243,300 | 577,500 |
| GIANT MANUFACTURING SHS | 64,000 | 10,000 | - | 19,000 | 55,000 |
| GOLDEN EAGLE RETAIL GROUP HKD0.10 | 128,000 | 2,000 | - | 130,000 | - |
| GREAT WALL MOTOR COMPANY-H SHS H | 224,000 | 69,000 | - | 73,000 | 220,000 |
| HAIER ELECTRONICS GROUP CO HKD0.1 (POST) | 192,000 | 85,000 | - | 57,000 | 220,000 |
| HERO MOTOCORP LTD | 19,520 | 305 | - | 19,825 | - |
| HOTAI MOTOR COMPANY LTD TWD10 | 64,000 | 67,000 | - | 76,000 | 55,000 |
| INTIME RETAIL GROUP CO LTD | 224,000 | 95,000 | - | 126,500 | 192,500 |
| MAHINDRA & MAHINDRA LIMITED | 70,784 | 14,744 | - | 25,358 | 60,170 |
| MEDIA NUSANTARA CITRA TBK PT | - | 1,313,200 | - | 328,700 | 984,500 |
| NEW ORIENTAL EDUCATIO-SP ADR SPONS ADR E | - | 27,500 | - | - | 27,500 |
| PARKSON RETAIL GROUP LTD | 288,000 | 4,500 | - | 292,500 | - |
| POU CHEN | - | 672,000 | - | 177,000 | 495,000 |
| RUENTEX INDUSTRIES LTD TWD10 | 128,000 | 20,000 | 8,937 | 46,937 | 110,000 |
| TATA MOTORS LTD | 210,624 | 3,291 | - | 213,915 | - |
| TITAN INDUSTRIES LTD | 53,120 | 830 | - | 53,950 | - |
| UMW HOLDINGS BHD | - | 135,200 | - | 30,700 | 104,500 |
| Consumer Staples | | | | | |
| BIG C SUPERCENTER PCL-NVDR THB10(NVDR) | 57,600 | 1,800 | - | 59,400 | - |
| CHAROEN POKPHAN INDONESIA TBK | 1,536,000 | 252,500 | - | 617,000 | 1,171,500 |
| CHAROEN POKPHAND FOODS-NVDR DP RCT NON V | 652,800 | 101,300 | - | 253,600 | 500,500 |
| CHINA MENGNIU DAIRY CO HKD0.1 | 256,000 | 4,000 | - | 260,000 | - |
| CHINA RESOURCES ENTERPRISE | 256,000 | 40,000 | - | 76,000 | 220,000 |
| CP ALL PCL | 940,800 | 150,100 | - | 375,900 | 715,000 |
| FELDA GLOBAL VENTU MYR1 | 460,800 | 58,300 | - | 211,100 | 308,000 |
| GUDANG GARAM TBK | 96,000 | 1,500 | - | 97,500 | - |
| HENGAN INTL GROUP CO LTD HKD0.1 | 160,000 | 77,000 | - | 99,500 | 137,500 |
| HINDUSTAN UNILEVER LIMITED | 228,608 | 74,792 | - | 186,470 | 116,930 |
| INDOFOOD SUKSES MAKMUR TBK P | 928,000 | 154,500 | - | 367,500 | 715,000 |
| IOI CORPORATION BHD | - | 467,500 | - | - | 467,500 |
| ITC LTD | 417,216 | 66,927 | - | 175,703 | 308,440 |
| NESTLE INDIA LIMITED INR10 | 5,056 | 783 | - | 2,099 | 3,740 |
| PRESIDENT CHAIN STORE CORP | 128,000 | 20,000 | - | 38,000 | 110,000 |
| SUN ART RETAIL GRO HKD0.30 | 480,000 | 66,000 | - | 188,500 | 357,500 |
| THAI BEVERAGE PCL THB1 | 1,856,000 | 437,000 | - | 643,000 | 1,650,000 |
| TINGYI (CAYMAN ISLN) HLDG CO | - | 408,000 | - | 78,000 | 330,000 |
| TSINGTAO BREWERY CO LT ORD SER H | 128,000 | 3,000 | - | 131,000 | - |
| UNILEVER INDONESIA TBK PT | 224,000 | 34,200 | - | 71,200 | 187,000 |
| UNI-PRESIDENT ENTERPRISES CO | - | 871,000 | 40,320 | 196,320 | 715,000 |
| UNIVERSAL ROBINA CORP PHP1 | - | 169,770 | - | 31,720 | 138,050 |
| WANT WANT CHINA HOLDINGS LTD | 1,472,000 | 249,000 | - | 621,000 | 1,100,000 |
| YANTAI CHANGYU PIONEER-B 'B' CNY1 | 44,800 | 700 | - | 45,500 | - |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

S&P Global Consumer Brands ETF

| Investments | Beginning holdings as at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|--------------------------------------|--|-----------|----------------------|-----------|---|
| Consumer Discretionary | | | | | |
| ADIDAS AG NPV | 8,170 | 7,940 | - | 9,034 | 7,076 |
| BMW | 8,588 | 994 | - | 2,716 | 6,866 |
| BRIDGESTONE CORP COM | 22,800 | 6,000 | - | 7,200 | 21,600 |
| CHRISTIAN DIOR | 4,674 | 869 | - | 1,476 | 4,067 |
| CIE FINANCIERE RICHEMON-BR A | 9,994 | - | (9,454) | 540 | - |
| CIE FINANCIERE RICHEMON-REG | - | 1,802 | 9,454 | 3,156 | 8,100 |
| CONTINENTAL AG | 6,384 | 672 | - | 3,784 | 3,272 |
| DAIMLERCHRYSLER AG ORD | 13,718 | 1,444 | - | 6,713 | 8,449 |
| DENSO CORP ORD | - | 15,300 | - | - | 15,300 |
| FORD MTR CO DEL COM PAR \$0.01 | 62,320 | 56,860 | - | 68,880 | 50,300 |
| GALAXY ENTERTAINMENT GRP LTD HKD0.10 | - | 108,000 | - | 25,000 | 83,000 |
| GENERAL MOTORS CO COM USD0.01 | 28,880 | 3,040 | - | 31,920 | - |
| GROUPE FNAC GROUPE FNAC- RIGHTS | - | - | 3,496 | 3,496 | - |
| HENNES & MAURITZ AB-B SHS | 21,850 | 4,262 | - | 8,918 | 17,194 |
| HERMES INTERNATIONAL NPV | 2,394 | 252 | - | 2,646 | - |
| HONDA MOTOR CO LTD | - | 21,300 | - | - | 21,300 |
| HYUNDAI MOBIS | 2,888 | 814 | - | 956 | 2,746 |
| HYUNDAI MOTOR CO | 4,142 | 806 | - | 1,398 | 3,550 |
| INDITEX | 5,738 | 1,428 | - | 1,812 | 5,354 |
| KERING | 3,496 | 1,582 | - | 1,116 | 3,962 |
| KIA MOTORS CORPORATION | 16,568 | 4,732 | - | 6,492 | 14,808 |
| LAS VEGAS SANDS CORP COM USD0.001 | 15,580 | 1,640 | - | 8,020 | 9,200 |
| LI & FUNG LTD HKD0.0125 | 608,000 | 64,000 | - | 672,000 | - |
| LIBERTY GLOBAL INC-C W/ COM SER C | - | - | 9,390 | 9,390 | - |
| LIBERTY GLOBAL PLC | - | 9,390 | - | 9,390 | - |
| LUXOTTICA GROUP SPA EUR0.06 | 16,720 | 2,300 | - | 19,020 | - |
| LVMH MOET HENNESSY LOUI V SA | 4,560 | 1,173 | - | 1,440 | 4,293 |
| MCDONALDS CORP COM | 8,360 | 2,080 | - | 2,640 | 7,800 |
| MICHELIN (CGDE) | - | 6,240 | - | - | 6,240 |
| NIKE INC CL B | 14,820 | 1,560 | - | 6,680 | 9,700 |
| NISSAN MOTOR CO LTD | 79,800 | 35,500 | - | 25,200 | 90,100 |
| PEARSON PLC ORD GBP0.25 | 46,588 | 4,904 | - | 51,492 | - |
| PRADA S.P.A. COM EUR0.10 | 76,000 | 20,000 | - | 96,000 | - |
| PRICELINE.COM INC+ COM NEW | 1,140 | 120 | - | 660 | 600 |
| SANDS CHINA LTD | 167,200 | 17,600 | - | 88,400 | 96,400 |
| SWATCH GROUP AG/THE-BR | - | 1,206 | - | - | 1,206 |
| THOMSON REUTERS CORP COM NPV | - | 21,000 | - | 21,000 | - |
| TOYOTA MOTOR CORP | - | 13,900 | - | - | 13,900 |
| VOLKSWAGEN AG-PREF | 3,686 | 540 | - | 1,164 | 3,062 |
| WPP PLC | 49,856 | 7,429 | - | 19,528 | 37,757 |
| YUM BRANDS INC COM | 12,160 | 1,780 | - | 3,840 | 10,100 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

S&P Asia ex JANZ Financials ETF

| Investments | Beginning holdings as at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|---|--|-----------|----------------------|-----------|---|
| Financials | | | | | |
| AGRICULTURAL BANK OF CHINA-H 'H'CNV1 | 170,000 | 28,000 | - | 130,000 | 68,000 |
| AIA GROUP LTD USD1.00 | 58,000 | 12,800 | - | 43,600 | 27,200 |
| AMMB HOLDINGS BHD MYR1 | 7,000 | 700 | - | 4,900 | 2,800 |
| AXIS BANK LIMITED INR10 | 1,670 | 167 | - | 1,173 | 664 |
| AYALA CORPORATION PHP50 | 1,600 | 220 | - | 1,140 | 680 |
| AYALA LAND INC PHP1 | 40,000 | 6,200 | - | 29,800 | 16,400 |
| BANGKOK BANK PUBLIC CO-NVDR THB10 (NVDR) | 3,000 | 1,400 | - | 3,200 | 1,200 |
| BANK CENTRAL ASIA TBK PT IDR62.50 | 100,000 | 10,000 | - | 70,000 | 40,000 |
| BANK DANAMON INDONESIA TBK IDR50000 SER 'A' | 25,000 | 2,500 | - | 17,500 | 10,000 |
| BANK MANDIRI TBK PT | 70,000 | 7,000 | - | 49,000 | 28,000 |
| BANK NEGARA INDONESIA PT LKD SHS(IDR7500 & IDR375) | 55,000 | 5,500 | - | 38,500 | 22,000 |
| BANK OF AYUDHYA PUBLIC-NVDR THB10(NVDR) | 21,000 | 2,100 | - | 14,700 | 8,400 |
| BANK OF BARODA INR10 | 600 | 60 | - | 660 | - |
| BANK OF CHINA LTD-H 'H'HKD1 | 500,000 | 50,000 | - | 350,000 | 200,000 |
| BANK OF COMMUNICATIONS CO-H 'H'CNV1.00 | 60,000 | 6,000 | - | 42,000 | 24,000 |
| BANK OF PHILIPPINE ISLANDS | 10,400 | 1,040 | - | 7,320 | 4,120 |
| BANK OF PHILIPPINE ISL-RIGHTS(30JAN2014) | - | - | 643 | 643 | - |
| BANK RAKYAT INDONESIA PERSER IDR250 | 75,000 | 13,000 | - | 58,000 | 30,000 |
| BDO UNIBANK INC | 10,400 | 1,040 | - | 7,280 | 4,160 |
| BOC HONG KONG HOLDINGS LTD HKD5 | 25,000 | 2,500 | - | 17,500 | 10,000 |
| CAPITALAND LTD NPV | 20,000 | 2,000 | - | 14,000 | 8,000 |
| CAPITAMALL TRUST NPV (REIT) | 20,000 | 2,000 | - | 14,000 | 8,000 |
| CAPITAMALLS ASIA LTD NPV | 10,000 | 1,000 | - | 7,000 | 4,000 |
| CATHAY FINANCIAL HOLDING CO | 60,000 | 17,000 | 2,032 | 57,000 | 22,032 |
| CATHAY FINANCIAL HOLDING CO-RIGHTS | - | - | 2,038 | 2,038 | - |
| CENTRAL PATTANA PCL-NVDR THB1(NVDR) | - | 6,000 | - | 2,000 | 4,000 |
| CHANG HWA COMMERCIAL BANK | 30,000 | 3,000 | 1,260 | 22,260 | 12,000 |
| CHEUNG KONG HOLDINGS LTD HKD0.50 | 10,000 | 1,000 | - | 7,000 | 4,000 |
| CHINA CITIC BANK CORP LTD-H | 60,000 | 6,000 | - | 42,000 | 24,000 |
| CHINA CONSTRUCTION BANK-H 'H'CNV1 | 600,000 | 60,000 | - | 424,000 | 236,000 |
| CHINA DEVELOPMENT FINANCIAL | 100,000 | 10,000 | - | 70,000 | 40,000 |
| CHINA LIFE INSURANCE CO LTD TWD10 | 20,000 | 2,000 | 1,680 | 14,000 | 9,680 |
| CHINA LIFE INSURANCE CO-H 'H'CNV1 | 50,000 | 5,000 | - | 35,000 | 20,000 |
| CHINA MERCHANTS BANK - H (RIGHTS) | - | - | 3,132 | 3,132 | - |
| CHINA MERCHANTS BANK - H 'H'CNV1 | 30,000 | 6,000 | - | 22,000 | 14,000 |
| CHINA MINSHENG BANKING-H 'H'CNV1 | 40,000 | 4,000 | - | 28,000 | 16,000 |
| CHINA OVERSEAS LAND & INVEST HKD0.10 | 20,000 | 2,000 | - | 14,000 | 8,000 |
| CHINA PACIFIC INSURANCE GR-H 'H'CNV1 | 14,000 | 1,400 | - | 9,800 | 5,600 |
| CHINA RESOURCES LAND LTD HKD0.10 | 20,000 | 2,000 | - | 14,000 | 8,000 |
| CHINA VANKE CO LTD -B 'B'CNV1 | 10,000 | 1,000 | - | 7,000 | 4,000 |
| CHINATRUST FINANCIAL HOLDING - RIGHTS | 7,731 | - | (7,731) | - | - |
| CHINATRUST FINANCIAL HOLDING TWD10 | 100,000 | 11,800 | 11,931 | 79,731 | 44,000 |
| CIMB GROUP HOLDINGS BHD MYR1 | 16,000 | 2,700 | - | 11,900 | 6,800 |
| CITIC SECURITIES CNY1 'H' | 5,000 | 500 | - | 3,500 | 2,000 |
| COUNTRY GARDEN HOLDINGS CO HKD0.10 | - | 30,000 | - | 10,000 | 20,000 |
| DBS GROUP HOLDINGS LTD NPV | 10,000 | 1,000 | - | 7,000 | 4,000 |
| DLF LIMITED | 2,600 | 425 | - | 3,025 | - |
| E.SUN FINANCIAL HOLDINGS CO TWD10 | 30,000 | 7,200 | 1,800 | 23,000 | 16,000 |
| FIRST FINANCIAL HOLDING CO TWD10 | 50,000 | 5,000 | 1,950 | 36,950 | 20,000 |
| FUBON FINANCIAL HOLDING CO | 50,000 | 5,000 | - | 35,000 | 20,000 |
| GLOBAL LOGISTIC PROPERTIES L NPV | 20,000 | 2,000 | - | 14,000 | 8,000 |
| HAITONG SECURITIES 'H'CNV1 | 12,000 | 1,200 | - | 8,400 | 4,800 |
| HANA FINANCIAL GROUP KRW5000 | 1,800 | 510 | 322 | 1,792 | 840 |
| HANG LUNG DEVELOPMENT CO HANG LUNG DEVELOPMENT CO | 10,000 | 1,000 | - | 11,000 | - |
| HANG LUNG PROPERTIES LTD HKD1 | 10,000 | 7,000 | - | 9,000 | 8,000 |
| HANG SENG BANK HKD5 | 5,000 | 500 | - | 3,500 | 2,000 |
| HANWHA LIFE INSURANCE CO LTD | 1,800 | 180 | - | 1,260 | 720 |
| HDFC BANK LTD INR2 | 8,420 | 1,040 | - | 6,068 | 3,392 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

S&P Asia ex JANZ Financials ETF (continued)

| Investments | Beginning holdings as at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|--|--|-----------|----------------------|-----------|---|
| Financials (continued) | | | | | |
| HENDERSON LAND DEVELOPMENT HKD2 | 10,000 | 1,000 | 1,000 | 8,000 | 4,000 |
| HONG KONG EXCHANGES & CLEAR HKD1 | 8,000 | 800 | - | 5,600 | 3,200 |
| HONG LEONG BANK BERHAD | 3,000 | 300 | - | 2,100 | 1,200 |
| HONG LEONG FINANCIAL GROUP MYR1 | 2,000 | 200 | - | 1,400 | 800 |
| HONGKONG LAND HOLDINGS LTD ORD USD0.10(BERMUDA REG) | 10,000 | 1,000 | - | 7,000 | 4,000 |
| HOUSING DEVELOPMENT FINANCE INR2 | 11,240 | 1,208 | - | 7,976 | 4,472 |
| HUA NAN FINANCIAL HOLDINGS C | 50,000 | 5,000 | 1,500 | 36,500 | 20,000 |
| ICICI BANK LTD INR10(100%DEMAT) | 4,100 | 454 | - | 2,922 | 1,632 |
| IND & COMM BK OF CHINA-H 'H'CNV1 | 590,000 | 70,000 | - | 424,000 | 236,000 |
| INDUSTRIAL BANK OF KOREA KRW5000 | 1,300 | 130 | - | 950 | 480 |
| KASIKORNBANK PCL-NVDR THB10 (NVDR) | 9,000 | 900 | - | 6,300 | 3,600 |
| KB FINANCIAL GROUP INC KRW5000 | 2,800 | 280 | - | 1,960 | 1,120 |
| KLCC PROPERTY HOLDINGS BHD | - | 1,800 | - | 600 | 1,200 |
| KOREA EXCHANGE BANK KRW5000 | 1,700 | - | (1,700) | - | - |
| KOTAK MAHINDRA BANK LTD INR5 | 1,790 | 310 | - | 1,320 | 780 |
| KRUNG THAI BANK - NVDR THB5.15(NVDR) | 25,000 | 3,600 | - | 18,600 | 10,000 |
| LINK REIT NPV | 15,000 | 1,500 | - | 10,500 | 6,000 |
| LONGFOR PROPERTIES | - | 6,000 | - | 2,000 | 4,000 |
| MALAYAN BANKING BHD MYR1 | 18,000 | 2,900 | - | 13,300 | 7,600 |
| MEGA FINANCIAL HOLDING CO LT TWD10 | 70,000 | 7,000 | 2,000 | 53,000 | 26,000 |
| MEGA FINANCIAL HOLDING CO LTD - RIGHTS | - | - | 866 | 866 | - |
| METROPOLITAN BANK & TRUST PHP20 | 6,200 | 620 | 1,116 | 4,736 | 3,200 |
| NEW CHINA LIFE INSURANCE C-H | 4,000 | 400 | - | 2,800 | 1,600 |
| OVERSEA-CHINESE BANKING CORP NPV | 20,000 | 2,000 | - | 14,000 | 8,000 |
| PEOPLE'S INSURANCE 'H'CNV1 | 50,000 | 5,000 | - | 35,000 | 20,000 |
| PICC PROPERTY & CASUALTY -H PICC PROPERTY | 20,000 | 24,000 | - | 36,000 | 8,000 |
| PICC PROPERTY & CASUALTY -RIGHTS | - | - | 2,200 | 2,200 | - |
| PING AN INSURANCE GROUP CO-H 'H'CNV1 | 15,000 | 1,500 | - | 10,500 | 6,000 |
| PUBLIC BK BHD MYR1 | 8,000 | 800 | - | 5,600 | 3,200 |
| RHB CAPITAL BHD MYR1 | 5,000 | 1,600 | - | 4,600 | 2,000 |
| RUENTEX DEVELOPMENT CO LTD TWD10 | - | 6,000 | - | 2,000 | 4,000 |
| SAMSUNG FIRE & MARINE INS KRW500 | 310 | 31 | - | 233 | 108 |
| SAMSUNG LIFE INSURANCE CO KRW5000 | 770 | 256 | - | 602 | 424 |
| SHIMAO PROPERTY HOLDINGS LTD HKD0.10 | - | 6,000 | - | 2,000 | 4,000 |
| SHIN KONG FINANCIAL HOLDING | - | - | 2,889 | 2,889 | - |
| SHIN KONG FINANCIAL HOLDING TWD10 | 50,000 | 16,000 | 944 | 42,944 | 24,000 |
| SHINHAN FINANCIAL GROUP LTD KRW5000 | 3,500 | 350 | - | 2,490 | 1,360 |
| SIAM COMMERCIAL BANK P-NVDR THB10 (NVDR) | 11,000 | 1,100 | - | 7,700 | 4,400 |
| SINGAPORE EXCHANGE LTD NPV | 10,000 | 1,000 | - | 7,000 | 4,000 |
| SINO LAND CO HKD1 | 20,000 | 2,000 | - | 22,000 | - |
| SINOPAC FINANCIAL HOLDINGS TWD10 | 50,000 | 8,611 | 2,389 | 37,000 | 24,000 |
| SM PRIME HOLDINGS INC PHP1 | 51,000 | 7,500 | - | 36,500 | 22,000 |
| STATE BANK OF INDIA INR10 | 980 | 131 | - | 715 | 396 |
| SUN HUNG KAI PROPERTIES HKD0.50 | 10,000 | 1,000 | - | 7,000 | 4,000 |
| SWIRE PACIFIC LTD 'A' 'A'HKD0.60 | 5,000 | 500 | - | 3,500 | 2,000 |
| SWIRE PROPERTIES LTD HKD1 | 8,000 | 800 | - | 5,600 | 3,200 |
| TAISHIN FINANCIAL HOLDINGS TWD10 | 50,000 | 5,000 | 2,672 | 37,672 | 20,000 |
| TAISHIN FINANCIAL HOL-RIGHTS (03APR2014) | - | - | 969 | - | 969 |
| TAIWAN COOPERATIVE FINANCIAL TWD0.10 | 40,000 | 4,000 | 1,440 | 29,440 | 16,000 |
| UEM LAND HOLDINGS BHD MYR0.5 | 9,000 | 2,000 | - | 7,400 | 3,600 |
| UNITED OVERSEAS BANK LTD NPV | 10,000 | 1,000 | - | 7,000 | 4,000 |
| WHARF HOLDINGS LTD HKD1 | 10,000 | 1,000 | - | 7,000 | 4,000 |
| WOORI FINANCE HLDG KRW5000 | 2,500 | 360 | - | 1,860 | 1,000 |
| YUANTA FINANCIAL HOLDING CO LTD | 70,000 | 7,000 | - | 49,000 | 28,000 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

S&P Asia ex JANZ IT ETF

| Investments | Beginning holdings as at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|--|--|-----------|----------------------|-----------|---|
| Information Technology | | | | | |
| ACER INC TWD10 | 51,000 | - | - | 30,000 | 21,000 |
| ADVANCED SEMICONDUCTOR ENGR TWD10 | 119,000 | - | - | 70,000 | 49,000 |
| ADVANTECH CO LTD | - | 2,000 | - | - | 2,000 |
| ASUSTEK COMPUTER INC TWD10 | 17,000 | - | - | 11,000 | 6,000 |
| AU OPTRONICS CORP | 153,000 | 16,000 | - | 99,000 | 70,000 |
| BAIDU INC - SPON ADR ADS EACH REPR 10 ORD CLS'A | 5,100 | 140 | - | 3,040 | 2,200 |
| CATCHER TECHNOLOGY CO LTD SHS | 17,000 | - | - | 12,000 | 5,000 |
| COMPAL ELECTRONICS | 85,000 | - | - | 50,000 | 35,000 |
| DELTA ELECTRONICS INC TWD10 | 34,000 | 1,000 | - | 20,000 | 15,000 |
| EPISTAR CORP TWD10 | 17,000 | - | - | 11,000 | 6,000 |
| FIH MOBILE LTD | 51,000 | - | - | 30,000 | 21,000 |
| FLEXTRONICS INTL LTD ORD | - | 4,900 | - | - | 4,900 |
| FOXCONN TECHNOLOGY CO LTD | 17,000 | - | 350 | 10,350 | 7,000 |
| HCL TECHNOLOGIES LTD INR2 | 3,417 | 300 | - | 2,009 | 1,708 |
| HON HAI PRECISION INDUSTRY TWD10 | 204,000 | - | 8,400 | 122,400 | 90,000 |
| HTC CORP TWD10 | 17,000 | - | - | 11,000 | 6,000 |
| INFOSYS LTD | 9,911 | - | - | 6,044 | 3,867 |
| INNOLUX CORP | 136,000 | 15,000 | - | 86,000 | 65,000 |
| INOTERA MEMORIES INC TWD10 | - | 21,000 | - | 3,000 | 18,000 |
| INVENTEC CO LTD | - | 28,000 | - | 4,000 | 24,000 |
| LARGAN PRECISION CO LTD | - | 1,000 | - | - | 1,000 |
| LENOVO GROUP LTD | - | 56,000 | - | 6,000 | 50,000 |
| LG DISPLAY CO LTD | 4,590 | - | - | 2,770 | 1,820 |
| LITE-ON TECHNOLOGY CORP ORD | 51,000 | 3,000 | 119 | 37,119 | 17,000 |
| MEDIATEK INC | 34,000 | 5,000 | - | 27,000 | 12,000 |
| NANYA TECHNOLOGY CORPORATION | - | 28,000 | - | - | 28,000 |
| NCISOFT CORPORATION KRW500 | 340 | - | - | 340 | - |
| NETEASE INC-ADR | - | 700 | - | 100 | 600 |
| NHN CORP KRW500 | 986 | - | (147) | 601 | 238 |
| NHN ENTERTAINMENT CORP KRW500 | - | - | 146 | 146 | - |
| NOVATEK MICROELECTRONICS LTD | - | 7,000 | - | 2,000 | 5,000 |
| PEGATRON CORP TWD10 | 34,000 | - | - | 20,000 | 14,000 |
| POWERTECH TECHNOLOGY INC TWD10 | 17,000 | - | - | 17,000 | - |
| QUANTA COMPUTER INC | 68,000 | - | - | 47,000 | 21,000 |
| SAMSUNG ELECTRONICS CO LTD KRW5000 | 2,465 | - | - | 1,497 | 968 |
| SAMSUNG ELECTRONICS-PFD PFD KRW5000 | 476 | - | - | 293 | 183 |
| SAMSUNG SDI CO LTD KRW5000 | 748 | - | - | 447 | 301 |
| SILICONWARE PRECISION INDS TWD10 | 68,000 | 2,000 | - | 47,000 | 23,000 |
| SK HYNIX INC | 11,220 | - | - | 6,720 | 4,500 |
| SYNNEX TECHNOLOGY INTL CORP | 34,000 | - | - | 24,000 | 10,000 |
| TAIWAN SEMICONDUCTOR MANUFAC TWD10 | 374,000 | - | - | 227,000 | 147,000 |
| TATA CONSULTANCY SVS LTD INR1 | 9,656 | - | - | 5,892 | 3,764 |
| TENCENT HOLDINGS LTD HKD0.0001 | 22,100 | - | - | 13,700 | 8,400 |
| TPK HOLDING CO LTD TPK HOLDING CO LTD | - | 2,000 | - | - | 2,000 |
| UNIMICRON TECHNOLOGY CORP TWD10 | 34,000 | - | - | 34,000 | - |
| UNITED MICROELECTRONICS CORP | 255,000 | - | - | 157,000 | 98,000 |
| WIPRO LTD | 11,067 | - | 1,341 | 7,585 | 4,823 |
| WISTRON CORP TWD10 | 51,000 | - | 1,200 | 33,200 | 19,000 |
| WPG HOLDINGS CO LTD TWD10 | 34,000 | - | - | 22,000 | 12,000 |
| ZHEN DING TECHNOLOGY HOLDING ZHEN DING T | - | 3,000 | - | - | 3,000 |
| ZTE CORP-H CNY1 | - | 5,600 | - | - | 5,600 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

S&P Asia ex JANZ Industrials ETF

| Investments | Beginning holdings as at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|---|--|-----------|----------------------|-----------|---|
| Industrials | | | | | |
| ABOITIZ EQUITY VENTURES INC PHP1 | 69,600 | 5,660 | - | 43,260 | 32,000 |
| AIR CHINA LIMITED-H ORD CNY1 | 72,000 | - | - | 42,000 | 30,000 |
| AIRASIA BHD MYR0.1 | 51,600 | 3,600 | - | 55,200 | - |
| AIRPORTS OF THAILAND PC-NVDR THB10(NVDR) | - | 6,000 | - | - | 6,000 |
| ALLIANCE GLOBAL GROUP INC PHP1 | - | 59,500 | - | - | 59,500 |
| BEIJING ENTERPRISES HLDGS | - | 7,500 | - | - | 7,500 |
| BHARAT HEAVY ELECTRICALS | 18,468 | 1,572 | - | 11,515 | 8,525 |
| CHINA AIRLINES TWD10 | 72,000 | 5,000 | - | 42,000 | 35,000 |
| CHINA COMMUNICATIONS CONST-H 'H' CNY1 | 144,000 | 5,000 | - | 89,000 | 60,000 |
| CHINA MERCHANTS HLDGS INTL | 48,000 | - | - | 32,000 | 16,000 |
| CHINA RAILWAY GROUP LTD-H | 120,000 | 12,000 | - | 77,000 | 55,000 |
| CHINA RAILWAYS CONSTRUCTIO-H 'H' CNY1 | 54,000 | 6,000 | - | 35,000 | 25,000 |
| CSR CORP LTD - H | 60,000 | - | - | 35,000 | 25,000 |
| DMCI HOLDINGS INC PHP1 | 24,000 | 6,670 | - | 16,170 | 14,500 |
| DOOSAN HEAVY INDUSTRIES | 1,968 | 192 | - | 2,160 | - |
| EVA AIRWAYS CORP | 48,000 | 12,000 | - | 35,000 | 25,000 |
| EVERGREEN MARINE | 48,000 | 12,000 | - | 35,000 | 25,000 |
| FAR EASTERN NEW CENTURY CORP | 120,000 | 12,000 | 1,100 | 80,100 | 53,000 |
| FRASER & NEAVE LTD | 36,000 | - | - | 36,000 | - |
| HIWIN TECHNOLOGIES CORP TWD10 | 12,000 | - | 150 | 10,150 | 2,000 |
| HUTCHISON PORT HOLDINGS TR-U | 156,000 | 22,000 | - | 102,000 | 76,000 |
| HUTCHISON WHAMPOA ORD SHS | 72,000 | 2,000 | - | 42,000 | 32,000 |
| HYUNDAI ENGINEERING & CONSTR | 2,304 | 218 | - | 1,472 | 1,050 |
| HYUNDAI GLOVIS CO LTD | 672 | 48 | - | 471 | 249 |
| HYUNDAI HEAVY INDUSTRIES | 1,332 | 203 | - | 858 | 677 |
| INTL CONTAINER TERM SVCS INC | 24,360 | 3,120 | - | 16,280 | 11,200 |
| JARDINE MATHESON HLDGS ORD | 9,600 | 800 | - | 7,600 | 2,800 |
| JARDINE STR | 6,000 | 500 | - | 3,500 | 3,000 |
| JASA MARGA (PERSERO) TBK | - | 30,000 | - | - | 30,000 |
| JG SUMMIT HOLDINGS INC PHP1 | 85,200 | 8,200 | - | 53,900 | 39,500 |
| KEPPEL CORP LTD | 48,000 | - | - | 28,000 | 20,000 |
| KEPPEL REIT | - | - | 11,200 | 11,200 | - |
| LARSEN & TOUBRO LIMITED | 4,596 | 486 | 2,496 | 4,368 | 3,210 |
| LG CORP | 4,116 | 372 | - | 2,635 | 1,853 |
| MALAYSIA MARINE AND HEAVY EN | 12,000 | 1,200 | - | 13,200 | - |
| MISC BHD MYR1 | 13,200 | 8,000 | - | 7,700 | 13,500 |
| MTR CORP ORD SHS | 42,000 | 7,500 | - | 30,500 | 19,000 |
| SAMSUNG C&T CORP | 4,572 | 336 | - | 3,098 | 1,810 |
| SAMSUNG ENGINEERING CO LTD SHS | 1,032 | 72 | - | 1,104 | - |
| SAMSUNG HEAVY INDUSTRIES | 6,000 | 480 | - | 3,930 | 2,550 |
| SAN MIGUEL CORP | 29,760 | 2,680 | - | 18,690 | 13,750 |
| SEMBCORP INDUSTRIES LIMITED | 24,000 | 12,000 | - | 23,000 | 13,000 |
| SEMBCORP MARINE LTD | 24,000 | 1,000 | - | 14,000 | 11,000 |
| SHANGHAI ELECTRIC GRP CO L-H | 96,000 | - | - | 56,000 | 40,000 |
| SIME DARBY BERHAD | 75,600 | 8,500 | - | 48,400 | 35,700 |
| SINGAPORE AIRLINES LTD | 12,000 | 2,000 | - | 7,000 | 7,000 |
| SINGAPORE TECH ENGINEERING | 48,000 | 5,000 | - | 31,000 | 22,000 |
| SK HOLDINGS | 1,008 | 72 | - | 722 | 358 |
| SM INVESTMENTS CORP SHS | 7,680 | 1,820 | 2,100 | 7,100 | 4,500 |
| TAIWAN GLASS IND CORP TAIWAN GLASS IND C | 48,000 | - | - | 33,000 | 15,000 |
| TOP FRONTIER INVESTMENT HOLDINGS INC | - | - | 1,375 | 1,375 | - |
| UNITED TRACTORS TBK | 42,000 | 8,500 | - | 28,900 | 21,600 |
| ZOOMLION HEAVY INDUSTRY SCIENC | 43,200 | 5,800 | - | 28,000 | 21,000 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

S&P Asia ex JANZ Energy ETF

| Investments | Beginning holdings as at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|--|--|-----------|----------------------|-----------|---|
| Energy | | | | | |
| ADARO ENERGY TBK PT IDR100 | 164,000 | 45,000 | - | 45,000 | 164,000 |
| BANPU PUBLIC CO LTD-NVDR BANPU PUBLIC CO LTD-NVDR | 1,120 | 380 | - | 1,500 | - |
| BAYAN RESOURCES TBK BAYAN RESOURCES TBK | 8,000 | 2,000 | - | 10,000 | - |
| BHARAT PETROLEUM CORP LTD INR10 | 1,780 | 436 | - | 2,216 | - |
| BUMI ARMADA BERHAD MYR0.20 | 9,200 | 4,200 | - | 3,000 | 10,400 |
| CAIRN INDIA LIMITED INR10 | 4,672 | 1,294 | - | 1,270 | 4,696 |
| CHINA COAL ENERGY CO - H 'H'CNV1 | 44,000 | 15,000 | - | 15,000 | 44,000 |
| CHINA OILFIELD SERVICES-H 'H'CNV1 | 16,000 | 4,000 | - | 4,000 | 16,000 |
| CHINA PETROLEUM & CHEMICAL-H 'H'CNV1 | 168,000 | 111,600 | 50,400 | 66,000 | 264,000 |
| CHINA SHENHUA ENERGY CO - H 'H'CNV1.00 | 34,000 | 11,000 | - | 9,000 | 36,000 |
| CNOOC LTD HKD0.02 | 164,000 | 45,000 | - | 45,000 | 164,000 |
| COAL INDIA LTD INR10 | 6,484 | 1,792 | - | 1,764 | 6,512 |
| FORMOSA PETROCHEMICAL CORP TWD10 | 16,000 | 4,000 | - | 4,000 | 16,000 |
| INDIAN OIL CORPORATION LTD INR10 | 5,232 | 1,281 | - | 4,009 | 2,504 |
| KUNLUN ENERGY COMPANY LTD HKD0.01 | 32,000 | 8,000 | - | 8,000 | 32,000 |
| OIL & NATURAL GAS CORP LTD INR5 | 21,076 | 5,160 | - | 7,712 | 18,524 |
| OIL INDIA LTD INR10 | 1,356 | 452 | - | 384 | 1,424 |
| PETROCHINA CO LTD-H 'H'CNV1 | 204,000 | 66,000 | - | 54,000 | 216,000 |
| PETRONAS DAGANGAN BHD | 2,400 | 600 | - | 600 | 2,400 |
| PTT EXPLORTN & PRD THB1(NVDR) | 11,962 | 6,038 | - | 3,600 | 14,400 |
| PTT PCL-NVDR | 8,800 | 2,200 | - | 2,200 | 8,800 |
| RELIANCE INDUSTRIES LTD INR10(100%DEMAT) | 16,448 | 4,490 | - | 4,626 | 16,312 |
| SAPURAKENCANA PETROLEUM BHD MYR1 | 22,400 | 11,600 | - | 6,800 | 27,200 |
| SK INNOVATION CO LTD | 560 | 167 | - | 155 | 572 |
| S-OIL CORPORATION KRW2500 | 424 | 119 | - | 115 | 428 |
| THAI OIL PCL-NVDR THB10(NVDR) | 8,400 | 2,100 | - | 2,100 | 8,400 |
| YANZHOU COAL MINING CO-H 'H'CNV1 | 18,000 | 14,000 | - | 16,000 | 16,000 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the year from 1 April 2013 to 31 March 2014

S&P Asia ex JANZ Materials ETF

| Investments | Beginning holdings as at 1 April 2013 | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|---|--|-----------|----------------------|-----------|---|
| Materials | | | | | |
| ALUMINUM CORP OF CHINA LTD | 72,000 | 12,000 | - | - | 84,000 |
| ANHUI CONCH CEMENT CO LTD-H ORD CL H | 24,000 | 3,000 | - | - | 27,000 |
| ASIA CEMENT CORP SHS | 42,000 | 5,160 | 840 | - | 48,000 |
| ASIAN PAINTS LTD DEMAT EQUITY | 564 | 462 | 5,022 | 6 | 6,042 |
| CHINA PETROCHEMICAL DEV CORP CHINA PETRO | 42,200 | - | - | 42,200 | - |
| CHINA STEEL CORP | 234,000 | 15,660 | 2,340 | - | 252,000 |
| FORMOSA CHEM N FIB | 72,000 | - | 2,160 | 2,160 | 72,000 |
| FORMOSA PLASTICS CORP | 90,000 | 8,400 | 3,600 | - | 102,000 |
| HINDUSTAN ZINC LIMITED | | | | | |
| INR10(100%DEMAT) | 4,962 | 366 | - | - | 5,328 |
| HYUNDAI STEEL CO | 1,104 | 78 | - | - | 1,182 |
| INDOCEMENT TUNGGAL PRAKARSA TBK | 36,000 | - | - | 9,000 | 27,000 |
| INDORAMA VENTURES PCL-NVDR THB1(NVDR) | 34,200 | - | - | 34,200 | - |
| JIANGXI COPPER COMPANY-H SHS | 30,000 | 6,000 | - | 6,000 | 30,000 |
| JINDAL STEEL AND PWER IN5 DEMAT EQUITY | 7,296 | - | - | 7,296 | - |
| KOREA ZINC CO LTD | 270 | - | - | 6 | 264 |
| LG CHEM LTD-PREFERENCE | 102 | 66 | - | 6 | 162 |
| LG CHEMICAL LTD COMMON STOCK | 864 | 60 | - | 6 | 918 |
| LOTTE CHEMICAL CORP | 270 | 66 | - | - | 336 |
| NAN YA PLASTIC CORP | 114,000 | 6,000 | 1,200 | 13,200 | 108,000 |
| NMDC LIMITED INR1 | 7,764 | 8,892 | - | - | 16,656 |
| PETRONAS CHEMICALS GROUP BHD | 36,000 | 4,200 | - | - | 40,200 |
| POSCO | 1,560 | 78 | - | 24 | 1,614 |
| PTT GLOBAL CHEMICAL PCL-NVDR THB10(NVDR) | 32,400 | 2,400 | - | - | 34,800 |
| SEMEN INDONESIA PERSERO TBK PT | 57,000 | 3,000 | - | - | 60,000 |
| SESA STERLITE LIMITED | - | - | 9,475 | 9,475 | - |
| SIAM CEMENT PCL- NVDR | 6,000 | 600 | - | 600 | 6,000 |
| STEEL AUTHORITY OF INDIA LTD | 11,322 | - | - | 11,322 | - |
| STERLITE INDUSTRIES (INDIA) LTD | 15,792 | - | (15,792) | - | - |
| TAIWAN CEMENT | 60,000 | 6,000 | - | - | 66,000 |
| TAIWAN FERTILIZER CO LTD | 12,000 | - | - | - | 12,000 |
| TATA STEEL LIMITED SHS | 4,566 | 330 | - | - | 4,896 |
| ULTRATECH CEMENT LTD | 1,290 | 102 | - | 12 | 1,380 |
| ZIJIN MINING GROUP CO LTD | 120,000 | - | - | - | 120,000 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 11 June 2013 (date of inception) to 31 March 2014

MSCI China ETF

| Investments | Beginning holdings as at 11 June 2013 (date of inception) | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|---|---|-----------|----------------------|-----------|---|
| Consumer Discretionary | | | | | |
| ANTA SPORTS PRODUCTS LTD HKD0.10 | - | 133,000 | - | 63,000 | 70,000 |
| BELLE INTERNATIONAL HOLDINGS HKD0.01 | - | 462,000 | - | 182,000 | 280,000 |
| BOSIDENG INTL HLDGS LTD USD0.00001 | - | 196,000 | - | 196,000 | - |
| BRILLIANCE CHINA AUTOMOTIVE | - | 238,000 | - | 98,000 | 140,000 |
| BYD CO LTD-H | - | 61,500 | - | 26,500 | 35,000 |
| DAH CHONG HONG HKD0.15 | - | 91,000 | - | 91,000 | - |
| DAPHNE INTERNATIONAL HOLDING HKD0.10 | - | 66,000 | - | 66,000 | - |
| DONGFENG MOTOR GRP CO LTD-H | - | 218,000 | - | 78,000 | 140,000 |
| GEELY AUTOMOBILE ORD SHS | - | 655,000 | - | 305,000 | 350,000 |
| GOLDEN EAGLE RETAIL GROUP HKD0.10 | - | 105,000 | - | 105,000 | - |
| GOME ELECTRICAL APPLIANCES HKD0.1(POST CO) | - | 866,000 | - | 306,000 | 560,000 |
| GREAT WALL MOTOR COMPANY-H SHS H | - | 122,500 | - | 52,500 | 70,000 |
| GUANGZHOU AUTOMOBILE GROUP-H | - | 236,000 | - | 96,000 | 140,000 |
| HAIER ELECTRONICS GROUP CO HKD0.1 (POST) | - | 141,000 | - | 71,000 | 70,000 |
| INTIME RETAIL GROUP CO LTD | - | 124,000 | - | 54,000 | 70,000 |
| PARKSON RETAIL GROUP LTD HKD0.02 | - | 91,000 | - | 91,000 | - |
| SHENZHOU INTERNATIONAL GROUP HKD0.10 | - | 38,000 | - | 38,000 | - |
| ZHONGSHENG GROUP HOLDINGS | - | 57,500 | - | 22,500 | 35,000 |
| Consumer Staples | | | | | |
| BIOSTIME INTL HOLD HKD0.01 | - | 12,500 | - | 12,500 | - |
| CHINA AGRI-INDUSTRIES LTD | - | 243,000 | - | 103,000 | 140,000 |
| CHINA MENGNIU DAIRY CO HKD0.1 | - | 108,000 | - | 38,000 | 70,000 |
| CHINA RESOURCES ENTERPRISE | - | 84,000 | - | 84,000 | - |
| HENGAN INTL GROUP CO LTD HKD0.1 | - | 58,500 | - | 23,500 | 35,000 |
| SUN ART RETAIL GRO HKD0.30 | - | 223,500 | - | 83,500 | 140,000 |
| TINGYI (CAYMAN ISLN) HLDG CO | - | 256,000 | - | 116,000 | 140,000 |
| TSINGTAO BREWERY CO LTD-H 'H'CNV1 | - | 24,000 | - | 24,000 | - |
| UNI-PRESIDENT CHINA HOLDINGS | - | 119,000 | - | 49,000 | 70,000 |
| WANT WANT CHINA HOLDINGS LTD | - | 567,000 | - | 217,000 | 350,000 |
| WUMART STORES INC-H 'H'CNV1 | - | 34,000 | - | 34,000 | - |
| Energy | | | | | |
| CHINA COAL ENERGY CO - H 'H'CNV1 | - | 330,000 | - | 120,000 | 210,000 |
| CHINA OILFIELD SERVICES LTD | - | 286,000 | - | 146,000 | 140,000 |
| CHINA PETROLEUM & CHEMICAL-H | - | 2,150,000 | - | 750,000 | 1,400,000 |
| CHINA SHENHUA ENERGY CO - H CNY1'H' | - | 273,500 | - | 98,500 | 175,000 |
| CNOOC LTD HKD0.02 | - | 1,505,000 | - | 525,000 | 980,000 |
| KUNLUN ENERGY COMPANY LTD | - | 254,000 | - | 114,000 | 140,000 |
| PETROCHINA CO LTD-H | - | 1,716,000 | - | 596,000 | 1,120,000 |
| YANZHOU COAL MINING CO ORD CL H | - | 256,000 | - | 116,000 | 140,000 |
| Financials | | | | | |
| AGILE PROPERTY HOLDINGS LTD | - | 296,000 | - | 156,000 | 140,000 |
| AGRICULTURAL BK CH 'H'CNV1 | - | 1,785,000 | - | 665,000 | 1,120,000 |
| BANK OF CHINA LTD - H CNY1 | - | 6,181,000 | - | 2,191,000 | 3,990,000 |
| BANK OF COMMUNICATIONS - H 'H'CNV1.00 | - | 765,000 | - | 275,000 | 490,000 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 11 June 2013 (date of inception) to 31 March 2014

MSCI China ETF (continued)

| Investments | Beginning holdings as at 11 June 2013 (date of inception) | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|--|---|-----------|----------------------|-----------|---|
| Financials (continued) | | | | | |
| CHINA CINDA ASSET MANAGEME-H | - | 228,000 | - | 18,000 | 210,000 |
| CHINA CITIC BANK CORP LTD-H | - | 659,000 | - | 239,000 | 420,000 |
| CHINA CONSTRUCTION BANK-H | - | 5,962,000 | - | 2,112,000 | 3,850,000 |
| CHINA EVERBRIGHT LIMITED HKD1 | - | 58,000 | - | 58,000 | - |
| CHINA LIFE INSURANCE CO-H 'H' CNY1 | - | 660,000 | - | 240,000 | 420,000 |
| CHINA MERCHANTS BANK - H (RIGHTS) | - | - | 45,414 | 45,414 | - |
| CHINA MERCHANTS BANK - H CHINA MERCHANTS | - | 370,000 | - | 125,000 | 245,000 |
| CHINA MINSHENG BANKING-H | - | 425,000 | - | 145,000 | 280,000 |
| CHINA OVERSEAS GRAND OCEANS GROUP LTD | - | 146,000 | - | 76,000 | 70,000 |
| CHINA OVERSEAS LAND & INVEST | - | 500,000 | - | 220,000 | 280,000 |
| CHINA PACIFIC INSURANCE GR-H 'H' CNY1 | - | 213,400 | - | 73,400 | 140,000 |
| CHINA RESOURCES LAND LTD SHS | - | 250,000 | - | 110,000 | 140,000 |
| CHINA TAIPING INSURANCE HOLDIN | - | 68,200 | - | 26,200 | 42,000 |
| CHONGQING RURAL CO CNY1 H SHARE | - | 223,000 | - | 83,000 | 140,000 |
| CITIC SECURITIES CNY1 'H' | - | 105,000 | - | 35,000 | 70,000 |
| COUNTRY GARDEN HOLDINGS CO HKD0.10 | - | 420,000 | - | 210,000 | 210,000 |
| EVERGRANDE REAL ESTATE GROUP USD0.01 | - | 535,000 | - | 185,000 | 350,000 |
| FAR EAST HORIZON L HKD0.01 REG S | - | 107,000 | - | 37,000 | 70,000 |
| FRANSHION PROPERTIES HKD1 | - | 282,000 | - | 142,000 | 140,000 |
| GREENTOWN CHINA HOLDINGS HKD0.10 | - | 52,500 | - | 17,500 | 35,000 |
| GUANGZHOU R&F PROPERTIES - H | - | 92,000 | - | 36,000 | 56,000 |
| HAITONG SECURITIES 'H' CNY1 | - | 99,600 | - | 43,600 | 56,000 |
| IND & COMM BK OF CHINA-H | - | 6,084,000 | - | 2,164,000 | 3,920,000 |
| LONGFOR PROPERTIES | - | 109,500 | - | 39,500 | 70,000 |
| NEW CHINA LIFE INSURANCE C-H | - | 60,100 | - | 18,100 | 42,000 |
| NEW WORLD CHINA LAND L SHS | - | 210,000 | - | 70,000 | 140,000 |
| PEOPLE'S INSURANCE 'H' CNY1 | - | 420,000 | - | 140,000 | 280,000 |
| PICC PROPERTY & CASUALTY -H 'H' CNY1 | - | 248,000 | - | 108,000 | 140,000 |
| PING AN INSURANCE GROUP CO-H 'H' CNY1 | - | 161,500 | - | 56,500 | 105,000 |
| POLY PROPERTY GROUP CO LTD | - | 253,000 | - | 113,000 | 140,000 |
| SHIMAO PROPERTY HOLDINGS LTD HKD0.10 | - | 111,500 | - | 41,500 | 70,000 |
| SHUI ON LAND LTD USD0.0025 | - | 315,000 | - | 140,000 | 175,000 |
| SINO-OCEAN LAND HOLDINGS | - | 286,500 | - | 111,500 | 175,000 |
| SOHO CHINA LTD | - | 163,500 | - | 58,500 | 105,000 |
| YUEXIU PROPERTY COMPANY LTD | - | 428,000 | - | 148,000 | 280,000 |
| Health Care | | | | | |
| CSPC PHARMACEUTICAL GROUP LTD | - | 152,000 | - | 12,000 | 140,000 |
| SHANDONG WEIGAO GP MEDICAL-H 'H' CNY0.1 | - | 116,000 | - | 116,000 | - |
| SHANGHAI PHARMACEU 'H' CNY1 | - | 55,400 | - | 20,400 | 35,000 |
| SIHUAN PHARMACEUTICAL HLDGS HKD0.01 | - | 245,000 | - | 105,000 | 140,000 |
| SINO BIOPHARMACEUTICAL HKD0.025 (POST CO) | - | 580,000 | - | 300,000 | 280,000 |
| SINOPHARM GROUP CO-H 'H' SHS CNY1 | - | 86,800 | - | 30,800 | 56,000 |
| Industrials | | | | | |
| AIR CHINA LIMITED-H ORD CNY1 | - | 266,000 | - | 126,000 | 140,000 |
| AVICHINA INDUSTRY & TECH-H 'H' CNY1 | - | 140,000 | - | 140,000 | - |
| BEIJING CAPITAL INTL AIRPORT | - | 262,000 | - | 122,000 | 140,000 |
| BEIJING ENTERPRISES HLDGS | - | 61,000 | - | 26,000 | 35,000 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 11 June 2013 (date of inception) to 31 March 2014

MSCI China ETF (continued)

| Investments | Beginning holdings as at 11 June 2013 (date of inception) | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|---|---|-----------|----------------------|-----------|---|
| Industrials (continued) | | | | | |
| CHINA COMMUNICATIONS CONST-H 'H' CNY1 | - | 352,000 | - | 142,000 | 210,000 |
| CHINA EVERBRIGHT INTL LTD HKD0.10 | - | 234,000 | - | 94,000 | 140,000 |
| CHINA INTL MARINE 'H' CNY1 | - | 43,100 | - | 15,100 | 28,000 |
| CHINA MERCHANTS HLDGS INTL HKD0.10 | - | 76,000 | - | 76,000 | - |
| CHINA RAILWAY GROUP LTD-H | - | 323,000 | - | 113,000 | 210,000 |
| CHINA RAILWAYS CONSTRUCTIO-H 'H' CNY1 | - | 159,500 | - | 54,500 | 105,000 |
| CHINA SHIPPING CONTAINER-H CNY1 | - | 328,000 | - | 118,000 | 210,000 |
| CHINA SOUTHERN AIRLINES CO-H 'H' CNY1 | - | 182,000 | - | 182,000 | - |
| CHINA STATE CONSTRUCTION INT HKD0.1 | - | 270,000 | - | 130,000 | 140,000 |
| CITIC PACIFIC COMMON | - | 116,000 | - | 46,000 | 70,000 |
| COSCO HOLDINGS - H 'H' CNY1.00 | - | 210,500 | - | 70,500 | 140,000 |
| COSCO PACIFIC LIMITED | - | 276,000 | - | 136,000 | 140,000 |
| CSR CORP LTD - H | - | 196,000 | - | 126,000 | 70,000 |
| HAITIAN INTERNATIONAL HLDGS HKD0.10 | - | 22,000 | - | 22,000 | - |
| JIANGSU EXPRESS CO LTD-H 'H' CNY1 | - | 82,000 | - | 82,000 | - |
| SHANGHAI ELECTRIC GRP CO L-H | - | 226,000 | - | 86,000 | 140,000 |
| SHANGHAI INDUSTRIAL HLDG LTD HKD0.10 | - | 33,000 | - | 33,000 | - |
| SINOPEC ENGINEERING GROUP-H | - | 90,500 | - | 20,500 | 70,000 |
| WEICHAI POWER CO LTD-H 'H' CNY1 | - | 33,000 | - | 33,000 | - |
| ZHEJIANG EXPRESSWAY CO-H | - | 292,000 | - | 152,000 | 140,000 |
| ZHUZHOU CSR TIMES ELECTRIC-H 'H' CNY1 | - | 38,000 | - | 3,000 | 35,000 |
| ZOOMLION HEAVY INDUSTRY SCIENC | - | 109,400 | - | 39,400 | 70,000 |
| Information Technology | | | | | |
| AAC TECHNOLOGIES HOLDINGS IN | - | 58,000 | - | 23,000 | 35,000 |
| GCL POLY ENERGY HOLDINGS LTD | - | 816,000 | - | 256,000 | 560,000 |
| HANERGY SOLAR GROUP LTD | - | 886,000 | - | 326,000 | 560,000 |
| KINGBOARD CHEMICALS HOLDINGS | - | 54,000 | - | 19,000 | 35,000 |
| LENOVO GROUP LTD | - | 494,000 | - | 214,000 | 280,000 |
| TENCENT HOLDINGS LTD ORD HKD0.0001 | - | 85,100 | - | 29,100 | 56,000 |
| ZTE CORP-H CNY1 | - | 48,000 | - | 20,000 | 28,000 |
| Materials | | | | | |
| ALUMINUM CORP OF CHINA LTD | - | 420,000 | - | 280,000 | 140,000 |
| ANHUI CONCH CEMENT CO LTD-H ORD CL H | - | 109,000 | - | 39,000 | 70,000 |
| BBMG CORPORATION - H | - | 113,500 | - | 43,500 | 70,000 |
| CHINA BLUECHEMICAL LTD - H 'H' CNY1 | - | 270,000 | - | 130,000 | 140,000 |
| CHINA NATIONAL BUILDING MA-H 'H' CNY1 | - | 230,000 | - | 90,000 | 140,000 |
| CHINA RESOURCES CEMENT | - | 256,000 | - | 116,000 | 140,000 |
| CHINA SHANSHUI CEMENT GROUP USD0.01 | - | 127,000 | - | 127,000 | - |
| FOSUN INTERNATIONAL HKD0.10 | - | 150,500 | - | 80,500 | 70,000 |
| JIANGXI COPPER COMPANY-H SHS | - | 111,000 | - | 41,000 | 70,000 |
| LEE & MAN PAPER MANUFACTURIN | - | 129,000 | - | 59,000 | 70,000 |
| NINE DRAGONS PAPER HOLDINGS | - | 128,000 | - | 58,000 | 70,000 |
| SHOUGANG FUSHAN RESOURCES GROUP LTD | - | 250,000 | - | 110,000 | 140,000 |
| SINOPEC SHANGHAI PETROCHEM | - | 210,000 | 78,000 | 148,000 | 140,000 |
| YINGDE GASES GROUP COMPANY USD0.000001 | - | 119,000 | - | 49,000 | 70,000 |
| ZHAOJIN MINING INDUSTRY - H 'H' CNY1 | - | 61,000 | - | 61,000 | - |
| ZIJIN MINING GROUP CO LTD | - | 476,000 | - | 196,000 | 280,000 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 11 June 2013 (date of inception) to 31 March 2014

MSCI China ETF (continued)

| Investments | Beginning holdings as at 11 June 2013 (date of inception) | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|--|---|-----------|----------------------|-----------|---|
| Telecommunication Services | | | | | |
| CHINA COMMUNICATIONS SERVI-H 'H'CNV1 | - | 224,000 | - | 84,000 | 140,000 |
| CHINA MOBILE (HK)LTD | - | 486,500 | - | 171,500 | 315,000 |
| CHINA TELECOM CORP LTD SHS H | - | 1,114,000 | - | 414,000 | 700,000 |
| CHINA UNICOM HONG KONG LTD | - | 456,000 | - | 176,000 | 280,000 |
| Utilities | | | | | |
| BEIJING ENTERPRISES WATER GR HKD0.1(POST) | - | 252,000 | - | 112,000 | 140,000 |
| CHINA GAS HOLDINGS LTD HKD0.01 | - | 260,000 | - | 120,000 | 140,000 |
| CHINA LONGYUAN POWER GROUP-H | - | 216,000 | - | 76,000 | 140,000 |
| CHINA RESOURCES GAS GROUP LT HKD0.10 | - | 60,000 | - | 60,000 | - |
| CHINA RESOURCES POWER HOLDIN HKD1 | - | 260,000 | - | 120,000 | 140,000 |
| DATANG INTL POWER | - | 236,000 | - | 96,000 | 140,000 |
| ENN ENERGY HOLDINGS LTD | - | 50,000 | - | 50,000 | - |
| GUANGDONG INVESTMENT LTD | - | 216,000 | - | 76,000 | 140,000 |
| HUANENG POWER INTL ORD CL H | - | 252,000 | - | 112,000 | 140,000 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 11 June 2013 (date of inception) to 31 March 2014

Hang Seng High Dividend Yield ETF

| Investments | Beginning holdings as at 11 June 2013 (date of inception) | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|---|---|-----------|----------------------|-----------|---|
| Consumer Discretionary | | | | | |
| BOSIDENG INTL HLDGS LTD | - | 6,120,000 | - | 846,000 | 5,274,000 |
| SJM HOLDINGS LIMITED | - | 340,000 | - | 102,000 | 238,000 |
| WYNN MACAU LTD HKD0.001 | - | 299,200 | - | 43,600 | 255,600 |
| YUE YUEN INDUSTRIAL HLDG SHS | - | 367,500 | - | 40,000 | 327,500 |
| BOSIDENG INTL HLDGS LTD | - | 6,120,000 | - | 846,000 | 5,274,000 |
| Energy | | | | | |
| CHINA PETROLEUM & CHEMICAL-H | - | 1,250,000 | - | 144,000 | 1,106,000 |
| CNOOC LTD HKD0.02 | - | 288,000 | - | 32,000 | 256,000 |
| PETROCHINA CO LTD-H | - | 494,000 | - | 48,000 | 446,000 |
| Financials | | | | | |
| AGRICULTURAL BK CH 'H'CN¥1 | - | 1,772,000 | - | 208,000 | 1,564,000 |
| BANK EAST ASIA LTD ORD | - | 157,600 | - | 17,600 | 140,000 |
| BANK OF CHINA LTD - H CNY1 | - | 2,191,000 | - | 232,000 | 1,959,000 |
| BANK OF COMMUNICATIONS - H 'H'CN¥1.00 | - | 1,020,000 | - | 123,000 | 897,000 |
| BOC HONG KONG HOLDINGS LTD | - | 242,500 | - | 28,000 | 214,500 |
| CHAMPION REIT | - | 1,994,000 | - | 208,000 | 1,786,000 |
| CHINA CONSTRUCTION BANK-H | - | 1,020,000 | - | 149,000 | 871,000 |
| CHINA EVERBRIGHT LTD | - | 272,000 | - | 48,000 | 224,000 |
| CHINA MERCHANTS BANK - H (RIGHTS) | - | - | 65,076 | 65,076 | - |
| CHINA MERCHANTS BANK - H CHINA MERCHANTS | - | 428,500 | - | 44,000 | 384,500 |
| CHINA MINSHENG BANKING-H | - | 503,000 | - | 52,000 | 451,000 |
| FORTUNE REIT NPV (REIT) | - | 814,000 | - | 80,000 | 734,000 |
| HANG LUNG PROPERTIES LTD | - | 138,000 | - | 16,000 | 122,000 |
| HANG SENG BANK | - | 47,600 | - | 6,600 | 41,000 |
| HONG KONG EXCHANGES & CLEAR | - | 27,200 | - | 4,800 | 22,400 |
| HSBC HOLDINGS PLC | - | 59,200 | - | 6,400 | 52,800 |
| HYSAN DEVELOPMENT CO | - | 106,000 | - | 8,000 | 98,000 |
| IND & COMM BK OF CHINA-H | - | 1,224,000 | - | 161,000 | 1,063,000 |
| LINK REIT NPV | - | 118,000 | - | 12,000 | 106,000 |
| NEW WORLD DEVELOPMENT | - | 386,000 | - | 32,000 | 354,000 |
| NEW WORLD DEVELOPMENT-RIGHTS (17APR2014) | - | - | 118,000 | - | 118,000 |
| SINO LAND CO | - | 504,000 | - | 48,000 | 456,000 |
| SOHO CHINA LTD | - | 986,000 | - | 172,000 | 814,000 |
| SUN HUNG KAI PROPERTIES | - | 68,000 | - | 30,000 | 38,000 |
| SWIRE PAC LTD CL A | - | 48,500 | - | 4,000 | 44,500 |
| WHARF HOLDINGS | - | 68,000 | - | 29,000 | 39,000 |
| Health Care | | | | | |
| CHINA SHINEWAY PHARMACEUTICA HKD0.10 | - | 302,000 | - | 32,000 | 270,000 |
| Industrials | | | | | |
| CITIC PACIFIC COMMON | - | 718,000 | - | 80,000 | 638,000 |
| HOPEWELL HIGHWAY INFRASTRUCT | - | 2,720,000 | - | 547,000 | 2,173,000 |
| HOPEWELL HOLDINGS | - | 262,500 | - | 28,000 | 234,500 |
| HUTCHISON WHAMPOA ORD SHS | - | 68,000 | - | 33,000 | 35,000 |
| SHANGHAI INDUSTRIAL ORD SHS | - | 224,000 | - | 24,000 | 200,000 |
| Information Technology | | | | | |
| KINGBOARD LAMINATES HOLDING HKD0.10 | - | 2,074,000 | - | 273,000 | 1,801,000 |
| VTECH HOLDINGS LTD ORD | - | 77,400 | - | 30,500 | 46,900 |
| Materials | | | | | |
| ZIJIN MINING GROUP CO LTD | - | 3,958,000 | - | 368,000 | 3,590,000 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 11 June 2013 (date of inception) to 31 March 2014

Hang Seng High Dividend Yield ETF (Continued)

| Investments | Beginning holdings as at 11 June 2013 (date of inception) | Additions | Corporate actions | Disposals | Closing holdings as at 31 March 2014 |
|---|---|-----------|----------------------|-----------|---|
| Telecommunication Services | | | | | |
| CHINA COMMUNICATIONS SERVI-H 'H'CNV1 | - | 816,000 | - | 124,000 | 692,000 |
| CHINA MOBILE (HK)LTD | - | 68,000 | - | 15,500 | 52,500 |
| HUTCHISON TELECOMMUNICATIONS HKD0.25 | - | 1,632,000 | - | 370,000 | 1,262,000 |
| PCCW LTD | - | 1,774,000 | - | 192,000 | 1,582,000 |
| SMARTONE TELECOMM HLDG ORD | - | 748,000 | - | 166,000 | 582,000 |
| Utilities | | | | | |
| CHEUNG KONG INFRASTRUCTURE | - | 75,000 | - | 8,000 | 67,000 |
| CLP HOLDINGS LIMITED | - | 76,500 | - | 8,000 | 68,500 |
| DATANG INTL POWER | - | 1,398,000 | - | 144,000 | 1,254,000 |
| GUANGDONG INVESTMENT LTD | - | 576,000 | - | 64,000 | 512,000 |
| POWER ASSETS HOLDINGS LTD | - | 68,000 | - | 10,500 | 57,500 |

HORIZONS EXCHANGE TRADED FUNDS SERIES

PERFORMANCE RECORD (UNAUDITED)

NET ASSET VALUE

| | <u>As at 31 March 2014</u> | | <u>As at 31 March 2013</u> | | <u>As at 31 March 2012</u> | |
|-----------------------------------|---------------------------------|--|---------------------------------|--|---------------------------------|--|
| | Dealing net asset value HK\$ | Dealing net asset value per unit HK\$ | Dealing net asset value HK\$ | Dealing net asset value per unit HK\$ | Dealing net asset value HK\$ | Dealing net asset value per unit HK\$ |
| KOSPI 200 ETF | 40,483,212 | 20.2417 | 29,482,256 | 19.6548 | 378,245,836 | 19.3973 |
| S&P Emerging Asia Consumer ETF | 235,301,414 | 21.3911 | 277,707,424 | 21.6959 | – | – |
| S&P Global Consumer Brands ETF | 181,259,947 | 30.2100 | 188,467,622 | 24.7984 | – | – |
| S&P Asia ex JANZ Financials ETF | 18,782,587 | 23.4783 | 49,224,669 | 24.6123 | – | – |
| S&P Asia ex JANZ IT ETF | 39,593,740 | 28.2813 | 82,211,714 | 24.1799 | – | – |
| S&P Asia ex JANZ Industrials ETF | 21,818,925 | 21.8190 | 52,585,524 | 21.9106 | – | – |
| S&P Asia ex JANZ Energy ETF | 13,791,612 | 17.2396 | 15,437,347 | 19.2967 | – | – |
| S&P Asia ex JANZ Materials ETF | 21,475,134 | 17.8960 | 21,797,026 | 18.1642 | – | – |
| MSCI China ETF | 292,775,092 | 20.9126 | – | – | – | – |
| Hang Seng High Dividend Yield ETF | 236,314,608 | 19.6929 | – | – | – | – |

HIGHEST ISSUE PRICE AND LOWEST REDEMPTION PRICE PER UNIT

| | <u>For the period ended 31 March 2014</u> | | <u>For the period ended 31 March 2013</u> | | <u>For the period from 10 January 2011 (date of initial offer) to 31 March 2012</u> | |
|--|---|---|---|---|---|---|
| | Highest issue price per unit HK\$ | Lowest redemption price per unit HK\$ | Highest issue price per unit HK\$ | Lowest redemption price per unit HK\$ | Highest issue price per unit HK\$ | Lowest redemption price per unit HK\$ |
| KOSPI 200 ETF | 21.2317 | 16.5428 | 20.9724 | 16.4844 | 22.4829 | 14.7942 |
| S&P Emerging Asia Consumer ETF ¹ | 23.2310 | 19.2629 | 22.5014 | 18.7318 | – | – |
| S&P Global Consumer Brands ETF ¹ | 30.9525 | 23.7727 | 25.0827 | 19.2746 | – | – |
| S&P Asia ex JANZ Financials ETF ¹ | 25.7892 | 21.8490 | 25.5139 | 19.1092 | – | – |
| S&P Asia ex JANZ IT ETF ¹ | 29.2698 | 21.6384 | 25.0737 | 19.6922 | – | – |
| S&P Asia ex JANZ Industrials ETF ¹ | 22.5493 | 19.2404 | 22.8255 | 18.5077 | – | – |
| S&P Asia ex JANZ Energy ETF ¹ | 19.4402 | 15.6194 | 22.3627 | 17.1193 | – | – |
| S&P Asia ex JANZ Materials ETF ¹ | 19.1097 | 15.7342 | 22.8138 | 17.4210 | – | – |
| MSCI China ETF ² | 23.1139 | 17.8478 | – | – | – | – |
| Hang Seng High Dividend Yield ETF ² | 21.0082 | 18.4980 | – | – | – | – |

¹The financial period of these Sub-Funds, which were new additions to the Trust during the period ended 31 March 2013, extended from 18 January 2012 (date of inception) to 31 March 2013.

²The financial period of these Sub-Funds, which were new additions to the Trust during the period ended 31 March 2014, commences from 11 June 2013 (date of inception) to 31 March 2014.

HORIZONS EXCHANGE TRADED FUNDS SERIES

PERFORMANCE RECORD (UNAUDITED) (CONTINUED)

PERFORMANCE OF THE SUB-FUNDS

| | <u>For the period ended</u> <u>31 March 2014</u> | | <u>For the period ended</u> <u>31 March 2013</u> | | <u>For the period from 10 January 2011 (date of</u> <u>initial offer) to 31 March 2012</u> | |
|--|---|-----------------------------|---|-----------------------------|---|-----------------------------|
| | Sub-Fund performance (%) | Index performance (%) | Sub-Fund performance (%) | Index performance (%) | Sub-Fund performance (%) | Index performance (%) |
| KOSPI 200 ETF | 3.82 | 2.21 | 1.33 | 0.71 | (4.29) | (4.70) |
| S&P Emerging Asia Consumer ETF ¹ | (1.35) | 0.20 | 7.59 | 9.26 | – | – |
| S&P Global Consumer Brands ETF ¹ | 21.76 | 23.49 | 20.54 | 22.15 | – | – |
| S&P Asia ex JANZ Financials ETF ¹ | (4.51) | (2.93) | 20.91 | 22.89 | – | – |
| S&P Asia ex JANZ IT ETF ¹ | 17.73 | 18.67 | 20.39 | 22.18 | – | – |
| S&P Asia ex JANZ Industrials ETF ¹ | (0.36) | 1.57 | 6.40 | 7.61 | – | – |
| S&P Asia ex JANZ Energy ETF ¹ | (10.69) | (9.08) | (6.64) | (3.66) | – | – |
| S&P Asia ex JANZ Materials ETF ¹ | (0.82) | 0.28 | (11.45) | (9.29) | – | – |
| MSCI China ETF ² | 14.37 | 6.68 | – | – | – | – |
| Hang Seng High Dividend Yield ETF ² | 0.84 | 1.07 | – | – | – | – |

Fund performance and index performance for all the Sub-Funds above are calculated in HK\$.

¹The financial period of these Sub-Funds, which were new additions to the Trust during the period ended 31 March 2013, extended from 18 January 2012 (date of inception) to 31 March 2013.

²The financial period of these Sub-Funds, which were new additions to the Trust during the period ended 31 March 2014, commences from 11 June 2013 (date of inception) to 31 March 2014.

HORIZONS EXCHANGE TRADED FUNDS SERIES

Manager

Mirae Asset Global Investments (Hong Kong) Limited
Level 15, Three Pacific Place
1 Queen's Road East
Hong Kong

Directors of the Manager

Mr. Hyeon Joo Park
Mr. Jung Ho Rhee
Mr. Wan Youn Cho
Mr. Byung Ha Kim

Trustee

Cititrust Limited
50th Floor, Citibank Tower
Citibank Plaza, 3 Garden Road
Central, Hong Kong

Custodian

Citibank N.A.
50th Floor, Citibank Tower
Citibank Plaza, 3 Garden Road
Central, Hong Kong

Service Agent

HK Conversion Agency Services Limited
2nd Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Legal Adviser to the Manager

Simmons & Simmons
13th Floor, One Pacific Place
88 Queensway
Hong Kong

Auditors

Ernst & Young
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Participating Dealers

ABN AMRO Clearing Hong Kong Limited
70th Floor, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Barclays Bank PLC
41st Floor, Cheung Kong Centre
2 Queen's Road Central
Central, Hong Kong

BNP Paribas Securities Services[#]
21st-23rd Floor, PCCW Tower
Taikoo Place, 979 King's Road, Quarry Bay
Hong Kong

China International Capital Corporation Hong Kong Securities Limited[#]
29th Floor, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Participating Dealers (continued)

CIMB Securities Limited[#]
Unit 7706-8, Level 77, International Commerce Centre,
1 Austin Road West, Kowloon
Hong Kong

Citigroup Global Markets Asia Limited^o
50th Floor, Citibank Tower
Citibank Plaza, 3 Garden Road
Central, Hong Kong

Credit Suisse Securities (Hong Kong) Limited^o
88th Floor, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Goldman Sachs (Asia) Securities Limited
68th Floor, Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

Macquarie Bank Limited[#]
18/F, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Merrill Lynch Far East Limited⁺
15th Floor, Citibank Tower
3 Garden Road, Central
Hong Kong

Mirae Asset Securities (HK) Limited
Suite 1502, Level 15, Three Pacific Place
1 Queen's Road East
Hong Kong

Nomura International (Hong Kong) Limited⁺
30th Floor, Two International Finance Centre
8 Finance Street
Central, Hong Kong

SG Securities (HK) Limited⁺
38th Floor, Three Pacific Place
1 Queen's Road East, Hong Kong

Shenyin Wanguo Securities (H.K.) Limited[#]
Level 19, 28 Hennessy Road
Hong Kong

UBS Securities Hong Kong Limited⁺
46-52/F, Two International Finance Centre
8 Finance Street, Central
Hong Kong

⁺ In respect of KOSPI 200 ETF, MSCI China ETF and Hang Seng High Dividend Yield ETF only.

[#] In respect of MSCI China ETF and Hang Seng High Dividend Yield ETF only.

^o In respect of KOSPI 200 ETF, S&P Emerging Asia Consumer ETF, S&P Global Consumer Brands ETF, S&P Asia ex JANZ Financials ETF, S&P Asia ex JANZ IT ETF, S&P Asia ex JANZ Industrials ETF, S&P Asia ex JANZ Energy ETF and S&P Asia ex JANZ Materials ETF only.

