



HORIZONS
EXCHANGE TRADED FUNDS

EXCHANGE TRADED CONCEPTS TRUST II

Horizons S&P 500[®] Covered Call ETF

Horizons S&P Financial Select Sector Covered Call ETF

Annual Report

April 30, 2014



Exchange Traded Concepts

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Before investing you should carefully consider the Funds’ investment objectives, risks, charges and expenses. This and other information is available in the Funds’ prospectus, a copy of which may be obtained by visiting the Funds’ website at www.HorizonsETFs.com/USA. Please read the prospectus carefully before you invest.

There are risks involved with investing, including possible loss of principal, and there is no guarantee the Funds will achieve their investment objectives. The Funds are non-diversified and may invest a greater portion of their assets in securities of a small number of issuers, which may have an adverse effect on Fund performance. Concentration in a particular industry or sector will subject the Funds to loss due to adverse occurrences that may affect that industry or sector.

Individual shares of the Funds may be purchased or sold in the secondary market throughout the regular trading day on the NYSE Arca through a brokerage account. However, shares are not individually redeemable directly from the Funds. Each Fund issues and redeems shares on a continuous basis, at NAV, only in large blocks of shares (“Creation Units”), principally in-kind for securities included in the relevant Index.

Distributor: Foreside Fund Services, LLC

Dear Investor,

This was the first full year of operations for Horizons ETFs Management (USA) LLC. Over the past 12 months, as at May 30, 2014, we have launched two new covered call ETFs in the U.S., including the Horizons S&P 500[®] Covered Call Index ETF ("HSPX") and the Horizons S&P Financial Select Sector Covered Call ETF ("HFIN"). Apart from our covered call ETFs, we also launched the Horizons Korea KOSPI 200 ETF ("HKOR") through the Horizons ETF Trust. Having successfully launched over 70 ETFs around the world to date, I know full well that early investors form the bedrock of success for new ETFs, and this is why I can't thank you enough for choosing to invest in Horizons ETFs USA.

We think existing shareholders of our covered call ETFs will be well-served over the next year and beyond, as we find it hard to imagine the U.S. market keeping up the positive momentum it has had for the past two years.

HSPX underperformed its reference index, the S&P 500[®] Index, this year. This was expected, since the S&P 500[®] Index is amidst one of the strongest and longest bull markets in its history. Over the past 12 months, to May 30, 2014, the S&P 500[®] Index rose to approximately 1,900 from its 1,500 level. Covered call* writing has the potential to outperform in most market conditions, but not in the long lasting bull market we have been experiencing. Similarly, HFIN has been performing relatively well since its November launch. It returned 1.31% in the year-to-date (YTD), as at May 30, 2014, only a slight underperformance compared to its Index, the S&P 500[®] Financial Select Sector Stock Covered Call Index, which returned 1.64% YTD, also as at May 30, 2014. We are extremely satisfied with the performance of both ETFs. These are among the most challenging market conditions covered call writing has historically faced — strong market returns accompanied by very low volatility. Both ETFs were able to generate favorable returns that kept pace with the market, even if they slightly underperformed.

While it would be premature to predict a market pullback, it could be argued that the U.S. stock market is overextended; thus, it is likely returns in the future will be muted. This is the ideal condition for covered call writing, where investors can generate higher relative returns in a long-only strategy by harvesting call premiums from covered calls.

We appreciate your continued business and trust in our ETF solutions.

Sincerely,



Howard Atkinson,
Managing Director, Horizons ETFs USA

* A covered call option involves holding a long position in a particular asset, in this case U.S. common equities, and writing a call option on that same asset with the goal of realizing additional income from the option premium.

The views expressed in this letter were those of Horizons ETFs Management (USA) LLC as of June 30, 2014 and may not necessarily reflect views on the date this letter is first published or anytime thereafter. These views are intended to help shareholders in understanding the Funds' present investment methodology and do not constitute investment advice.

General Review

For the period since its inception on June 24, 2013, through April 30, 2014, (“Reporting Period”), Horizons S&P 500[®] Covered Call ETF (“HSPX”)’s net asset value per share had a return of 15.59% inclusive of distributions paid to shareholders during the Reporting Period. This was comparable to the S&P 500[®] Stock Covered Call Index¹ (“SPXCC Index” or “Underlying Index”), which returned 15.57% for the same period, on a total return basis. HSPX had an average monthly distribution yield (distributions divided by the current net asset value per unit) of 1.80% over the Reporting Period based on the aggregate distribution of \$0.64340 made by HSPX to shareholders for the same period.

Market Review

The S&P 500[®] Index² (“S&P 500[®]”) increased by 20.37% during the Reporting Period, on a total return basis, and all of the sectors in the S&P 500[®] experienced positive returns during the Reporting Period. The industrials sector had the largest increase, up 26.74%, which is reflective of the expanding US economy. The healthcare sector also contributed to the S&P 500[®] with an increase of 25.73% during the Reporting Period while telecommunications services was the worst performing sector, increasing by only 5.94% over the same period. Generally, large stock market increases result in lower realized volatility, lower implied volatility and lower net call-option³ premiums and this was reflected in the SPXCC Index’s returns which were lower than those of the S&P 500[®] for the period. This underperformance of the SPXCC Index was solely a result of the option buy-back costs (where a call-option previously written was repurchased so as not to have the underlying equity called away) which were higher than the premiums received. The standard deviation (the square-root of the variance) of returns for the SPXCC Index was 9.06% versus 10.73% for the S&P 500[®] for the same period supporting the premise that the SPXCC Index may produce a lower volatility of returns.

Option Writing Strategy

HSPX seeks investment results that, before fees and expenses, generally correspond to the performance of the SPXCC Index. The SPXCC Index seeks to provide higher returns than the S&P 500[®] Index, with lower volatility, in most market environments with the exception of periods when the stock market is rapidly rallying. During each month, options are generally written on up to 100% of the equities in the HSPX portfolio, where possible. Premiums are received from selling call options approximately 0.75 annualized standard deviations out-of-the-money (“OTM”), meaning the strike price is above the current market price. Call options are written to a 100% position coverage if the delta (a measurement of price sensitivity) of the target OTM strike price is less than, or equal to, 0.30. Otherwise, the call option position coverage is adjusted to a delta of 0.25. HSPX’s monthly distributions are not fixed, but vary as the premiums generated from covered call⁴ writing are earned and passed through. Monthly distributions could change with changes in implied volatility (the estimated future volatility of a security’s price), time to expiration and dividends received from securities in the portfolio during an option expiry period.

Rebalancing

HSPX’s equity positions are rebalanced quarterly to align with the holdings in the SPXCC Index and the S&P 500[®]. The most recent rebalancing was performed on March 21st, 2014. The SPXCC Index, and thus the HSPX portfolio, made adjustments to its equity holdings for corporate actions and adds/deletes at the same time as the S&P 500[®] to ensure efficient tracking to the Underlying Index.

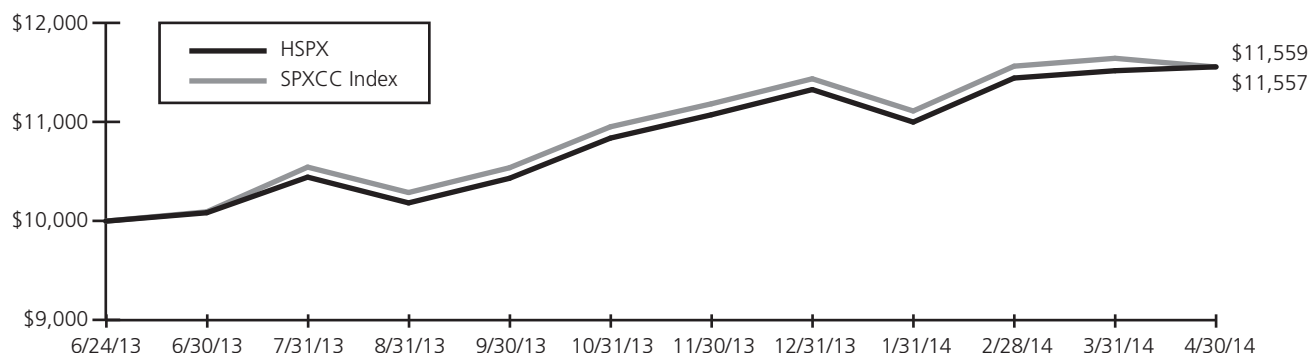
¹ The S&P 500[®] Stock Covered Call Index (the “Underlying Index”) measures the performance of a hypothetical portfolio that employs a covered call strategy on the S&P 500[®].

² The S&P 500[®] is an unmanaged index of 500 common stocks primarily traded on the New York Stock Exchange, weighted by market capitalization.

³ An option is a contract sold by one party to another that gives the buyer the right, but not the obligation, to buy (call) or sell (put) a stock at an agreed upon price within a certain period or on a specific date.

⁴ A covered call option involves holding a long position in a particular asset, in this case U.S. common equities, and writing a call option on that same asset with the goal of realizing additional income from the option premium.

**Growth of a \$10,000 Investment
(at Net Asset Value)**



The line graph above represents a hypothetical investment of \$10,000, made at its inception, in HSPX and the SPXCC Index, assuming the reinvestment of distributions.

| | Inception Date | Cumulative Total Return as of 4/30/14 | Expense Ratio * | |
|-------------------|----------------|---------------------------------------|-----------------|-------|
| | | Since Inception | Gross | Net |
| HSPX | 6/24/2013 | 15.59% | 0.65% | 0.65% |
| SPXCC Index | 6/24/2013 | 15.57% | | |

* Reflects the expense ratio as reported in the Prospectus dated June 18, 2013.

The performance data quoted herein represents past performance and the return and value of an investment in the Fund will fluctuate so that shares, when redeemed or sold in the market, may be worth more or less than their original cost. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Past performance is no guarantee of future performance and should not be considered as a representation of the future results of the Fund. The Fund’s performance assumes the reinvestment of all dividends and all capital gains. Index returns assume reinvestment of dividends and, unlike a Fund’s returns, do not reflect any fees or expenses. If such fees and expenses were included in the index returns, the performance would have been lower. Please note that one cannot invest directly in an unmanaged index. For HSPX’s most recent month end performance, please visit www.HorizonsETFs.com/USA.

There are no assurances that the Fund will meet its stated objectives.

The Fund’s holdings and allocations are subject to change and should not be considered recommendations to buy individual securities. The information provided herein represents the opinion of Horizons ETFs Management (USA) LLC for the period stated and is subject to change at any time.

See definition of SPXCC Index in Management’s Discussion of Fund Performance.

Net Asset Value - The dollar value of a single share, based on the value of the underlying assets of the fund minus its liabilities, divided by the number of shares outstanding. Calculated at the end of each business day.

General Review

For the period since its inception on November 18, 2013, through April 30, 2014, (“Reporting Period”), Horizons S&P Financial Select Sector Covered Call ETF (“HFIN”)’s net asset value per share had a return of 3.61% inclusive of distributions paid to shareholders during the Reporting Period. This was comparable to the S&P 500[®] Financial Select Sector Covered Call Index¹ (“IXMCC Index” or “Underlying Index”) which returned 4.00% for the same period, on a total return basis. HFIN had an average monthly distribution yield of 3.17% over the Reporting Period based on the aggregate distribution of \$0.53821 made by HFIN to shareholders for the same period.

Market Review

The financials sector was the second highest sector weight in the S&P 500[®] Index (“S&P 500[®]”), at 15.84%, as of April 30, 2014, and had a significant influence on the S&P 500[®]’s performance which increased by 4.95% during the Reporting Period. The financial sector component of the S&P 500[®] decreased by more than the S&P 500[®], as a whole, for the period, as well as during each monthly option expiry cycle². This often resulted in higher realized stock volatility and implied option volatility levels because the financials sector generally lacked the diversification benefits of the S&P 500[®] as a whole. Relative to the S&P 500[®] Financial Select Sector Index³ performance for the period, which was 4.74%, the IXMCC Index slightly underperformed as a result of the fact that option buy-back costs were greater than the option premiums generated in certain months. The standard deviation of returns for the IXMCC Index was 9.37% versus 10.99% for the S&P 500[®] Financial Select Sector Index for the same period supporting the premise that the IXMCC Index may produce a lower volatility of returns.

Option Writing Strategy

HFIN seeks investment results that, before fees and expenses, generally correspond to the performance of the IXMCC Index. The IXMCC Index seeks to provide higher returns than the S&P 500[®] Financial Select Sector Index with lower volatility in most market environments, with the exception of periods when the stock market is rapidly rallying. During each month, options are generally written on up to 100% of the equities in the HFIN portfolio, where possible. Premiums are received from selling call options approximately 0.75 annualized standard deviations out-of-the-money (“OTM”). Call options are written to a 100% position coverage if the delta of the target OTM strike price is less than, or equal to, 0.30. Otherwise, the call option position coverage is adjusted a delta of 0.25. HFIN’s monthly distributions are not fixed, but vary as the premiums generated from covered call writing are earned and passed through. Monthly distributions could change with changes in implied volatility, time to expiration and dividends received from securities in the portfolio during an option expiry period.

Rebalancing

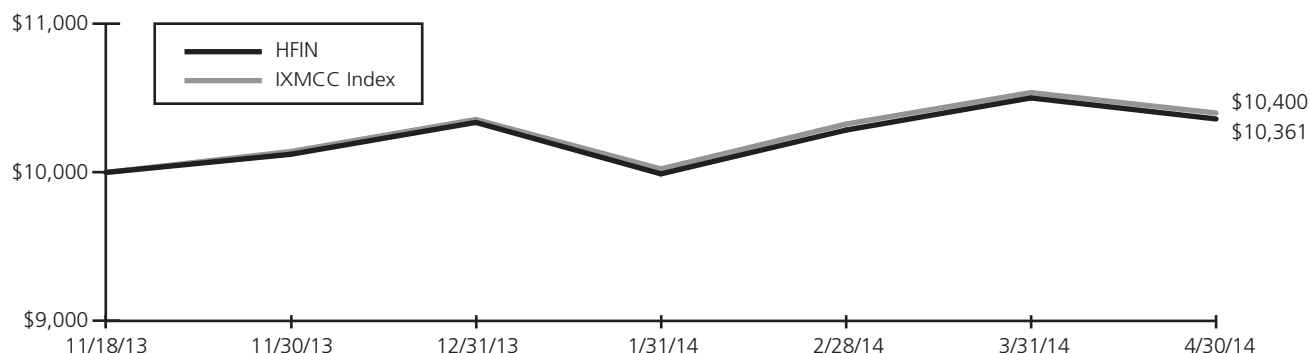
HFIN’s equity positions are rebalanced quarterly to align with the holding in the IXMCC Index and the S&P 500[®] Financial Select Sector Index. The most recent rebalancing was performed on March 21st, 2014. The IXMCC Index, and thus the HFIN portfolio, made adjustments to its equity holdings for corporate actions and adds/deletes at the same time as the S&P 500[®] Financial Select Sector Index to ensure efficient tracking to this reference index.

¹ The S&P 500[®] Financial Select Sector Stock Covered Call Index (the “Underlying Index”) measures the performance of a hypothetical portfolio that employs a covered call strategy on the S&P Financial Select Sector Index.

² The recurring cycle of expiry months for which options on a particular security can be available.

³ The S&P 500[®] Financial Select Sector Index is a modified market capitalization-based index intended to track the movements of companies that are components of the S&P 500 and are involved in the development or production of financial products.

Growth of a \$10,000 Investment
(at Net Asset Value)



The line graph above represents a hypothetical investment of \$10,000, made at its inception, in HFIN and the IXMCC Index, assuming the reinvestment of distributions.

| | Inception Date | Cumulative Total Return as of 4/30/14 | Expense Ratio * | |
|-------------------|----------------|---------------------------------------|-----------------|-------|
| | | Since Inception | Gross | Net |
| HFIN | 11/18/2013 | 3.61% | 0.70% | 0.70% |
| IXMCC Index | 11/18/2013 | 4.00% | | |

* Reflects the expense ratio as reported in the Prospectus dated June 18, 2013.

The performance data quoted herein represents past performance and the return and value of an investment in the Fund will fluctuate so that shares, when redeemed or sold in the market, may be worth more or less than their original cost. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Past performance is no guarantee of future performance and should not be considered as a representation of the future results of the Fund. The Fund's performance assumes the reinvestment of all dividends and all capital gains. Index returns assume reinvestment of dividends and, unlike a Fund's returns, do not reflect any fees or expenses. If such fees and expenses were included in the index returns, the performance would have been lower. Please note that one cannot invest directly in an unmanaged index. For HFIN's most recent month end performance, please visit www.HorizonsETFs.com/USA.

There are no assurances that the Fund will meet its stated objectives.

The Fund's holdings and allocations are subject to change and should not be considered recommendations to buy individual securities. The information provided herein represents the opinion of Horizons ETFs Management (USA) LLC for the period stated and is subject to change at any time.

See definition of IXMCC Index in Management's Discussion of Fund Performance.

Net Asset Value - The dollar value of a single share, based on the value of the underlying assets of the fund minus its liabilities, divided by the number of shares outstanding. Calculated at the end of each business day.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF PORTFOLIO INVESTMENTS

April 30, 2014

| Security Description | Shares | Value (\$) |
|---|--------|------------|
| COMMON STOCKS 100.9% | | |
| Consumer Discretionary 11.9% | | |
| Amazon.com, Inc. * | 604 | 183,695 |
| AutoNation, Inc. * | 104 | 5,511 |
| AutoZone, Inc. * | 54 | 28,830 |
| Bed Bath & Beyond, Inc. * | 349 | 21,683 |
| Best Buy Co., Inc. | 444 | 11,513 |
| BorgWarner, Inc. | 370 | 22,992 |
| Cablevision Systems Corp., Class A | 348 | 5,812 |
| Carnival Corp. | 712 | 27,989 |
| CBS Corp., Class B | 896 | 51,753 |
| Chipotle Mexican Grill * | 50 | 24,925 |
| Coach, Inc. | 456 | 20,360 |
| Coca-Cola Enterprises, Inc. | 385 | 17,494 |
| Comcast Corp., Class A | 4,237 | 219,308 |
| D.R. Horton, Inc. | 462 | 10,293 |
| Darden Restaurants, Inc. | 212 | 10,539 |
| Delphi Automotive PLC | 455 | 30,412 |
| DIRECTV * | 770 | 59,752 |
| Discovery Communications, Inc., Class A * | 361 | 27,400 |
| Dollar General Corp. * | 479 | 27,035 |
| Dollar Tree, Inc. * | 338 | 17,600 |
| Expedia, Inc. | 167 | 11,855 |
| Family Dollar Stores, Inc. | 159 | 9,341 |
| Ford Motor Co. | 6,387 | 103,150 |
| Fossil Group, Inc. * | 79 | 8,425 |
| Gamestop Corp. | 190 | 7,539 |
| Gannett Co., Inc. | 370 | 10,053 |
| Gap, Inc. | 430 | 16,899 |
| Garmin, Ltd. | 199 | 11,363 |
| General Motors Co. | 2,110 | 72,753 |
| Genuine Parts Co. | 250 | 21,780 |
| Goodyear Tire & Rubber Co. | 401 | 10,105 |
| Graham Holdings Co. | 7 | 4,699 |
| H&R Block, Inc. | 444 | 12,618 |
| Harley-Davidson, Inc. | 359 | 26,544 |
| Harman International Industries, Inc. | 109 | 11,947 |
| Hasbro, Inc. | 187 | 10,334 |
| International Game Technology | 404 | 5,070 |
| Johnson Controls, Inc. | 1,079 | 48,706 |
| Kohl's Corp. | 327 | 17,916 |
| L Brands, Inc. | 400 | 21,680 |
| Leggett & Platt, Inc. | 229 | 7,525 |
| Lennar Corp. | 271 | 10,458 |
| Lowe's Cos., Inc. | 1,700 | 78,047 |
| Macy's, Inc. | 599 | 34,401 |
| Marriott International, Inc., Class A | 359 | 20,797 |
| Mattel, Inc. | 550 | 21,568 |
| McDonald's Corp. | 1,609 | 163,119 |

| Security Description | Shares | Value (\$) |
|---|--------|------------------|
| COMMON STOCKS, Continued | | |
| Consumer Discretionary, continued | | |
| Michael Kors Holdings, Ltd. * | 300 | 27,360 |
| Mohawk Industries, Inc. * | 100 | 13,241 |
| Netflix.com, Inc. * | 100 | 32,204 |
| Newell Rubbermaid, Inc. | 453 | 13,640 |
| News Corp., Class A * | 809 | 13,769 |
| Nike, Inc., Class B | 1,208 | 88,125 |
| Nordstrom, Inc. | 232 | 14,217 |
| Omnicom Group, Inc. | 418 | 28,290 |
| O'Reilly Automotive, Inc. * | 174 | 25,889 |
| PetSmart, Inc. | 168 | 11,370 |
| Polo Ralph Lauren Corp. | 100 | 15,137 |
| Priceline.com, Inc. * | 84 | 97,251 |
| Pulte Group, Inc. | 560 | 10,298 |
| PVH Corp. | 132 | 16,575 |
| Ross Stores, Inc. | 352 | 23,964 |
| Scripps Networks Interactive, Inc. | 178 | 13,362 |
| Staples, Inc. | 1,073 | 13,413 |
| Starbucks Corp. | 1,225 | 86,510 |
| Starwood Hotels & Resorts Worldwide, Inc. | 311 | 23,838 |
| Target Corp. | 1,027 | 63,416 |
| The Home Depot, Inc. | 2,288 | 181,920 |
| The Interpublic Group of Cos., Inc. | 676 | 11,776 |
| The Walt Disney Co. | 2,643 | 209,697 |
| Time Warner Cable, Inc., Class A | 451 | 63,798 |
| Time Warner, Inc. | 1,451 | 96,433 |
| TJX Cos., Inc. | 1,156 | 67,256 |
| Tractor Supply Co. | 226 | 15,196 |
| TripAdvisor, Inc. * | 180 | 14,533 |
| Twenty-First Century Fox, Inc. | 3,154 | 100,991 |
| Under Armour, Inc. * | 261 | 12,760 |
| Urban Outfitters, Inc. * | 177 | 6,311 |
| VF Corp. | 572 | 34,943 |
| Viacom, Inc., Class B | 647 | 54,982 |
| Whirlpool Corp. | 127 | 19,479 |
| Wyndham Worldwide Corp. | 211 | 15,053 |
| Wynn Resorts, Ltd. | 131 | 26,710 |
| Yum! Brands, Inc. | 719 | 55,356 |
| | | <u>3,222,651</u> |
| Consumer Staples 9.8% | | |
| Altria Group, Inc. | 3,234 | 129,716 |
| Archer-Daniels-Midland Co. | 1,069 | 46,747 |
| Avon Products, Inc. | 705 | 10,772 |
| Brown-Forman Corp., Class B | 263 | 23,596 |
| Campbell Soup Co. | 300 | 13,647 |
| Clorox Co. | 209 | 18,956 |
| Coca-Cola Co. | 6,156 | 251,103 |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF PORTFOLIO INVESTMENTS (Continued)

April 30, 2014

| Security Description | Shares | Value (\$) | Security Description | Shares | Value (\$) |
|------------------------------------|--------|------------------|---|--------|------------------|
| COMMON STOCKS, Continued | | | COMMON STOCKS, Continued | | |
| Consumer Staples, continued | | | Energy, continued | | |
| Colgate-Palmolive Co. | 1,418 | 95,431 | EOG Resources, Inc. | 886 | 86,828 |
| ConAgra Foods, Inc. | 685 | 20,899 | Exxon Mobil Corp. | 7,014 | 718,303 |
| Constellation Brands, Inc. * | 270 | 21,557 | FMC Technologies, Inc. * | 384 | 21,773 |
| Costco Wholesale Corp. | 710 | 82,133 | Halliburton Co. | 1,379 | 86,973 |
| CVS Caremark Corp. | 1,924 | 139,913 | Helmerich & Payne, Inc. | 175 | 19,014 |
| Dr. Pepper Snapple Group, Inc. | 326 | 18,067 | Hess Corp. | 444 | 39,587 |
| Estee Lauder Cos., Class A | 416 | 30,190 | Kinder Morgan, Inc. | 1,094 | 35,730 |
| General Mills, Inc. | 1,015 | 53,815 | Marathon Oil Corp. | 1,132 | 40,922 |
| Hormel Foods Corp. | 218 | 10,396 | Marathon Petroleum Corp. | 478 | 44,430 |
| Kellogg Co. | 418 | 27,935 | Murphy Oil Corp. | 279 | 17,697 |
| Keurig Green Mountain, Inc. | 209 | 19,579 | Nabors Industries, Ltd. | 422 | 10,769 |
| Kimberly-Clark Corp. | 616 | 69,146 | National-Oilwell Varco, Inc. | 696 | 54,657 |
| Kraft Foods Group, Inc. | 968 | 55,041 | Newfield Exploration Co. * | 223 | 7,549 |
| Kroger Co. | 838 | 38,582 | Noble Corp. PLC | 412 | 12,694 |
| Lorillard, Inc. | 588 | 34,939 | Noble Energy, Inc. | 584 | 41,920 |
| McCormick & Co., Inc. | 214 | 15,237 | Occidental Petroleum Corp. | 1,291 | 123,613 |
| Mead Johnson Nutrition Co. | 328 | 28,949 | Peabody Energy Corp. | 438 | 8,326 |
| Molson Coors Brewing Co. | 257 | 15,412 | Phillips 66 | 955 | 79,475 |
| Mondelez International, Inc. | 2,765 | 98,573 | Pioneer Natural Resources Co. | 230 | 44,452 |
| Monster Beverage Corp. * | 220 | 14,731 | QEP Resources, Inc. | 300 | 9,207 |
| PepsiCo, Inc. | 2,473 | 212,406 | Range Resources Corp. | 265 | 23,969 |
| Philip Morris International | 2,576 | 220,067 | Rowan Cos. PLC * | 202 | 6,246 |
| Procter & Gamble Co. | 4,402 | 363,386 | Schlumberger, Ltd. | 2,124 | 215,692 |
| Reynolds American, Inc. | 509 | 28,723 | Southwestern Energy Co. * | 570 | 27,292 |
| Safeway, Inc. | 372 | 12,670 | Spectra Energy Corp. | 1,089 | 43,244 |
| Sysco Corp. | 945 | 34,426 | Tesoro Corp. | 215 | 12,102 |
| The Hershey Co. | 243 | 23,386 | Transocean, Ltd. | 551 | 23,732 |
| The J.M. Smucker Co. | 170 | 16,436 | Valero Energy Corp. | 865 | 49,452 |
| Tyson Foods, Inc., Class A | 441 | 18,509 | Williams Cos., Inc. | 1,111 | 46,851 |
| Walgreen Co. | 1,421 | 96,486 | | | <u>2,844,578</u> |
| Wal-Mart Stores, Inc. | 2,629 | 209,558 | | | |
| Whole Foods Market, Inc. | 605 | 30,069 | | | |
| | | <u>2,651,184</u> | | | |
| Energy 10.5% | | | Financials 15.9% | | |
| Anadarko Petroleum Corp. | 818 | 80,998 | ACE, Ltd. | 547 | 55,968 |
| Apache Corp. | 641 | 55,639 | AFLAC, Inc. | 740 | 46,413 |
| Baker Hughes, Inc. | 710 | 49,629 | Allstate Corp. | 726 | 41,346 |
| Cabot Oil & Gas Corp. | 684 | 26,868 | American Express Co. | 1,484 | 129,745 |
| Cameron International Corp. * | 351 | 22,801 | American International Group, Inc. | 2,381 | 126,502 |
| Chesapeake Energy Corp. | 821 | 23,604 | Ameriprise Financial, Inc. | 310 | 34,605 |
| Chevron Corp. | 3,100 | 389,111 | AON PLC | 500 | 42,440 |
| ConocoPhillips | 1,993 | 148,099 | Apartment Investment & Management Co., Class A (REIT) | 237 | 7,307 |
| CONSOL Energy, Inc. | 372 | 16,558 | Assurant, Inc. | 118 | 7,954 |
| Denbury Resources, Inc. | 596 | 10,025 | AvalonBay Communities, Inc. (REIT) | 197 | 26,900 |
| Devon Energy Corp. | 620 | 43,400 | Bank of America Corp. | 17,179 | 260,090 |
| Diamond Offshore Drilling, Inc. | 114 | 6,226 | Bank of New York Mellon Corp. | 1,845 | 62,490 |
| EnSCO PLC, Class A, ADR | 379 | 19,121 | BB&T Corp. | 1,146 | 42,780 |
| | | | Berkshire Hathaway, Inc., Class B * | 2,921 | 376,370 |
| | | | BlackRock, Inc., Class A | 203 | 61,103 |
| | | | Boston Properties, Inc. (REIT) | 248 | 29,051 |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

April 30, 2014

SCHEDULE OF PORTFOLIO INVESTMENTS (Continued)

| Security Description | Shares | Value (\$) | Security Description | Shares | Value (\$) |
|--|--------|------------|------------------------------------|--------|------------------|
| COMMON STOCKS, Continued | | | COMMON STOCKS, Continued | | |
| Financials, continued | | | Financials, continued | | |
| Capital One Financial Corp. | 930 | 68,727 | Robert Half International, Inc. | 225 | 10,080 |
| CBRE Group, Inc., Class A * | 452 | 12,041 | Simon Property Group, Inc. (REIT) | 510 | 88,333 |
| Cincinnati Financial Corp. | 239 | 11,649 | SLM Corp. | 701 | 18,051 |
| Citigroup, Inc. | 4,935 | 236,436 | State Street Corp. | 701 | 45,257 |
| CME Group, Inc. | 512 | 36,040 | SunTrust Banks, Inc. | 870 | 33,286 |
| Comerica, Inc. | 300 | 14,472 | T. Rowe Price Group, Inc. | 424 | 34,823 |
| D&B Corp. | 63 | 6,978 | The Charles Schwab Corp. | 1,886 | 50,073 |
| Discover Financial Services, Inc., Class A | 765 | 42,764 | The Chubb Corp. | 400 | 36,832 |
| E*Trade Financial Corp. * | 466 | 10,462 | The Macerich Co. (REIT) | 228 | 14,799 |
| Equity Residential (REIT) | 545 | 32,395 | The NASDAQ OMX Group, Inc. | 189 | 6,974 |
| Essex Property Trust, Inc. (REIT) | 100 | 17,326 | Torchmark Corp. | 147 | 11,716 |
| Fifth Third Bancorp | 1,384 | 28,524 | Travelers Cos., Inc. | 572 | 51,812 |
| Franklin Resources, Inc. | 656 | 34,342 | U.S. Bancorp | 2,953 | 120,424 |
| General Growth Properties, Inc. (REIT) | 847 | 19,456 | Unum Group | 424 | 14,085 |
| Genworth Financial, Inc., Class A * | 803 | 14,334 | Ventas, Inc. (REIT) | 478 | 31,586 |
| Goldman Sachs Group, Inc. | 681 | 108,838 | Vornado Realty Trust (REIT) | 282 | 28,933 |
| Hartford Financial Services Group, Inc. | 726 | 26,042 | Wells Fargo & Co. | 7,771 | 385,753 |
| HCP, Inc. (REIT) | 741 | 31,018 | Weyerhaeuser Co. (REIT) | 947 | 28,268 |
| Health Care REIT, Inc. | 469 | 29,589 | XL Group PLC | 448 | 14,045 |
| Host Hotels & Resorts, Inc. (REIT) | 1,229 | 26,362 | Zions Bancorp. | 300 | 8,676 |
| Hudson City Bancorp, Inc. | 773 | 7,700 | | | <u>4,293,590</u> |
| Huntington Bancshares, Inc. | 1,350 | 12,366 | Health Care 13.3% | | |
| IntercontinentalExchange Group, Inc. | 187 | 38,230 | Abbott Laboratories | 2,503 | 96,966 |
| Invesco, Ltd. | 703 | 24,753 | Abbvie, Inc. | 2,572 | 133,950 |
| JPMorgan Chase & Co. | 6,146 | 344,052 | Actavis, Inc. PLC * | 281 | 57,417 |
| KeyCorp | 1,457 | 19,873 | Aetna, Inc. | 589 | 42,084 |
| Kimco Realty Corp. (REIT) | 666 | 15,265 | Agilent Technologies, Inc. | 537 | 29,019 |
| Legg Mason, Inc. | 172 | 8,065 | Alexion Pharmaceuticals, Inc. * | 318 | 50,308 |
| Leucadia National Corp. | 509 | 12,990 | Allergan, Inc. | 483 | 80,101 |
| Lincoln National Corp. | 426 | 20,665 | AmerisourceBergen Corp. | 374 | 24,377 |
| Loews Corp. | 497 | 21,853 | Amgen, Inc. | 1,227 | 137,117 |
| M&T Bank Corp. | 211 | 25,744 | Baxter International, Inc. | 882 | 64,201 |
| Marsh & McLennan Cos., Inc. | 892 | 43,985 | Becton Dickinson & Co. | 315 | 35,604 |
| MetLife, Inc. | 1,822 | 95,382 | Biogen Idec, Inc. * | 384 | 110,254 |
| Moody's Corp. | 307 | 24,100 | Boston Scientific Corp. * | 2,171 | 27,376 |
| Morgan Stanley | 2,280 | 70,520 | Bristol-Myers Squibb Co. | 2,662 | 133,340 |
| Northern Trust Corp. | 365 | 21,991 | C.R. Bard, Inc. | 126 | 17,304 |
| People's United Financial, Inc. | 516 | 7,368 | Cardinal Health, Inc. | 555 | 38,578 |
| Plum Creek Timber Co., Inc. (REIT) | 287 | 12,513 | Carefusion Corp. * | 343 | 13,398 |
| PNC Financial Services Group | 865 | 72,695 | Celgene Corp. * | 660 | 97,027 |
| Principal Financial Group, Inc. | 445 | 20,844 | Cerner Corp. * | 480 | 24,624 |
| Progressive Corp. | 897 | 21,752 | CIGNA Corp. | 444 | 35,538 |
| Prologis, Inc. (REIT) | 810 | 32,910 | Covidien PLC, ADR | 732 | 52,155 |
| Prudential Financial, Inc. | 752 | 60,671 | DaVita Healthcare Partners, Inc. * | 287 | 19,889 |
| Public Storage (REIT) | 235 | 41,245 | DENTSPLY International, Inc. | 231 | 10,310 |
| Regions Financial Corp. | 2,307 | 23,393 | Edwards Lifesciences Corp. * | 177 | 14,420 |
| | | | Eli Lilly & Co. | 1,605 | 94,856 |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF PORTFOLIO INVESTMENTS (Continued)

April 30, 2014

| Security Description | Shares | Value (\$) | Security Description | Shares | Value (\$) |
|--|--------|------------------|---|--------|------------|
| COMMON STOCKS, Continued | | | COMMON STOCKS, Continued | | |
| Health Care, continued | | | Industrials, continued | | |
| Express Scripts Holding, Inc. * | 1,261 | 83,957 | Eaton Corp. PLC | 771 | 56,005 |
| Forest Laboratories, Inc. * | 385 | 35,385 | Emerson Electric Co. | 1,144 | 77,998 |
| Gilead Sciences, Inc. * | 2,500 | 196,225 | Equifax, Inc. | 199 | 14,091 |
| Hospira, Inc. * | 269 | 12,320 | Expeditors International of Washington, Inc. | 334 | 13,774 |
| Humana, Inc. | 250 | 27,438 | Fastenal Co. | 443 | 22,185 |
| Intuitive Surgical, Inc. * | 61 | 22,064 | FedEx Corp. | 451 | 61,449 |
| Johnson & Johnson | 4,596 | 465,529 | Flowserve Corp. | 226 | 16,509 |
| Laboratory Corp. of America Holdings * | 138 | 13,621 | Fluor Corp. | 260 | 19,682 |
| McKesson Corp. | 373 | 63,108 | General Dynamics Corp. | 528 | 57,790 |
| Medtronic, Inc. | 1,626 | 95,640 | General Electric Co. | 16,285 | 437,904 |
| Merck & Co., Inc. | 4,774 | 279,565 | Honeywell International, Inc. | 1,270 | 117,983 |
| Mylan Laboratories, Inc. * | 604 | 30,671 | Illinois Tool Works, Inc. | 635 | 54,121 |
| Patterson Cos., Inc. | 137 | 5,576 | Ingersoll-Rand PLC | 420 | 25,116 |
| PerkinElmer, Inc. | 182 | 7,639 | Iron Mountain, Inc. | 276 | 7,849 |
| Perrigo Co. PLC | 216 | 31,290 | Jacobs Engineering Group, Inc. * | 214 | 12,348 |
| Pfizer, Inc. | 10,364 | 324,186 | Joy Global, Inc. | 162 | 9,782 |
| Quest Diagnostics, Inc. | 236 | 13,199 | Kansas City Southern Industries, Inc. | 179 | 18,058 |
| Regeneron Pharmaceuticals, Inc. * | 127 | 37,705 | L-3 Communications Holdings, Inc. | 139 | 16,036 |
| St. Jude Medical, Inc. | 461 | 29,260 | Lockheed Martin Corp. | 437 | 71,729 |
| Stryker Corp. | 479 | 37,242 | Masco Corp. | 579 | 11,632 |
| Tenet Healthcare Corp. * | 161 | 7,258 | Nielsen Holdings NV | 458 | 21,503 |
| Thermo Fisher Scientific, Inc. | 636 | 72,504 | Norfolk Southern Corp. | 502 | 47,454 |
| UnitedHealth Group, Inc. | 1,608 | 120,664 | Northrop Grumman Corp. | 352 | 42,772 |
| Varian Medical Systems, Inc. * | 171 | 13,603 | PACCAR, Inc. | 575 | 36,789 |
| Vertex Pharmaceuticals, Inc. * | 380 | 25,726 | Pall Corp. | 180 | 15,147 |
| Waters Corp. * | 139 | 13,697 | Parker Hannifin Corp. | 242 | 30,705 |
| WellPoint, Inc. | 459 | 46,212 | Pentair, Ltd. | 324 | 24,070 |
| Zimmer Holdings, Inc. | 275 | 26,620 | Pitney Bowes, Inc. | 328 | 8,790 |
| Zoetis, Inc. | 813 | 24,601 | Precision Castparts Corp. | 236 | 59,729 |
| | | <u>3,602,718</u> | Quanta Services, Inc. * | 350 | 12,348 |
| Industrials 11.1% | | | Raytheon Co. | 511 | 48,790 |
| 3M Co. | 1,023 | 142,289 | Republic Services, Inc., Class A | 439 | 15,405 |
| Allegion PLC | 147 | 7,254 | Rockwell Automation, Inc. | 225 | 26,816 |
| AMETEK, Inc. | 397 | 20,930 | Rockwell Collins, Inc. | 219 | 17,005 |
| Avery Dennison Corp. | 157 | 7,640 | Roper Industries, Inc. | 160 | 22,232 |
| C.H. Robinson Worldwide, Inc. | 246 | 14,489 | Ryder System, Inc. | 86 | 7,067 |
| CarMax, Inc. * | 290 | 12,696 | Snap-on, Inc. | 94 | 10,904 |
| Caterpillar, Inc. | 1,034 | 108,984 | Southwest Airlines Co. | 1,132 | 27,360 |
| Cintas Corp. | 163 | 9,606 | Stanley Black & Decker, Inc. | 252 | 21,644 |
| Crown Castle International Corp. (REIT) | 542 | 39,420 | Stericycle, Inc. * | 140 | 16,302 |
| CSX Corp. | 1,636 | 46,168 | Textron, Inc. | 457 | 18,691 |
| Cummins, Inc. | 283 | 42,691 | The ADT Corp. | 296 | 8,951 |
| Danaher Corp. | 974 | 71,472 | The Boeing Co. | 1,111 | 143,342 |
| Deere & Co. | 600 | 56,004 | Tiffany & Co. | 179 | 15,661 |
| Delta Air Lines, Inc. | 1,380 | 50,826 | Tyco International, Ltd. | 747 | 30,552 |
| Dover Corp. | 276 | 23,846 | Union Pacific Corp. | 739 | 140,727 |
| | | | United Parcel Service, Inc., Class B | 1,153 | 113,571 |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

April 30, 2014

SCHEDULE OF PORTFOLIO INVESTMENTS (Continued)

| Security Description | Shares | Value (\$) | Security Description | Shares | Value (\$) |
|--|--------|------------------|---|--------|------------------|
| COMMON STOCKS, Continued | | | COMMON STOCKS, Continued | | |
| Industrials, continued | | | Information Technology, continued | | |
| United Technologies Corp. | 1,365 | 161,521 | LSI Logic Corp. | 886 | 9,870 |
| W.W. Grainger, Inc. | 99 | 25,186 | Mastercard, Inc., Class A | 1,658 | 121,946 |
| Waste Management, Inc. | 701 | 31,159 | Microchip Technology, Inc. | 322 | 15,308 |
| Xylem, Inc. | 299 | 11,239 | Micron Technology, Inc. * | 1,710 | 44,665 |
| | | <u>2,989,788</u> | Microsoft Corp. | 12,265 | 495,506 |
| Information Technology 18.7% | | | Motorola Solutions, Inc. | 367 | 23,334 |
| Accenture PLC | 1,033 | 82,868 | NetApp, Inc. | 538 | 19,158 |
| Adobe Systems, Inc. * | 755 | 46,576 | NVIDIA Corp. | 900 | 16,623 |
| Akamai Technologies, Inc. * | 300 | 15,921 | Oracle Corp. | 5,629 | 230,114 |
| Alliance Data Systems Corp. * | 86 | 20,803 | Paychex, Inc. | 528 | 22,076 |
| Altera Corp. | 522 | 16,975 | Qualcomm, Inc. | 2,748 | 216,295 |
| Amphenol Corp., Class A | 257 | 24,505 | Red Hat, Inc. * | 308 | 14,984 |
| Analog Devices, Inc. | 505 | 25,901 | Salesforce.com, Inc. * | 902 | 46,588 |
| Apple, Inc. | 1,447 | 853,860 | SanDisk Corp. | 367 | 31,184 |
| Applied Materials, Inc. | 1,957 | 37,300 | Seagate Technology PLC | 530 | 27,867 |
| Autodesk, Inc. * | 368 | 17,671 | Symantec Corp. | 1,131 | 22,937 |
| Automatic Data Processing, Inc. | 782 | 60,965 | TE Connectivity, Ltd. | 667 | 39,340 |
| Broadcom Corp., Class A | 896 | 27,606 | Teradata Corp. * | 258 | 11,729 |
| CA, Inc. | 528 | 15,914 | Texas Instruments, Inc. | 1,762 | 80,083 |
| Cisco Systems, Inc. | 8,373 | 193,500 | Total System Services, Inc. | 271 | 8,610 |
| Citrix Systems, Inc. * | 303 | 17,971 | VeriSign, Inc. * | 209 | 9,861 |
| Cognizant Technology Solutions Corp. * | 982 | 47,043 | Visa, Inc., Class A | 823 | 166,748 |
| Computer Sciences Corp. | 239 | 14,144 | Western Digital Corp. | 342 | 30,140 |
| Corning, Inc. | 2,262 | 47,298 | Western Union Co. | 897 | 14,235 |
| eBay, Inc. * | 1,886 | 97,751 | Xerox Corp. | 1,810 | 21,883 |
| Electronic Arts, Inc. * | 502 | 14,207 | Xilinx, Inc. | 436 | 20,575 |
| EMC Corp. | 3,292 | 84,934 | Yahoo!, Inc. * | 1,524 | <u>54,788</u> |
| F5 Networks, Inc. * | 109 | 11,464 | | | <u>5,061,761</u> |
| Facebook, Inc. * | 2,777 | 166,008 | Materials 3.5% | | |
| Fidelity National Information Services, Inc. | 473 | 25,273 | Air Products & Chemicals, Inc. | 343 | 40,310 |
| First Solar, Inc. * | 113 | 7,626 | Airgas, Inc. | 109 | 11,582 |
| Fiserv, Inc. * | 413 | 25,102 | Alcoa, Inc. | 1,739 | 23,424 |
| FLIR Systems, Inc. | 230 | 7,829 | Allegheny Technologies, Inc. | 175 | 7,210 |
| Google, Inc., Class A * | 458 | 244,975 | Ball Corp. | 228 | 12,811 |
| Google, Inc., Class C * | 458 | 241,210 | Bemis Co., Inc. | 167 | 6,720 |
| Harris Corp. | 175 | 12,866 | CF Industries Holdings, Inc. | 100 | 24,517 |
| Hewlett-Packard Co. | 3,080 | 101,825 | E.I. du Pont de Nemours & Co. | 1,499 | 100,912 |
| Intel Corp. | 8,082 | 215,710 | Eastman Chemical Co. | 250 | 21,793 |
| International Business Machines Corp. | 1,587 | 311,797 | Ecolab, Inc. | 440 | 46,042 |
| Intuit, Inc. | 463 | 35,072 | FMC Corp. | 216 | 16,632 |
| Jabil Circuit, Inc. | 300 | 5,178 | Freeport-McMoRan Copper & Gold, Inc., Class B | 1,688 | 58,017 |
| Juniper Networks, Inc. * | 821 | 20,270 | International Flavors & Fragrances, Inc. | 132 | 13,005 |
| KLA-Tencor Corp. | 270 | 17,277 | International Paper Co. | 712 | 33,215 |
| Lam Research Corp. * | 264 | 15,209 | Lyondellbasell Industries NV, Class A | 701 | 64,842 |
| Linear Technology Corp. | 380 | 16,910 | MeadWestvaco Corp. | 300 | 11,721 |
| | | | Monsanto Co. | 851 | 94,205 |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF PORTFOLIO INVESTMENTS (Continued)

April 30, 2014

| Security Description | Shares | Value (\$) |
|--|--------|----------------|
| COMMON STOCKS, Continued | | |
| Materials, continued | | |
| Newmont Mining Corp. | 809 | 20,087 |
| Nucor Corp. | 517 | 26,755 |
| Owens-Illinois, Inc. * | 268 | 8,517 |
| PPG Industries, Inc. | 225 | 43,565 |
| Praxair, Inc. | 478 | 62,403 |
| Sealed Air Corp. | 318 | 10,911 |
| Sherwin-Williams Co. | 138 | 27,578 |
| Sigma-Aldrich Corp. | 194 | 18,665 |
| The Dow Chemical Co. | 1,963 | 97,953 |
| The Mosaic Co. | 554 | 27,722 |
| U.S. Steel Corp. | 235 | 6,115 |
| Vulcan Materials Co. | 211 | 13,616 |
| | | <u>950,845</u> |
| Technology 0.3% | | |
| American Tower Corp. (REIT) | 641 | 53,536 |
| McGraw-Hill Cos., Inc. | 440 | 32,529 |
| | | <u>86,065</u> |
| Telecommunication Services 2.5% | | |
| AT&T, Inc. | 8,454 | 301,808 |
| CenturyLink, Inc. | 939 | 32,780 |
| Frontier Communications Corp. | 1,625 | 9,669 |
| Verizon Communications, Inc. | 6,724 | 314,213 |
| Windstream Holdings, Inc. | 969 | 8,789 |
| | | <u>667,259</u> |
| Utilities 3.4% | | |
| AES Corp. | 1,067 | 15,418 |
| AGL Resources, Inc. | 193 | 10,422 |
| Ameren Corp. | 394 | 16,276 |
| American Electric Power Co., Inc. | 792 | 42,618 |
| CenterPoint Energy, Inc. | 696 | 17,233 |
| CMS Energy Corp. | 432 | 13,094 |
| Consolidated Edison, Inc. | 476 | 27,622 |
| Dominion Resources, Inc. | 943 | 68,406 |
| DTE Energy Co. | 287 | 22,426 |
| Duke Energy Corp. | 1,143 | 85,142 |
| Edison International | 529 | 29,920 |
| Entergy Corp. | 290 | 21,025 |
| Equities Corp. | 245 | 26,703 |
| Exelon Corp. | 1,387 | 48,587 |
| FirstEnergy Corp. | 680 | 22,950 |
| Integrus Energy Group, Inc. | 129 | 7,905 |
| NextEra Energy, Inc. | 707 | 70,594 |
| NiSource, Inc. | 509 | 18,487 |
| Northeast Utilities | 512 | 24,197 |
| NRG Energy, Inc. | 525 | 17,178 |
| ONEOK, Inc. | 335 | 21,179 |
| Pepco Holdings, Inc. | 406 | 10,865 |
| PG&E Corp. | 730 | 33,273 |

| Security Description | Shares | Value (\$) |
|---|--------|----------------------|
| COMMON STOCKS, Continued | | |
| Utilities, continued | | |
| Pinnacle West Capital Corp. | 178 | 9,959 |
| PPL Corp. | 1,024 | 34,140 |
| Public Service Enterprise Group, Inc. | 822 | 33,677 |
| SCANA Corp. | 228 | 12,239 |
| Sempra Energy | 369 | 36,387 |
| Southern Co. | 1,433 | 65,674 |
| TECO Energy, Inc. | 332 | 5,963 |
| Wisconsin Energy Corp. | 368 | 17,841 |
| Xcel Energy, Inc. | 809 | 25,783 |
| | | <u>913,183</u> |
| TOTAL COMMON STOCKS (Cost \$24,219,538) | | <u>27,283,622</u> |
| TOTAL INVESTMENTS (Cost \$24,219,538) — 100.9% | | 27,283,622 |
| Other Net Assets (Liabilities): | | |
| Written Call Options (1.1)% | | (310,161) |
| Other Net Assets 0.2% | | 50,143 |
| Total Other Net Assets (Liabilities) (0.9)% | | <u>(260,018)</u> |
| NET ASSETS 100.0% | | <u>\$ 27,023,604</u> |

* Non-income producing security
 ADR American Depositary Receipt
 REIT Real Estate Investment Trust

The Horizons S&P 500 Covered Call ETF was invested in the following sectors as of April 30, 2014:

| | Value | % of Net Assets |
|----------------------------|----------------------|-----------------|
| Information Technology | \$ 5,061,761 | 18.7% |
| Financials | 4,293,590 | 15.9% |
| Health Care | 3,602,718 | 13.3% |
| Consumer Discretionary | 3,222,651 | 11.9% |
| Industrials | 2,989,788 | 11.1% |
| Energy | 2,844,578 | 10.5% |
| Consumer Staples | 2,651,184 | 9.8% |
| Materials | 950,845 | 3.5% |
| Utilities | 913,183 | 3.4% |
| Telecommunication Services | 667,259 | 2.5% |
| Technology | 86,065 | 0.3% |
| Written Call Options | (310,161) | (1.1%) |
| Other Net Assets | 50,143 | 0.2% |
| Total | <u>\$ 27,023,604</u> | <u>100.0%</u> |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS

April 30, 2014

| Number of Contracts | | Value (\$) |
|------------------------------------|---|------------|
| Written Call Options (1.1)% | | |
| (7) | 3M Co., Strike @ 140.00 Exp 5/17/14 | (774) |
| (15) | Abbott Laboratories, Strike @ 39.00 Exp 5/17/14 | (548) |
| (19) | Abbvie, Inc., Strike @ 50.00 Exp 5/17/14 | (4,607) |
| (8) | Accenture PLC, Strike @ 80.00 Exp 5/17/14 | (959) |
| (5) | ACE, Ltd., Strike @ 105.00 Exp 5/17/14 | (75) |
| (2) | Actavis, Inc. PLC, Strike @ 210.00 Exp 5/17/14 | (505) |
| (5) | Adobe Systems, Inc., Strike @ 65.00 Exp 5/17/14 | (288) |
| (5) | Aetna, Inc., Strike @ 70.00 Exp 5/17/14 | (1,079) |
| (7) | AFLAC, Inc., Strike @ 65.00 Exp 5/17/14 | (77) |
| (3) | Agilent Technologies, Inc., Strike @ 55.00 Exp 5/17/14 | (278) |
| (2) | Air Products & Chemicals, Inc., Strike @ 120.00 Exp 5/17/14 | (240) |
| (1) | Airgas, Inc., Strike @ 110.00 Exp 5/17/14 | (50) |
| (3) | Akamai Technologies, Inc., Strike @ 60.00 Exp 5/17/14 | (186) |
| (13) | Alcoa, Inc., Strike @ 14.00 Exp 5/17/14 | (150) |
| (3) | Alexion Pharmaceuticals, Inc., Strike @ 165.00 Exp 5/17/14 | (930) |
| (1) | Allegheny Technologies, Inc., Strike @ 42.50 Exp 5/17/14 | (40) |
| (1) | Allegion PLC, Strike @ 55.00 Exp 5/17/14 | (25) |
| (3) | Allergan, Inc., Strike @ 135.00 Exp 5/17/14 | (9,299) |
| (7) | Allstate Corp., Strike @ 57.50 Exp 5/17/14 | (490) |
| (4) | Altera Corp., Strike @ 36.00 Exp 5/17/14 | (10) |
| (32) | Altria Group, Inc., Strike @ 39.00 Exp 5/17/14 | (4,015) |
| (47) | Amazon.com, Inc. MINI, Strike @ 345.00 Exp 5/17/14 | (162) |
| (14) | American Express Co., Strike @ 90.00 Exp 5/17/14 | (490) |
| (19) | American International Group, Inc., Strike @ 52.50 Exp 5/17/14 | (2,954) |
| (6) | American Tower Corp. (REIT), Strike @ 85.00 Exp 5/17/14 | (345) |
| (3) | Ameriprise Financial, Inc., Strike @ 110.00 Exp 5/17/14 | (758) |
| (3) | AmerisourceBergen Corp., Strike @ 67.50 Exp 5/17/14 | (38) |
| (10) | Amgen, Inc., Strike @ 120.00 Exp 5/17/14 | (140) |
| (2) | Amphenol Corp., Class A, Strike @ 95.00 Exp 5/17/14 | (310) |
| (5) | Anadarko Petroleum Corp., Strike @ 100.00 Exp 5/17/14 | (992) |
| (5) | Analog Devices, Inc., Strike @ 55.00 Exp 5/17/14 | (38) |
| (5) | AON PLC, Strike @ 85.00 Exp 5/17/14 | (624) |
| (4) | Apache Corp., Strike @ 85.00 Exp 5/17/14 | (1,105) |
| (2) | Apartment Investment & Management Co., Class A (REIT), Strike @ 30.00 Exp 5/17/14 | (195) |
| (144) | Apple, Inc. MINI, Strike @ 545.00 Exp 5/17/14 | (65,519) |
| (16) | Applied Materials, Inc., Strike @ 20.00 Exp 5/17/14 | (456) |
| (7) | Archer-Daniels-Midland Co., Strike @ 46.00 Exp 5/17/14 | (49) |
| (1) | Assurant, Inc., Strike @ 67.50 Exp 5/17/14 | (93) |
| (84) | AT&T, Inc., Strike @ 37.00 Exp 5/17/14 | (462) |
| (3) | Autodesk, Inc., Strike @ 50.00 Exp 5/17/14 | (380) |
| (6) | Automatic Data Processing, Inc., Strike @ 77.50 Exp 5/17/14 | (735) |
| (1) | AvalonBay Communities, Inc., Strike @ 135.00 Exp 5/17/14 | (243) |
| (7) | Avon Products, Inc., Strike @ 16.00 Exp 5/17/14 | (263) |
| (7) | Baker Hughes, Inc., Strike @ 72.50 Exp 5/17/14 | (252) |
| (10) | Bank of New York Mellon Corp., Strike @ 34.00 Exp 5/17/14 | (450) |
| (8) | Baxter International, Inc., Strike @ 75.00 Exp 5/17/14 | (144) |
| (11) | BB&T Corp., Strike @ 39.00 Exp 5/17/14 | (50) |
| (2) | Becton Dickinson & Co., Strike @ 115.00 Exp 5/17/14 | (200) |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS (Continued)

April 30, 2014

| Number of Contracts | | Value (\$) |
|--|--|------------|
| Written Call Options, Continued | | |
| (3) | Bed Bath & Beyond, Inc., Strike @ 65.00 Exp 5/17/14 | (47) |
| (29) | Berkshire Hathaway, Inc., Class B, Strike @ 130.00 Exp 5/17/14 | (2,769) |
| (4) | Best Buy Co., Inc., Strike @ 26.00 Exp 5/17/14 | (254) |
| (3) | Biogen Idec, Inc., Strike @ 315.00 Exp 5/17/14 | (405) |
| (2) | BlackRock, Inc., Class A, Strike @ 320.00 Exp 5/17/14 | (70) |
| (3) | BorgWarner, Inc., Strike @ 65.00 Exp 5/17/14 | (135) |
| (2) | Boston Properties, Inc., Strike @ 120.00 Exp 5/17/14 | (90) |
| (16) | Boston Scientific Corp., Strike @ 14.00 Exp 5/17/14 | (48) |
| (15) | Bristol-Myers Squibb Co., Strike @ 50.00 Exp 5/17/14 | (1,852) |
| (6) | Broadcom Corp., Class A, Strike @ 31.00 Exp 5/17/14 | (270) |
| (2) | Brown-Forman Corp., Class B, Strike @ 90.00 Exp 5/17/14 | (480) |
| (2) | C.H. Robinson Worldwide, Inc., Strike @ 57.50 Exp 5/17/14 | (360) |
| (1) | C.R. Bard, Inc., Strike @ 145.00 Exp 5/17/14 | (25) |
| (4) | CA, Inc., Strike @ 31.00 Exp 5/17/14 | (140) |
| (3) | Cablevision Systems Corp., Class A, Strike @ 17.00 Exp 5/17/14 | (113) |
| (4) | Cabot Oil & Gas Corp., Strike @ 35.00 Exp 5/17/14 | (1,719) |
| (3) | Cameron International Corp., Strike @ 67.50 Exp 5/17/14 | (75) |
| (3) | Campbell Soup Co., Strike @ 46.00 Exp 5/17/14 | (105) |
| (8) | Capital One Financial Corp., Strike @ 77.50 Exp 5/17/14 | (60) |
| (4) | Cardinal Health, Inc., Strike @ 70.00 Exp 5/17/14 | (490) |
| (3) | Carefusion Corp., Strike @ 40.00 Exp 5/17/14 | (143) |
| (2) | CarMax, Inc., Strike @ 45.00 Exp 5/17/14 | (60) |
| (5) | Carnival Corp., Strike @ 38.00 Exp 5/17/14 | (800) |
| (7) | Caterpillar, Inc., Strike @ 105.00 Exp 5/17/14 | (1,186) |
| (4) | CBRE Group, Inc., Class A, Strike @ 28.00 Exp 5/17/14 | (70) |
| (6) | CBS Corp., Class B, Strike @ 62.50 Exp 5/17/14 | (375) |
| (5) | Celgene Corp., Strike @ 150.00 Exp 5/17/14 | (1,314) |
| (5) | CenterPoint Energy, Inc., Strike @ 25.00 Exp 5/17/14 | (175) |
| (9) | CenturyLink, Inc., Strike @ 36.00 Exp 5/17/14 | (203) |
| (3) | Cerner Corp., Strike @ 55.00 Exp 5/17/14 | (23) |
| (1) | CF Industries Holdings, Inc., Strike @ 260.00 Exp 5/17/14 | (144) |
| (6) | Chesapeake Energy Corp., Strike @ 29.00 Exp 5/17/14 | (549) |
| (23) | Chevron Corp., Strike @ 125.00 Exp 5/17/14 | (4,369) |
| (3) | CIGNA Corp., Strike @ 77.50 Exp 5/17/14 | (1,079) |
| (2) | Cincinnati Financial Corp., Strike @ 50.00 Exp 5/17/14 | (25) |
| (1) | Cintas Corp., Strike @ 57.50 Exp 5/17/14 | (188) |
| (83) | Cisco Systems, Inc., Strike @ 24.00 Exp 5/17/14 | (2,199) |
| (49) | Citigroup, Inc., Strike @ 50.00 Exp 5/17/14 | (539) |
| (3) | Citrix Systems, Inc., Strike @ 60.00 Exp 5/17/14 | (330) |
| (2) | Clorox Co., Strike @ 92.50 Exp 5/17/14 | (105) |
| (3) | CME Group, Inc., Strike @ 70.00 Exp 5/17/14 | (473) |
| (4) | Coach, Inc., Strike @ 52.50 Exp 5/17/14 | (10) |
| (61) | Coca-Cola Co., Strike @ 41.00 Exp 5/17/14 | (1,951) |
| (3) | Coca-Cola Enterprises, Inc., Strike @ 46.00 Exp 5/17/14 | (120) |
| (9) | Cognizant Technology Solutions Corp., Strike @ 52.50 Exp 5/17/14 | (180) |
| (9) | Colgate-Palmolive Co., Strike @ 67.50 Exp 5/17/14 | (585) |
| (27) | Comcast Corp., Class A, Strike @ 50.00 Exp 5/17/14 | (5,224) |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS (Continued)

April 30, 2014

| Number of Contracts | | Value (\$) |
|--|--|------------|
| Written Call Options, Continued | | |
| (3) | Comerica, Inc., Strike @ 50.00 Exp 5/17/14 | (68) |
| (2) | Computer Sciences Corp., Strike @ 65.00 Exp 5/17/14 | (100) |
| (11) | ConocoPhillips, Strike @ 75.00 Exp 5/17/14 | (732) |
| (3) | CONSOL Energy, Inc., Strike @ 43.00 Exp 5/17/14 | (564) |
| (3) | Consolidated Edison, Inc., Strike @ 57.50 Exp 5/17/14 | (270) |
| (2) | Constellation Brands, Inc., Strike @ 82.50 Exp 5/17/14 | (75) |
| (12) | Corning, Inc., Strike @ 21.00 Exp 5/17/14 | (396) |
| (5) | Costco Wholesale Corp., Strike @ 115.00 Exp 5/17/14 | (813) |
| (7) | Covidien PLC, ADR, Strike @ 72.50 Exp 5/17/14 | (315) |
| (5) | Crown Castle International Corp. (REIT), Strike @ 77.50 Exp 5/17/14 | (25) |
| (2) | Cummins, Inc., Strike @ 150.00 Exp 5/17/14 | (605) |
| (13) | CVS Caremark Corp., Strike @ 75.00 Exp 5/17/14 | (579) |
| (4) | D.R. Horton, Inc., Strike @ 23.00 Exp 5/17/14 | (106) |
| (9) | Danaher Corp., Strike @ 75.00 Exp 5/17/14 | (405) |
| (2) | Darden Restaurants, Inc., Strike @ 50.00 Exp 5/17/14 | (145) |
| (2) | DaVita Healthcare Partners, Inc., Strike @ 70.00 Exp 5/17/14 | (240) |
| (4) | Deere & Co., Strike @ 95.00 Exp 5/17/14 | (344) |
| (3) | Delphi Automotive PLC, Strike @ 67.50 Exp 5/17/14 | (278) |
| (13) | Delta Air Lines, Inc., Strike @ 36.00 Exp 5/17/14 | (1,949) |
| (3) | Denbury Resources, Inc., Strike @ 17.00 Exp 5/17/14 | (83) |
| (1) | DENTSPLY International, Inc., Strike @ 45.00 Exp 5/17/14 | (83) |
| (4) | Devon Energy Corp., Strike @ 72.50 Exp 5/17/14 | (240) |
| (1) | Diamond Offshore Drilling, Inc., Strike @ 50.00 Exp 5/17/14 | (463) |
| (7) | DIRECTV, Strike @ 80.00 Exp 5/17/14 | (763) |
| (5) | Discover Financial Services, Inc., Class A, Strike @ 57.50 Exp 5/17/14 | (125) |
| (3) | Discovery Communications, Inc., Class A, Strike @ 80.00 Exp 5/17/14 | (105) |
| (2) | Dollar General Corp., Strike @ 55.00 Exp 5/17/14 | (400) |
| (3) | Dollar Tree, Inc., Strike @ 52.50 Exp 5/17/14 | (195) |
| (9) | Dominion Resources, Inc., Strike @ 72.50 Exp 5/17/14 | (810) |
| (2) | Dover Corp., Strike @ 85.00 Exp 5/17/14 | (440) |
| (3) | Dr. Pepper Snapple Group, Inc., Strike @ 55.00 Exp 5/17/14 | (278) |
| (2) | DTE Energy Co., Strike @ 80.00 Exp 5/17/14 | (25) |
| (11) | Duke Energy Corp., Strike @ 75.00 Exp 5/17/14 | (578) |
| (3) | E*Trade Financial Corp., Strike @ 22.00 Exp 5/17/14 | (272) |
| (9) | E.I. DU Pont de Nemours & Co., Strike @ 67.50 Exp 5/17/14 | (536) |
| (2) | Eastman Chemical Co., Strike @ 92.50 Exp 5/17/14 | (10) |
| (5) | Eaton Corp. PLC, Strike @ 75.00 Exp 5/17/14 | (113) |
| (16) | eBay, Inc., Strike @ 57.50 Exp 5/17/14 | (40) |
| (3) | Ecolab, Inc., Strike @ 110.00 Exp 5/17/14 | (15) |
| (4) | Edison International, Strike @ 57.50 Exp 5/17/14 | (140) |
| (1) | Edwards Lifesciences Corp., Strike @ 85.00 Exp 5/17/14 | (68) |
| (4) | Electronic Arts, Inc., Strike @ 29.00 Exp 5/17/14 | (336) |
| (9) | Eli Lilly & Co., Strike @ 60.00 Exp 5/17/14 | (464) |
| (22) | EMC Corp., Strike @ 27.00 Exp 5/17/14 | (143) |
| (11) | Emerson Electric Co., Strike @ 70.00 Exp 5/17/14 | (385) |
| (3) | Enso PLC, Class A, ADR, Strike @ 52.50 Exp 5/17/14 | (68) |
| (2) | Entergy Corp., Strike @ 72.50 Exp 5/17/14 | (145) |
| (6) | EOG Resources, Inc., Strike @ 105.00 Exp 5/17/14 | (462) |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS (Continued)

April 30, 2014

| Number of Contracts | | Value (\$) |
|--|---|------------|
| Written Call Options, Continued | | |
| (1) | Equities Corp., Strike @ 105.00 Exp 5/17/14 | (485) |
| (5) | Equity Residential (REIT), Strike @ 60.00 Exp 5/17/14 | (250) |
| (1) | Essex Property Trust, Inc., Strike @ 175.00 Exp 5/17/14 | (205) |
| (4) | Estee Lauder Cos., Class A, Strike @ 75.00 Exp 5/17/14 | (340) |
| (13) | Exelon Corp., Strike @ 37.00 Exp 5/17/14 | (98) |
| (1) | Expedia, Inc., Strike @ 80.00 Exp 5/17/14 | (165) |
| (3) | Expeditors International of Washington, Inc., Strike @ 41.00 Exp 5/17/14 | (338) |
| (10) | Express Scripts Holding, Inc., Strike @ 75.00 Exp 5/17/14 | (30) |
| (32) | Exxon Mobil Corp., Strike @ 100.00 Exp 5/17/14 | (8,751) |
| (1) | F5 Networks, Inc., Strike @ 115.00 Exp 5/17/14 | (42) |
| (22) | Facebook, Inc., Strike @ 65.00 Exp 5/17/14 | (1,055) |
| (1) | Family Dollar Stores, Inc., Strike @ 57.50 Exp 5/17/14 | (190) |
| (4) | Fastenal Co., Strike @ 52.50 Exp 5/17/14 | (70) |
| (2) | FedEx Corp., Strike @ 135.00 Exp 5/17/14 | (531) |
| (4) | Fidelity National Information Services, Inc., Strike @ 55.00 Exp 5/17/14 | (166) |
| (1) | First Solar, Inc., Strike @ 75.00 Exp 5/17/14 | (113) |
| (6) | FirstEnergy Corp., Strike @ 35.00 Exp 5/17/14 | (75) |
| (4) | Fiserv, Inc., Strike @ 60.00 Exp 5/17/14 | (520) |
| (2) | FLIR Systems, Inc., Strike @ 37.00 Exp 5/17/14 | (25) |
| (1) | Flowserve Corp., Strike @ 80.00 Exp 5/17/14 | (8) |
| (2) | Fluor Corp., Strike @ 80.00 Exp 5/17/14 | (75) |
| (2) | FMC Corp., Strike @ 80.00 Exp 5/17/14 | (105) |
| (3) | FMC Technologies, Inc., Strike @ 57.50 Exp 5/17/14 | (203) |
| (3) | Forest Laboratories, Inc., Strike @ 92.50 Exp 5/17/14 | (480) |
| (5) | Franklin Resources, Inc., Strike @ 55.00 Exp 5/17/14 | (75) |
| (11) | Freeport-McMoRan Copper & Gold, Inc., Class B, Strike @ 34.00 Exp 5/17/14 | (946) |
| (1) | Gamestop Corp., Strike @ 44.00 Exp 5/17/14 | (17) |
| (3) | Gannett Co., Inc., Strike @ 28.00 Exp 5/17/14 | (75) |
| (4) | Gap, Inc., Strike @ 41.00 Exp 5/17/14 | (120) |
| (1) | Garmin, Ltd., Strike @ 57.50 Exp 5/17/14 | (87) |
| (3) | General Dynamics Corp., Strike @ 110.00 Exp 5/17/14 | (413) |
| (118) | General Electric Co., Strike @ 27.00 Exp 5/17/14 | (2,831) |
| (6) | General Growth Properties, Inc., Strike @ 23.00 Exp 5/17/14 | (174) |
| (6) | General Mills, Inc., Strike @ 52.50 Exp 5/17/14 | (534) |
| (15) | General Motors Co., Strike @ 35.00 Exp 5/17/14 | (705) |
| (2) | Genuine Parts Co., Strike @ 90.00 Exp 5/17/14 | (50) |
| (5) | Genworth Financial, Inc., Class A, Strike @ 17.00 Exp 5/17/14 | (495) |
| (17) | Gilead Sciences, Inc., Strike @ 72.50 Exp 5/17/14 | (10,794) |
| (6) | Goldman Sachs Group, Inc., Strike @ 165.00 Exp 5/17/14 | (372) |
| (4) | Goodyear Tire & Rubber Co., Strike @ 29.00 Exp 5/17/14 | (20) |
| (4) | Google, Inc., Class A, Strike @ 595.00 Exp 5/17/14 | (50) |
| (4) | Google, Inc., Class C, Strike @ 585.00 Exp 5/17/14 | (80) |
| (4) | H&R Block, Inc., Strike @ 30.00 Exp 5/17/14 | (80) |
| (10) | Halliburton Co., Strike @ 62.50 Exp 5/17/14 | (1,509) |
| (3) | Harley-Davidson, Inc., Strike @ 70.00 Exp 5/17/14 | (1,184) |
| (1) | Harman International Industries, Inc., Strike @ 115.00 Exp 5/17/14 | (223) |
| (1) | Harris Corp., Strike @ 75.00 Exp 5/17/14 | (45) |
| (7) | Hartford Financial Services Group, Inc., Strike @ 36.00 Exp 5/17/14 | (343) |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS (Continued)

April 30, 2014

| Number of Contracts | | Value (\$) |
|--|--|------------|
| Written Call Options, Continued | | |
| (1) | Hasbro, Inc., Strike @ 55.00 Exp 5/17/14 | (90) |
| (1) | Helmerich & Payne, Inc., Strike @ 115.00 Exp 5/17/14 | (23) |
| (3) | Hess Corp., Strike @ 87.50 Exp 5/17/14 | (719) |
| (30) | Hewlett-Packard Co., Strike @ 34.00 Exp 5/17/14 | (825) |
| (10) | Honeywell International, Inc., Strike @ 95.00 Exp 5/17/14 | (365) |
| (2) | Hormel Foods Corp., Strike @ 50.00 Exp 5/17/14 | (15) |
| (2) | Hospira, Inc., Strike @ 45.00 Exp 5/17/14 | (280) |
| (6) | Host Hotels & Resorts, Inc., Strike @ 21.00 Exp 5/17/14 | (420) |
| (2) | Humana, Inc., Strike @ 110.00 Exp 5/17/14 | (640) |
| (4) | Illinois Tool Works, Inc., Strike @ 85.00 Exp 5/17/14 | (460) |
| (3) | Ingersoll-Rand PLC, Strike @ 60.00 Exp 5/17/14 | (278) |
| (39) | Intel Corp., Strike @ 27.00 Exp 5/17/14 | (527) |
| (1) | IntercontinentalExchange Group, Inc., Strike @ 200.00 Exp 5/17/14 | (680) |
| (9) | International Business Machines Corp., Strike @ 190.00 Exp 5/17/14 | (6,029) |
| (1) | International Flavors & Fragrances, Inc., Strike @ 95.00 Exp 5/17/14 | (420) |
| (4) | International Game Technology, Strike @ 15.00 Exp 5/17/14 | (10) |
| (6) | International Paper Co., Strike @ 47.00 Exp 5/17/14 | (291) |
| (4) | Intuit, Inc., Strike @ 77.50 Exp 5/17/14 | (250) |
| (5) | Invesco, Ltd., Strike @ 36.00 Exp 5/17/14 | (188) |
| (2) | Iron Mountain, Inc., Strike @ 30.00 Exp 5/17/14 | (150) |
| (2) | Jabil Circuit, Inc., Strike @ 18.00 Exp 5/17/14 | (20) |
| (2) | Jacobs Engineering Group, Inc., Strike @ 65.00 Exp 5/17/14 | (15) |
| (30) | Johnson & Johnson, Strike @ 100.00 Exp 5/17/14 | (5,834) |
| (10) | Johnson Controls, Inc., Strike @ 49.00 Exp 5/17/14 | (50) |
| (1) | Joy Global, Inc., Strike @ 62.50 Exp 5/17/14 | (41) |
| (61) | JPMorgan Chase & Co., Strike @ 57.50 Exp 5/17/14 | (1,402) |
| (5) | Juniper Networks, Inc., Strike @ 26.00 Exp 5/17/14 | (68) |
| (1) | Kansas City Southern Industries, Inc., Strike @ 110.00 Exp 5/17/14 | (8) |
| (3) | Kellogg Co., Strike @ 67.50 Exp 5/17/14 | (285) |
| (2) | Keurig Green Mountain, Inc., Strike @ 110.00 Exp 5/17/14 | (250) |
| (6) | Kimberly-Clark Corp., Strike @ 115.00 Exp 5/17/14 | (210) |
| (4) | Kimco Realty Corp., Strike @ 22.50 Exp 5/17/14 | (220) |
| (2) | KLA-Tencor Corp., Strike @ 70.00 Exp 5/17/14 | (10) |
| (3) | Kohl's Corp., Strike @ 57.50 Exp 5/17/14 | (158) |
| (6) | Kraft Foods Group, Inc., Strike @ 57.50 Exp 5/17/14 | (330) |
| (6) | Kroger Co., Strike @ 45.00 Exp 5/17/14 | (780) |
| (4) | L Brands, Inc., Strike @ 56.50 Exp 5/17/14 | (110) |
| (1) | L-3 Communications Holdings, Inc., Strike @ 120.00 Exp 5/17/14 | (45) |
| (1) | Laboratory Corp. of America Holdings, Strike @ 105.00 Exp 5/17/14 | (18) |
| (2) | Lam Research Corp., Strike @ 55.00 Exp 5/17/14 | (600) |
| (1) | Legg Mason, Inc., Strike @ 48.00 Exp 5/17/14 | (60) |
| (2) | Lennar Corp., Strike @ 41.00 Exp 5/17/14 | (33) |
| (4) | Lincoln National Corp., Strike @ 50.00 Exp 5/17/14 | (218) |
| (3) | Linear Technology Corp., Strike @ 47.00 Exp 5/17/14 | (30) |
| (4) | Lockheed Martin Corp., Strike @ 165.00 Exp 5/17/14 | (750) |
| (3) | Lorillard, Inc., Strike @ 55.00 Exp 5/17/14 | (1,417) |
| (13) | Lowe's Cos., Inc., Strike @ 48.00 Exp 5/17/14 | (169) |
| (4) | Lyondellbasell Industries NV, Class A, Strike @ 92.50 Exp 5/17/14 | (630) |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS (Continued)

April 30, 2014

| Number of Contracts | | Value (\$) |
|--|---|------------|
| Written Call Options, Continued | | |
| (2) | M&T Bank Corp., Strike @ 125.00 Exp 5/17/14 | (70) |
| (5) | Macy's, Inc., Strike @ 60.00 Exp 5/17/14 | (233) |
| (11) | Marathon Oil Corp., Strike @ 38.00 Exp 5/17/14 | (127) |
| (4) | Marathon Petroleum Corp., Strike @ 95.00 Exp 5/17/14 | (610) |
| (3) | Marriott International, Inc., Class A, Strike @ 57.50 Exp 5/17/14 | (323) |
| (6) | Marsh & McLennan Cos., Inc., Strike @ 49.00 Exp 5/17/14 | (570) |
| (4) | Masco Corp., Strike @ 23.00 Exp 5/17/14 | (10) |
| (9) | Mastercard, Inc., Class A, Strike @ 75.00 Exp 5/17/14 | (855) |
| (5) | Mattel, Inc., Strike @ 39.00 Exp 5/17/14 | (338) |
| (16) | McDonald's Corp., Strike @ 105.00 Exp 5/17/14 | (368) |
| (3) | McGraw-Hill Cos., Inc., Strike @ 77.50 Exp 5/17/14 | (105) |
| (3) | McKesson Corp., Strike @ 175.00 Exp 5/17/14 | (405) |
| (2) | Mead Johnson Nutrition Co., Strike @ 85.00 Exp 5/17/14 | (745) |
| (3) | MeadWestvaco Corp., Strike @ 40.00 Exp 5/17/14 | (45) |
| (13) | Medtronic, Inc., Strike @ 60.00 Exp 5/17/14 | (371) |
| (31) | Merck & Co., Inc., Strike @ 57.50 Exp 5/17/14 | (5,424) |
| (13) | MetLife, Inc., Strike @ 52.50 Exp 5/17/14 | (1,156) |
| (3) | Michael Kors Holdings, Ltd., Strike @ 95.00 Exp 5/17/14 | (255) |
| (2) | Microchip Technology, Inc., Strike @ 48.00 Exp 5/17/14 | (165) |
| (11) | Micron Technology, Inc., Strike @ 24.00 Exp 5/17/14 | (2,557) |
| (91) | Microsoft Corp., Strike @ 41.00 Exp 5/17/14 | (2,911) |
| (1) | Mohawk Industries, Inc., Strike @ 140.00 Exp 5/17/14 | (128) |
| (2) | Molson Coors Brewing Co., Strike @ 60.00 Exp 5/17/14 | (225) |
| (27) | Mondelez International, Inc., Strike @ 36.00 Exp 5/17/14 | (1,241) |
| (6) | Monsanto Co., Strike @ 115.00 Exp 5/17/14 | (219) |
| (2) | Monster Beverage Corp., Strike @ 70.00 Exp 5/17/14 | (220) |
| (2) | Moody's Corp., Strike @ 80.00 Exp 5/17/14 | (141) |
| (22) | Morgan Stanley, Strike @ 32.00 Exp 5/17/14 | (341) |
| (3) | Motorola Solutions, Inc., Strike @ 65.00 Exp 5/17/14 | (203) |
| (2) | Murphy Oil Corp., Strike @ 65.00 Exp 5/17/14 | (145) |
| (5) | Mylan Laboratories, Inc., Strike @ 50.00 Exp 5/17/14 | (1,104) |
| (4) | Nabors Industries, Ltd., Strike @ 26.00 Exp 5/17/14 | (162) |
| (6) | National-Oilwell Varco, Inc., Strike @ 85.00 Exp 5/17/14 | (30) |
| (5) | NetApp, Inc., Strike @ 38.00 Exp 5/17/14 | (45) |
| (1) | Netflix.com, Inc., Strike @ 380.00 Exp 5/17/14 | (44) |
| (3) | Newell Rubbermaid, Inc., Strike @ 30.00 Exp 5/17/14 | (210) |
| (2) | Newfield Exploration Co., Strike @ 35.00 Exp 5/17/14 | (75) |
| (8) | Newmont Mining Corp., Strike @ 25.00 Exp 5/17/14 | (452) |
| (4) | News Corp., Class A, Strike @ 17.00 Exp 5/17/14 | (190) |
| (7) | NextEra Energy, Inc., Strike @ 100.00 Exp 5/17/14 | (1,032) |
| (2) | Nielsen Holdings NV, Strike @ 45.00 Exp 5/17/14 | (420) |
| (8) | Nike, Inc., Class B, Strike @ 75.00 Exp 5/17/14 | (248) |
| (5) | NiSource, Inc., Strike @ 37.00 Exp 5/17/14 | (88) |
| (4) | Noble Corp. PLC, Strike @ 32.00 Exp 5/17/14 | (62) |
| (4) | Noble Energy, Inc., Strike @ 75.00 Exp 5/17/14 | (120) |
| (2) | Nordstrom, Inc., Strike @ 62.50 Exp 5/17/14 | (150) |
| (3) | Norfolk Southern Corp., Strike @ 97.50 Exp 5/17/14 | (90) |
| (2) | Northern Trust Corp., Strike @ 60.00 Exp 5/17/14 | (200) |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS (Continued)

April 30, 2014

| Number of Contracts | | Value (\$) |
|--|---|------------|
| Written Call Options, Continued | | |
| (3) | Northrop Grumman Corp., Strike @ 125.00 Exp 5/17/14 | (188) |
| (5) | NRG Energy, Inc., Strike @ 34.00 Exp 5/17/14 | (113) |
| (3) | Nucor Corp., Strike @ 52.50 Exp 5/17/14 | (156) |
| (5) | NVIDIA Corp., Strike @ 19.00 Exp 5/17/14 | (190) |
| (8) | Occidental Petroleum Corp., Strike @ 97.50 Exp 5/17/14 | (824) |
| (4) | Omnicom Group, Inc., Strike @ 75.00 Exp 5/17/14 | (50) |
| (3) | ONEOK, Inc., Strike @ 62.50 Exp 5/17/14 | (435) |
| (56) | Oracle Corp., Strike @ 41.00 Exp 5/17/14 | (3,387) |
| (1) | O'Reilly Automotive, Inc., Strike @ 150.00 Exp 5/17/14 | (165) |
| (2) | Owens-Illinois, Inc., Strike @ 35.00 Exp 5/17/14 | (5) |
| (4) | PACCAR, Inc., Strike @ 66.60 Exp 5/17/14 | (80) |
| (1) | Pall Corp., Strike @ 90.00 Exp 5/17/14 | (13) |
| (2) | Parker Hannifin Corp., Strike @ 130.00 Exp 5/17/14 | (135) |
| (1) | Patterson Cos., Inc., Strike @ 42.00 Exp 5/17/14 | (18) |
| (5) | Paychex, Inc., Strike @ 42.00 Exp 5/17/14 | (163) |
| (4) | Peabody Energy Corp., Strike @ 18.00 Exp 5/17/14 | (470) |
| (3) | Pentair, Ltd., Strike @ 85.00 Exp 5/17/14 | (15) |
| (24) | PepsiCo, Inc., Strike @ 87.50 Exp 5/17/14 | (924) |
| (1) | PerkinElmer, Inc., Strike @ 45.00 Exp 5/17/14 | (15) |
| (2) | Perrigo Co. PLC, Strike @ 150.00 Exp 5/17/14 | (600) |
| (1) | PetSmart, Inc., Strike @ 67.50 Exp 5/17/14 | (118) |
| (103) | Pfizer, Inc., Strike @ 31.00 Exp 5/17/14 | (6,334) |
| (25) | Philip Morris International, Strike @ 85.00 Exp 5/17/14 | (2,974) |
| (6) | Phillips 66, Strike @ 82.50 Exp 5/17/14 | (1,169) |
| (2) | Pioneer Natural Resources Co., Strike @ 210.00 Exp 5/17/14 | (220) |
| (3) | Pitney Bowes, Inc., Strike @ 27.00 Exp 5/17/14 | (128) |
| (2) | Plum Creek Timber Co., Inc., Strike @ 43.00 Exp 5/17/14 | (163) |
| (6) | PNC Financial Services Group, Strike @ 85.00 Exp 5/17/14 | (384) |
| (1) | Polo Ralph Lauren Corp., Strike @ 160.00 Exp 5/17/14 | (223) |
| (2) | PPG Industries, Inc., Strike @ 200.00 Exp 5/17/14 | (130) |
| (10) | PPL Corp., Strike @ 34.00 Exp 5/17/14 | (175) |
| (4) | Praxair, Inc., Strike @ 135.00 Exp 5/17/14 | (60) |
| (1) | Precision Castparts Corp., Strike @ 260.00 Exp 5/17/14 | (273) |
| (4) | Principal Financial Group, Inc., Strike @ 47.00 Exp 5/17/14 | (290) |
| (33) | Procter & Gamble Co., Strike @ 82.50 Exp 5/17/14 | (2,887) |
| (5) | Progressive Corp., Strike @ 24.00 Exp 5/17/14 | (225) |
| (8) | Prologis, Inc., Strike @ 42.00 Exp 5/17/14 | (120) |
| (5) | Prudential Financial, Inc., Strike @ 82.50 Exp 5/17/14 | (548) |
| (5) | Public Service Enterprise Group, Inc., Strike @ 40.00 Exp 5/17/14 | (663) |
| (2) | Public Storage, Strike @ 175.00 Exp 5/17/14 | (515) |
| (5) | Pulte Group, Inc., Strike @ 20.00 Exp 5/17/14 | (30) |
| (1) | PVH Corp., Strike @ 125.00 Exp 5/17/14 | (258) |
| (3) | QEP Resources, Inc., Strike @ 35.00 Exp 5/17/14 | (23) |
| (19) | Qualcomm, Inc., Strike @ 82.50 Exp 5/17/14 | (200) |
| (2) | Quanta Services, Inc., Strike @ 37.00 Exp 5/17/14 | (75) |
| (1) | Quest Diagnostics, Inc., Strike @ 60.00 Exp 5/17/14 | (10) |
| (2) | Range Resources Corp., Strike @ 95.00 Exp 5/17/14 | (90) |
| (3) | Raytheon Co., Strike @ 100.00 Exp 5/17/14 | (63) |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS (Continued)

April 30, 2014

| Number of Contracts | | Value (\$) |
|--|---|------------|
| Written Call Options, Continued | | |
| (3) | Red Hat, Inc., Strike @ 52.50 Exp 5/17/14 | (30) |
| (1) | Regeneron Pharmaceuticals, Inc., Strike @ 325.00 Exp 5/17/14 | (208) |
| (3) | Republic Services, Inc., Class A, Strike @ 35.00 Exp 5/17/14 | (128) |
| (4) | Reynolds American, Inc., Strike @ 57.50 Exp 5/17/14 | (250) |
| (2) | Robert Half International, Inc., Strike @ 45.00 Exp 5/17/14 | (140) |
| (2) | Rockwell Automation, Inc., Strike @ 130.00 Exp 5/17/14 | (25) |
| (1) | Rockwell Collins, Inc., Strike @ 80.00 Exp 5/17/14 | (20) |
| (1) | Roper Industries, Inc., Strike @ 135.00 Exp 5/17/14 | (480) |
| (2) | Ross Stores, Inc., Strike @ 70.00 Exp 5/17/14 | (70) |
| (2) | Rowan Cos. PLC, Strike @ 32.00 Exp 5/17/14 | (65) |
| (6) | Salesforce.com, Inc., Strike @ 57.50 Exp 5/17/14 | (147) |
| (3) | SanDisk Corp., Strike @ 87.50 Exp 5/17/14 | (242) |
| (21) | Schlumberger, Ltd., Strike @ 105.00 Exp 5/17/14 | (788) |
| (1) | Scripps Networks Interactive, Inc., Strike @ 75.00 Exp 5/17/14 | (175) |
| (4) | Seagate Technology PLC, Strike @ 57.50 Exp 5/17/14 | (32) |
| (3) | Sealed Air Corp., Strike @ 34.00 Exp 5/17/14 | (248) |
| (3) | Sempra Energy, Strike @ 100.00 Exp 5/17/14 | (225) |
| (1) | Sherwin-Williams Co., Strike @ 200.00 Exp 5/17/14 | (273) |
| (1) | Sigma-Aldrich Corp., Strike @ 95.00 Exp 5/17/14 | (185) |
| (5) | Simon Property Group, Inc., Strike @ 175.00 Exp 5/17/14 | (420) |
| (4) | SLM Corp., Strike @ 26.00 Exp 5/17/14 | (138) |
| (14) | Southern Co., Strike @ 46.00 Exp 5/17/14 | (266) |
| (11) | Southwest Airlines Co., Strike @ 25.00 Exp 5/17/14 | (220) |
| (5) | Southwestern Energy Co., Strike @ 50.00 Exp 5/17/14 | (235) |
| (10) | Spectra Energy Corp., Strike @ 40.00 Exp 5/17/14 | (300) |
| (4) | St. Jude Medical, Inc., Strike @ 65.00 Exp 5/17/14 | (330) |
| (2) | Stanley Black & Decker, Inc., Strike @ 85.00 Exp 5/17/14 | (355) |
| (6) | Staples, Inc., Strike @ 12.00 Exp 5/17/14 | (345) |
| (9) | Starbucks Corp., Strike @ 72.50 Exp 5/17/14 | (360) |
| (2) | Starwood Hotels & Resorts Worldwide, Inc., Strike @ 79.35 Exp 5/17/14 | (82) |
| (5) | State Street Corp., Strike @ 67.50 Exp 5/17/14 | (100) |
| (1) | Stericycle, Inc., Strike @ 115.00 Exp 5/17/14 | (228) |
| (3) | Stryker Corp., Strike @ 80.00 Exp 5/17/14 | (105) |
| (8) | SunTrust Banks, Inc., Strike @ 39.00 Exp 5/17/14 | (244) |
| (11) | Symantec Corp., Strike @ 22.00 Exp 5/17/14 | (198) |
| (9) | Sysco Corp., Strike @ 37.00 Exp 5/17/14 | (293) |
| (4) | T. Rowe Price Group, Inc., Strike @ 85.00 Exp 5/17/14 | (100) |
| (5) | Target Corp., Strike @ 60.00 Exp 5/17/14 | (1,019) |
| (6) | TE Connectivity, Ltd., Strike @ 65.00 Exp 5/17/14 | (30) |
| (1) | Tenet Healthcare Corp., Strike @ 41.00 Exp 5/17/14 | (465) |
| (2) | Teradata Corp., Strike @ 50.00 Exp 5/17/14 | (55) |
| (2) | Tesoro Corp., Strike @ 55.00 Exp 5/17/14 | (485) |
| (13) | Texas Instruments, Inc., Strike @ 47.00 Exp 5/17/14 | (293) |
| (3) | Textron, Inc., Strike @ 41.00 Exp 5/17/14 | (336) |
| (2) | The ADT Corp., Strike @ 32.00 Exp 5/17/14 | (35) |
| (7) | The Boeing Co., Strike @ 130.00 Exp 5/17/14 | (833) |
| (18) | The Charles Schwab Corp., Strike @ 28.00 Exp 5/17/14 | (225) |
| (4) | The Chubb Corp., Strike @ 95.00 Exp 5/17/14 | (46) |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS (Continued)

April 30, 2014

| Number of Contracts | | Value (\$) |
|--|--|------------|
| Written Call Options, Continued | | |
| (14) | The Dow Chemical Co., Strike @ 50.00 Exp 5/17/14 | (1,140) |
| (2) | The Hershey Co., Strike @ 105.00 Exp 5/17/14 | (10) |
| (12) | The Home Depot, Inc., Strike @ 77.50 Exp 5/17/14 | (2,975) |
| (6) | The Interpublic Group of Cos., Inc., Strike @ 18.00 Exp 5/17/14 | (75) |
| (1) | The J.M. Smucker Co., Strike @ 100.00 Exp 5/17/14 | (13) |
| (4) | The Mosaic Co., Strike @ 50.00 Exp 5/17/14 | (416) |
| (1) | The NASDAQ OMX Group, Inc., Strike @ 36.00 Exp 5/17/14 | (135) |
| (26) | The Walt Disney Co., Strike @ 82.50 Exp 5/17/14 | (1,403) |
| (6) | Thermo Fisher Scientific, Inc., Strike @ 125.00 Exp 5/17/14 | (60) |
| (1) | Tiffany & Co., Strike @ 90.00 Exp 5/17/14 | (50) |
| (3) | Time Warner Cable, Inc., Class A, Strike @ 140.00 Exp 5/17/14 | (780) |
| (8) | Time Warner, Inc., Strike @ 65.00 Exp 5/17/14 | (1,567) |
| (9) | TJX Cos., Inc., Strike @ 60.00 Exp 5/17/14 | (180) |
| (1) | Torchmark Corp., Strike @ 80.00 Exp 5/17/14 | (75) |
| (2) | Total System Services, Inc., Strike @ 30.00 Exp 5/17/14 | (290) |
| (2) | Tractor Supply Co., Strike @ 70.00 Exp 5/17/14 | (50) |
| (5) | Transocean, Ltd., Strike @ 43.00 Exp 5/17/14 | (547) |
| (3) | Travelers Cos., Inc., Strike @ 87.50 Exp 5/17/14 | (974) |
| (1) | TripAdvisor, Inc., Strike @ 92.50 Exp 5/17/14 | (100) |
| (19) | Twenty-First Century Fox, Inc., Strike @ 33.00 Exp 5/17/14 | (713) |
| (5) | Tyco International, Ltd., Strike @ 43.00 Exp 5/17/14 | (48) |
| (4) | Tyson Foods, Inc., Class A, Strike @ 45.00 Exp 5/17/14 | (80) |
| (22) | U.S. Bancorp, Strike @ 41.00 Exp 5/17/14 | (803) |
| (2) | U.S. Steel Corp., Strike @ 29.00 Exp 5/17/14 | (10) |
| (5) | Union Pacific Corp., Strike @ 190.00 Exp 5/17/14 | (1,332) |
| (5) | United Parcel Service, Inc., Class B, Strike @ 97.50 Exp 5/17/14 | (765) |
| (9) | United Technologies Corp., Strike @ 120.00 Exp 5/17/14 | (612) |
| (16) | UnitedHealth Group, Inc., Strike @ 77.50 Exp 5/17/14 | (432) |
| (4) | Unum Group, Strike @ 35.00 Exp 5/17/14 | (50) |
| (1) | Urban Outfitters, Inc., Strike @ 37.00 Exp 5/17/14 | (20) |
| (6) | Valero Energy Corp., Strike @ 57.50 Exp 5/17/14 | (810) |
| (1) | Varian Medical Systems, Inc., Strike @ 85.00 Exp 5/17/14 | (18) |
| (2) | VeriSign, Inc., Strike @ 55.00 Exp 5/17/14 | (5) |
| (43) | Verizon Communications, Inc., Strike @ 48.00 Exp 5/17/14 | (452) |
| (3) | Vertex Pharmaceuticals, Inc., Strike @ 70.00 Exp 5/17/14 | (810) |
| (5) | VF Corp., Strike @ 62.50 Exp 5/17/14 | (225) |
| (4) | Viacom, Inc., Class B, Strike @ 85.00 Exp 5/17/14 | (720) |
| (8) | Visa, Inc., Class A, Strike @ 220.00 Exp 5/17/14 | (72) |
| (2) | Vornado Realty Trust, Strike @ 105.00 Exp 5/17/14 | (65) |
| (2) | Vulcan Materials Co., Strike @ 67.50 Exp 5/17/14 | (185) |
| (10) | Walgreen Co., Strike @ 67.50 Exp 5/17/14 | (1,669) |
| (14) | Wal-Mart Stores, Inc., Strike @ 77.50 Exp 5/17/14 | (3,338) |
| (7) | Waste Management, Inc., Strike @ 43.00 Exp 5/17/14 | (1,067) |
| (1) | Waters Corp., Strike @ 115.00 Exp 5/17/14 | (13) |
| (4) | WellPoint, Inc., Strike @ 95.00 Exp 5/17/14 | (2,339) |
| (77) | Wells Fargo & Co., Strike @ 50.00 Exp 5/17/14 | (2,040) |
| (3) | Western Digital Corp., Strike @ 95.00 Exp 5/17/14 | (224) |
| (4) | Western Union Co., Strike @ 15.00 Exp 5/17/14 | (410) |

See Notes to Financial Statements.

Horizons S&P 500[®] Covered Call ETF
SCHEDULE OF WRITTEN CALL OPTIONS (Continued)

April 30, 2014

| Number of Contracts | | Value (\$) |
|---|--|---------------------|
| Written Call Options, Continued | | |
| (6) | Weyerhaeuser Co., Strike @ 28.00 Exp 5/17/14 | (1,139) |
| (1) | Whirlpool Corp., Strike @ 165.00 Exp 5/17/14 | (17) |
| (4) | Whole Foods Market, Inc., Strike @ 50.00 Exp 5/17/14 | (664) |
| (9) | Williams Cos., Inc., Strike @ 43.00 Exp 5/17/14 | (554) |
| (1) | Wyndham Worldwide Corp., Strike @ 72.50 Exp 5/17/14 | (68) |
| (1) | Wynn Resorts, Ltd., Strike @ 220.00 Exp 5/17/14 | (255) |
| (4) | Xilinx, Inc., Strike @ 55.00 Exp 5/17/14 | (2) |
| (4) | XL Group PLC, Strike @ 32.00 Exp 5/17/14 | (116) |
| (13) | Yahoo!, Inc., Strike @ 38.00 Exp 5/17/14 | (605) |
| (7) | Yum! Brands, Inc., Strike @ 80.00 Exp 5/17/14 | (172) |
| (2) | Zimmer Holdings, Inc., Strike @ 95.00 Exp 5/17/14 | (550) |
| (2) | Zions Bancorp., Strike @ 31.00 Exp 5/17/14 | (15) |
| (5) | Zoetis, Inc., Strike @ 29.00 Exp 5/17/14 | (688) |
| Total Written Call Options (Premiums Received \$236,063) | | \$ (310,161) |

MINI Mini Options are physically-settled option contracts overlying 10 shares of security.

Horizons S&P Financial Select Sector Covered Call ETF

SCHEDULE OF PORTFOLIO INVESTMENTS

April 30, 2014

| Security Description | Shares | Value (\$) | Security Description | Shares | Value (\$) |
|---|--------|----------------|---|--------|------------------|
| COMMON STOCKS 100.5% | | | COMMON STOCKS, Continued | | |
| Banks 18.0% | | | Insurance, continued | | |
| BB&T Corp. | 1,079 | 40,279 | AON PLC | 458 | 38,875 |
| Comerica, Inc. | 276 | 13,314 | Assurant, Inc. | 108 | 7,280 |
| Fifth Third Bancorp | 1,297 | 26,731 | Berkshire Hathaway, Inc., Class B * | 2,727 | 351,373 |
| Huntington Bancshares, Inc. | 1,266 | 11,597 | Cincinnati Financial Corp. | 223 | 10,869 |
| KeyCorp | 1,355 | 18,482 | Genworth Financial, Inc., Class A * | 750 | 13,388 |
| M&T Bank Corp. | 200 | 24,402 | Hartford Financial Services Group, Inc. | 680 | 24,392 |
| PNC Financial Services Group | 808 | 67,904 | Lincoln National Corp. | 400 | 19,404 |
| Regions Financial Corp. | 2,162 | 21,923 | Loews Corp. | 466 | 20,490 |
| SunTrust Banks, Inc. | 809 | 30,952 | Marsh & McLennan Cos., Inc. | 830 | 40,927 |
| U.S. Bancorp | 2,761 | 112,594 | MetLife, Inc. | 1,702 | 89,100 |
| Wells Fargo & Co. | 7,251 | 359,940 | Principal Financial Group, Inc. | 416 | 19,485 |
| Zions Bancorp. | 284 | 8,213 | Progressive Corp. | 834 | 20,225 |
| | | <u>736,331</u> | Prudential Financial, Inc. | 701 | 56,557 |
| Capital Markets 12.8% | | | The Chubb Corp. | 371 | 34,162 |
| Ameriprise Financial, Inc. | 300 | 33,489 | Torchmark Corp. | 134 | 10,680 |
| Bank of New York Mellon Corp. | 1,719 | 58,223 | Travelers Cos., Inc. | 533 | 48,279 |
| BlackRock, Inc., Class A | 190 | 57,190 | Unum Group | 400 | 13,288 |
| Franklin Resources, Inc. | 611 | 31,986 | XL Group PLC | 420 | <u>13,167</u> |
| Goldman Sachs Group, Inc. | 638 | 101,964 | | | <u>1,083,696</u> |
| Invesco, Ltd. | 659 | 23,203 | Media 0.7% | | |
| Legg Mason, Inc. | 158 | 7,409 | McGraw-Hill Cos., Inc. | 412 | <u>30,459</u> |
| Morgan Stanley | 2,125 | 65,726 | | | <u>30,459</u> |
| Northern Trust Corp. | 339 | 20,425 | Real Estate Investment Trusts (REITs) 13.9% | | |
| State Street Corp. | 653 | 42,158 | American Tower Corp. (REIT) | 601 | 50,196 |
| T. Rowe Price Group, Inc. | 400 | 32,852 | Apartment Investment & Management Co., Class A (REIT) | 224 | 6,906 |
| The Charles Schwab Corp. | 1,771 | 47,020 | AvalonBay Communities, Inc. | 185 | 25,262 |
| | | <u>521,645</u> | Boston Properties, Inc. | 231 | 27,059 |
| Consumer Finance 5.9% | | | Crown Castle International Corp. (REIT) | 505 | 36,729 |
| American Express Co. | 1,384 | 121,003 | Equity Residential (REIT) | 511 | 30,374 |
| Capital One Financial Corp. | 867 | 64,071 | Essex Property Trust, Inc. | 100 | 17,326 |
| Discover Financial Services, Inc., Class A | 713 | 39,857 | General Growth Properties, Inc. | 794 | 18,238 |
| SLM Corp. | 653 | 16,815 | HCP, Inc. | 696 | 29,134 |
| | | <u>241,746</u> | Health Care REIT, Inc. | 440 | 27,760 |
| Diversified Financial Services 21.1% | | | Host Hotels & Resorts, Inc. | 1,152 | 24,710 |
| Bank of America Corp. | 16,014 | 242,452 | Kimco Realty Corp. | 620 | 14,210 |
| Citigroup, Inc. | 4,601 | 220,434 | Plum Creek Timber Co., Inc. | 271 | 11,816 |
| E*Trade Financial Corp. * | 442 | 9,923 | Prologis, Inc. | 756 | 30,716 |
| IntercontinentalExchange Group, Inc. | 174 | 35,573 | Public Storage | 218 | 38,261 |
| JPMorgan Chase & Co. | 5,738 | 321,213 | Simon Property Group, Inc. | 475 | 82,269 |
| Leucadia National Corp. | 477 | 12,173 | The Macerich Co. | 213 | 13,826 |
| Moody's Corp. | 286 | 22,451 | Ventas, Inc. | 445 | 29,406 |
| | | <u>864,219</u> | Vornado Realty Trust | 263 | 26,984 |
| Insurance 26.5% | | | Weyerhaeuser Co. | 890 | <u>26,567</u> |
| ACE, Ltd. | 509 | 52,081 | | | <u>567,749</u> |
| AFLAC, Inc. | 690 | 43,277 | | | |
| Allstate Corp. | 677 | 38,555 | | | |
| American International Group, Inc. | 2,218 | 117,842 | | | |

See Notes to Financial Statements.

Horizons S&P Financial Select Sector Covered Call ETF

SCHEDULE OF PORTFOLIO INVESTMENTS (Continued)

April 30, 2014

| Security Description | Shares | Value (\$) |
|--|--------|----------------------------|
| COMMON STOCKS, Continued | | |
| Real Estate Management & Development 0.3% | | |
| CBRE Group, Inc., Class A * | 428 | <u>11,402</u> |
| | | <u>11,402</u> |
| Specialized Finance 1.0% | | |
| CME Group, Inc. | 477 | 33,576 |
| The NASDAQ OMX Group, Inc. | 178 | <u>6,568</u> |
| | | <u>40,144</u> |
| Thrifts & Mortgage Finance 0.3% | | |
| Hudson City BanCorp, Inc. | 720 | 7,171 |
| People's United Financial, Inc. | 472 | <u>6,740</u> |
| | | <u>13,911</u> |
| TOTAL COMMON STOCKS (Cost \$3,959,974) | | <u><u>4,111,302</u></u> |
| TOTAL INVESTMENTS (Cost \$3,959,974) — 100.5% | | 4,111,302 |
| Other Net Assets (Liabilities): | | |
| Written Call Options (0.6)% | | (26,477) |
| Other Net Assets 0.1% | | <u>4,946</u> |
| Total Other Net Assets (Liabilities) (0.5)% | | <u>(21,531)</u> |
| NET ASSETS 100.0% | | <u><u>\$ 4,089,771</u></u> |

The Horizons S&P Financial Select Sector Covered Call ETF was invested in the following industries as of April 30, 2014:

| | Value | % of Net Assets |
|---------------------------------------|----------------------------|----------------------|
| Insurance | \$ 1,083,696 | 26.5% |
| Diversified Financial Services | 864,219 | 21.1% |
| Banks | 736,331 | 18.0% |
| Real Estate Investment Trusts (REITs) | 567,749 | 13.9% |
| Capital Markets | 521,645 | 12.8% |
| Consumer Finance | 241,746 | 5.9% |
| Specialized Finance | 40,144 | 1.0% |
| Media | 30,459 | 0.7% |
| Real Estate Management & Development | 11,402 | 0.3% |
| Thrifts & Mortgage Finance | 13,911 | 0.3% |
| Written Call Options | (26,477) | (0.6%) |
| Other Net Assets | <u>4,946</u> | <u>0.1%</u> |
| Total | <u><u>\$ 4,089,771</u></u> | <u><u>100.0%</u></u> |

* Non-income producing security

REIT Real Estate Investment Trust

See Notes to Financial Statements.

Horizons S&P Financial Select Sector Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS

April 30, 2014

| Number of Contracts | | Value (\$) |
|------------------------------------|---|------------|
| Written Call Options (0.6)% | | |
| (5) | ACE, Ltd., Strike @ 105.00 Exp 5/17/14 | (75) |
| (6) | AFLAC, Inc., Strike @ 65.00 Exp 5/17/14 | (66) |
| (6) | Allstate Corp., Strike @ 57.50 Exp 5/17/14 | (420) |
| (13) | American Express Co., Strike @ 90.00 Exp 5/17/14 | (455) |
| (17) | American International Group, Inc., Strike @ 52.50 Exp 5/17/14 | (2,643) |
| (6) | American Tower Corp. (REIT), Strike @ 85.00 Exp 5/17/14 | (345) |
| (3) | Ameriprise Financial, Inc., Strike @ 110.00 Exp 5/17/14 | (758) |
| (4) | AON PLC, Strike @ 85.00 Exp 5/17/14 | (500) |
| (2) | Apartment Investment & Management Co., Class A (REIT), Strike @ 30.00 Exp 5/17/14 | (195) |
| (1) | Assurant, Inc., Strike @ 67.50 Exp 5/17/14 | (93) |
| (1) | AvalonBay Communities, Inc., Strike @ 135.00 Exp 5/17/14 | (243) |
| (10) | Bank of New York Mellon Corp., Strike @ 34.00 Exp 5/17/14 | (450) |
| (10) | BB&T Corp., Strike @ 39.00 Exp 5/17/14 | (45) |
| (27) | Berkshire Hathaway, Inc., Class B, Strike @ 130.00 Exp 5/17/14 | (2,578) |
| (1) | BlackRock, Inc., Class A, Strike @ 320.00 Exp 5/17/14 | (35) |
| (2) | Boston Properties, Inc., Strike @ 120.00 Exp 5/17/14 | (90) |
| (7) | Capital One Financial Corp., Strike @ 77.50 Exp 5/17/14 | (53) |
| (4) | CBRE Group, Inc., Class A, Strike @ 28.00 Exp 5/17/14 | (70) |
| (2) | Cincinnati Financial Corp., Strike @ 50.00 Exp 5/17/14 | (25) |
| (46) | Citigroup, Inc., Strike @ 50.00 Exp 5/17/14 | (506) |
| (3) | CME Group, Inc., Strike @ 70.00 Exp 5/17/14 | (473) |
| (2) | Comerica, Inc., Strike @ 50.00 Exp 5/17/14 | (45) |
| (5) | Crown Castle International Corp. (REIT), Strike @ 77.50 Exp 5/17/14 | (25) |
| (5) | Discover Financial Services, Inc., Class A, Strike @ 57.50 Exp 5/17/14 | (125) |
| (3) | E*Trade Financial Corp., Strike @ 22.00 Exp 5/17/14 | (272) |
| (5) | Equity Residential (REIT), Strike @ 60.00 Exp 5/17/14 | (250) |
| (1) | Essex Property Trust, Inc., Strike @ 175.00 Exp 5/17/14 | (205) |
| (5) | Franklin Resources, Inc., Strike @ 55.00 Exp 5/17/14 | (75) |
| (5) | General Growth Properties, Inc., Strike @ 23.00 Exp 5/17/14 | (145) |
| (4) | Genworth Financial, Inc., Class A, Strike @ 17.00 Exp 5/17/14 | (396) |
| (6) | Goldman Sachs Group, Inc., Strike @ 165.00 Exp 5/17/14 | (372) |
| (6) | Hartford Financial Services Group, Inc., Strike @ 36.00 Exp 5/17/14 | (294) |
| (7) | Host Hotels & Resorts, Inc., Strike @ 21.00 Exp 5/17/14 | (490) |
| (1) | IntercontinentalExchange Group, Inc., Strike @ 200.00 Exp 5/17/14 | (680) |
| (5) | Invesco, Ltd., Strike @ 36.00 Exp 5/17/14 | (188) |
| (57) | JPMorgan Chase & Co., Strike @ 57.50 Exp 5/17/14 | (1,310) |
| (3) | Kimco Realty Corp., Strike @ 22.50 Exp 5/17/14 | (165) |
| (1) | Legg Mason, Inc., Strike @ 48.00 Exp 5/17/14 | (60) |
| (4) | Lincoln National Corp., Strike @ 50.00 Exp 5/17/14 | (218) |
| (2) | M&T Bank Corp., Strike @ 125.00 Exp 5/17/14 | (70) |
| (6) | Marsh & McLennan Cos., Inc., Strike @ 49.00 Exp 5/17/14 | (570) |
| (3) | McGraw-Hill Cos., Inc., Strike @ 77.50 Exp 5/17/14 | (105) |
| (13) | MetLife, Inc., Strike @ 52.50 Exp 5/17/14 | (1,156) |
| (2) | Moody's Corp., Strike @ 80.00 Exp 5/17/14 | (141) |
| (21) | Morgan Stanley, Strike @ 32.00 Exp 5/17/14 | (326) |
| (2) | Northern Trust Corp., Strike @ 60.00 Exp 5/17/14 | (200) |
| (2) | Plum Creek Timber Co., Inc., Strike @ 43.00 Exp 5/17/14 | (163) |
| (7) | PNC Financial Services Group, Strike @ 85.00 Exp 5/17/14 | (448) |

See Notes to Financial Statements.

Horizons S&P Financial Select Sector Covered Call ETF

SCHEDULE OF WRITTEN CALL OPTIONS (Continued)

April 30, 2014

| Number of Contracts | | Value (\$) |
|--|---|--------------------|
| Written Call Options, Continued | | |
| (4) | Principal Financial Group, Inc., Strike @ 47.00 Exp 5/17/14 | (290) |
| (5) | Progressive Corp., Strike @ 24.00 Exp 5/17/14 | (225) |
| (7) | Prologis, Inc., Strike @ 42.00 Exp 5/17/14 | (105) |
| (5) | Prudential Financial, Inc., Strike @ 82.50 Exp 5/17/14 | (548) |
| (2) | Public Storage, Strike @ 175.00 Exp 5/17/14 | (515) |
| (4) | Simon Property Group, Inc., Strike @ 175.00 Exp 5/17/14 | (336) |
| (4) | SLM Corp., Strike @ 26.00 Exp 5/17/14 | (138) |
| (5) | State Street Corp., Strike @ 67.50 Exp 5/17/14 | (100) |
| (8) | SunTrust Banks, Inc., Strike @ 39.00 Exp 5/17/14 | (244) |
| (4) | T. Rowe Price Group, Inc., Strike @ 85.00 Exp 5/17/14 | (100) |
| (17) | The Charles Schwab Corp., Strike @ 28.00 Exp 5/17/14 | (213) |
| (3) | The Chubb Corp., Strike @ 95.00 Exp 5/17/14 | (35) |
| (1) | The NASDAQ OMX Group, Inc., Strike @ 36.00 Exp 5/17/14 | (135) |
| (1) | Torchmark Corp., Strike @ 80.00 Exp 5/17/14 | (75) |
| (3) | Travelers Cos., Inc., Strike @ 87.50 Exp 5/17/14 | (974) |
| (20) | U.S. Bancorp, Strike @ 41.00 Exp 5/17/14 | (730) |
| (4) | Unum Group, Strike @ 35.00 Exp 5/17/14 | (50) |
| (2) | Vornado Realty Trust, Strike @ 105.00 Exp 5/17/14 | (65) |
| (72) | Wells Fargo & Co., Strike @ 50.00 Exp 5/17/14 | (1,906) |
| (5) | Weyerhaeuser Co., Strike @ 28.00 Exp 5/17/14 | (950) |
| (4) | XL Group PLC, Strike @ 32.00 Exp 5/17/14 | (116) |
| (2) | Zions Bancorp., Strike @ 31.00 Exp 5/17/14 | (15) |
| Total Written Call Options (Premiums Received \$27,328) | | \$ (26,477) |

See Notes to Financial Statements.

EXCHANGE TRADED CONCEPTS TRUST II
STATEMENTS OF ASSETS AND LIABILITIES

April 30, 2014

| | Horizons S&P 500® Covered Call ETF | Horizons S&P Financial Select Sector Covered Call ETF |
|--|---------------------------------------|---|
| Assets: | | |
| Investments, at value (Cost \$24,219,538 and \$3,959,974) | \$ 27,283,622 | \$ 4,111,302 |
| Cash | 50,098 | 25,472 |
| Dividends and interest receivable | 24,957 | 1,760 |
| Receivable for investments sold | 22,113 | — |
| Total Assets | <u>27,380,790</u> | <u>4,138,534</u> |
| Liabilities: | | |
| Payable for investments purchased | 12,764 | — |
| Written options (Premiums received \$236,063 and \$27,328) | 310,161 | 26,477 |
| Distributions payable | 19,949 | 19,934 |
| Management fees payable | 14,312 | 2,352 |
| Total Liabilities | <u>357,186</u> | <u>48,763</u> |
| Net Assets | <u>\$ 27,023,604</u> | <u>\$ 4,089,771</u> |
| Net Assets consist of: | | |
| Capital | \$ 24,657,371 | \$ 4,006,009 |
| Accumulated net realized gains (loss) on investments | (623,753) | (68,417) |
| Net unrealized appreciation (depreciation) on investments | <u>2,989,986</u> | <u>152,179</u> |
| Net Assets | <u>\$ 27,023,604</u> | <u>\$ 4,089,771</u> |
| Net Assets | \$ 27,023,604 | \$ 4,089,771 |
| Shares of Beneficial Interest Outstanding | | |
| (unlimited number of shares authorized, no par value) | 602,500 | 100,000 |
| Net Asset Value | \$ 44.85 | \$ 40.90 |

Amounts listed as “—” are \$0 or have been rounded to \$0.

See Notes to Financial Statements.

EXCHANGE TRADED CONCEPTS TRUST II
STATEMENTS OF OPERATIONS

April 30, 2014

| | Horizons S&P 500® Covered Call ETF | Horizons S&P Financial Select Sector Covered Call ETF |
|--|---|---|
| | For the period June 24, 2013 ^(a) through April 30, 2014 | For the period November 18, 2013 ^(a) through April 30, 2014 |
| Investment Income: | | |
| Dividend income (net of withholding tax of \$29 and \$0) | \$ 394,572 | \$ 31,806 |
| Total Investment Income | <u>394,572</u> | <u>31,806</u> |
| Expenses: | | |
| Management fees | 126,588 | 12,843 |
| Other fees | 77 | — |
| Total Expenses | <u>126,665</u> | <u>12,843</u> |
| Net Investment Income (Loss) | <u>267,907</u> | <u>18,963</u> |
| Realized and Unrealized Gains (Losses) on Investments: | | |
| Net realized gains (losses) on investment securities | 387,466 | 8,323 |
| Net realized gains (losses) on written options | (524,407) | (41,882) |
| Change in unrealized appreciation/depreciation on investments | 2,989,986 | 152,179 |
| Net Realized and Unrealized Gains (Losses) on Investments | <u>2,853,045</u> | <u>118,620</u> |
| Change in Net Assets Resulting From Operations | <u>\$ 3,120,952</u> | <u>\$ 137,583</u> |

Amounts listed as “—” are \$0 or have been rounded to \$0.

^(a) Commencement of operations.

See Notes to Financial Statements.

EXCHANGE TRADED CONCEPTS TRUST II
STATEMENTS OF CHANGES IN NET ASSETS

April 30, 2014

| | Horizons S&P 500® Covered Call ETF | Horizons S&P Financial Select Sector Covered Call ETF |
|---|---|---|
| | For the period June 24, 2013 ^(a) through April 30, 2014 | For the period November 18, 2013 ^(a) through April 30, 2014 |
| From Investment Activities: | | |
| Operations: | | |
| Net investment income (loss) | \$ 267,907 | \$ 18,963 |
| Net realized gains (losses) on investments | 387,466 | 8,323 |
| Net realized gains (losses) on written options | (524,407) | (41,882) |
| Change in unrealized appreciation (depreciation) on investments | 2,989,986 | 152,179 |
| Change in net assets resulting from operations | <u>3,120,952</u> | <u>137,583</u> |
| Distributions to Shareholders From: | | |
| Net investment income | (339,609) | (53,821) |
| Net realized gains on investments | (415,110) | — |
| Change in net assets resulting from distributions | <u>(754,719)</u> | <u>(53,821)</u> |
| Capital Transactions: | | |
| Proceeds from shares issued | 24,557,371 | 4,006,009 |
| Change in net assets resulting from capital transactions | <u>24,557,371</u> | <u>4,006,009</u> |
| Change in net assets | <u>26,923,604</u> | <u>4,089,771</u> |
| Net Assets: | | |
| Beginning of period ^(b) | 100,000 | — |
| End of period | <u>\$ 27,023,604</u> | <u>\$ 4,089,771</u> |
| Share Transactions: | | |
| Issued | 600,000 | 100,000 |
| Change in shares | <u>600,000</u> | <u>100,000</u> |

Amounts listed as “—” are \$0 or have been rounded to \$0.

^(a) Commencement of operations.

^(b) Beginning capital of \$100,000 was contributed from the Sub-Advisor in exchange for 2,500 shares of Horizons S&P 500 Covered Call ETF in connection with the commencement of operations.

See Notes to Financial Statements.

EXCHANGE TRADED CONCEPTS TRUST II FINANCIAL HIGHLIGHTS

Selected data for a share of beneficial interest outstanding throughout the periods indicated.

| | Investment Activities | | | | Distribution to Shareholders From | | | Ratios to Average Net Assets | | | Supplemental Data | | |
|--|--------------------------------------|------------------------------|---|----------------------------------|-----------------------------------|-------------------------------------|---------------------|--------------------------------|---|--|--|-------------------------------------|-----------------------------------|
| | Net Asset Value, Beginning of Period | Net Investment Income (Loss) | Net Realized and Unrealized Gains (Losses) on Investments | Total from Investment Activities | Net Investment Income | Net Realized Gains From Investments | Total Distributions | Net Asset Value, End of Period | Total return at market ^{(a),(c)} | Ratio of Expenses to Average Net Assets ^(d) | Ratio of Net Investment Income (Loss) to Average Net Assets ^(d) | Net Assets at End of Period (000's) | Portfolio Turnover ^(a) |
| Horizons S&P 500[®] Covered Call ETF | | | | | | | | | | | | | |
| June 24, 2013 ^(e) | | | | | | | | | | | | | |
| through April 30, 2014 | \$40.00 | 0.52 | 5.66 | 6.18 | (0.64) | (0.69) | (1.33) | \$44.85 | 15.59% | 0.65% | 1.37% | \$27,024 | 34% |
| Horizons S&P Financial Select Sector Covered Call ETF | | | | | | | | | | | | | |
| November 18, 2013 ^(e) | | | | | | | | | | | | | |
| through April 30, 2014 | \$40.00 | 0.19 | 1.25 | 1.44 | (0.54) | — | (0.54) | \$40.90 | 3.61% | 0.70% | 1.03% | \$4,090 | 5% |

^(a) Not annualized for periods less than one year.

^(b) Net asset value total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, if any, and redemption on the last day of the period at net asset value. This percentage is not an indication of the performance of a shareholder's investment in the Fund based on market value due to the differences between the market price of the shares and the net asset value per share of the Fund.

^(c) Market value total return is calculated assuming an initial investment made at market value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, if any, and redemption on the last day of the period at market value. Market value is determined by the composite closing price. Composite closing security price is defined as the last reported sale price on the NYSE Arca. The composite closing price is the last reported sale, regardless of volume, and not an average price, and may have occurred on a date prior to the close of the reporting period. Market value may be greater or less than net asset value depending on the Fund's closing price on the NYSE Arca.

^(d) Annualized for periods less than one year.

^(e) Commencement of operations.

See Notes to Financial Statements.

1. Organization

Exchange Traded Concepts Trust II (the "Trust") was organized on April 4, 2012 as a Delaware statutory Trust and is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a non-diversified open-end management investment company. The Declaration of Trust permits the Trust to issue an unlimited number of shares of beneficial interest ("Shares") in one or more series representing interests in separate portfolios of securities. Currently, the Trust has registered its Shares in three separate series. The financial statements herein are those of the Horizons S&P 500[®] Covered Call ETF (the "S&P 500 Fund") and the Horizons S&P Financial Select Sector Covered Call ETF (the "Financial Sector Fund") (individually referred to as a "Fund," or collectively as the "Funds"). Each Fund is a passively managed exchange-traded fund. The assets of each Fund are segregated and a shareholder's interest is limited to the Fund in which shares are held.

The investment objective of each Fund is to provide investment results that, before fees and expenses, correspond generally to the performance of a specified market index (each, a "Underlying Index"). Accordingly, the investments owned by each Fund generally correspond to the weightings within each Underlying Index. The Underlying Index for the S&P 500 Fund is the S&P 500 Stock Covered Call Index, and the Underlying Index for the Financial Sector Fund is the S&P 500 Financial Sector Stock Covered Call Index. The Funds' prospectus provides a description of each Fund's investment objectives, policies, and strategies. There is no assurance that each Fund will achieve its investment objective.

Under the Trust's organizational documents, its officers and Board of Trustees (the "Board") are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Trust may enter into contracts with vendors and others that provide for general indemnifications. The Trust's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Trust.

2. Basis of Presentation and Significant Account Policies

The following is a summary of the significant accounting policies followed by the Funds in the preparation of their financial statements. These policies are in conformity with generally accepted accounting principles in the United States of America ("GAAP"). The Funds are investment companies and follow accounting and reporting guidance under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 946, "Financial Services-Investment Companies." The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and income and expenses during the reporting period. Management believes the estimates and security valuations are appropriate; however, actual results may differ from those estimates, and the security valuations reflected in the financial statements may differ from the value the Funds ultimately realize upon sale of the securities.

Investment Valuation

A Fund's investments (e.g., equity securities and exchange-traded options) are valued using procedures approved by the Board and are generally valued using market valuations. A market valuation generally means a valuation (i) obtained from an exchange, a pricing service, or a major market maker (or dealer), (ii) based on a price quotation or other equivalent indication of value supplied by an exchange, a pricing service, or a major market maker (or dealer) or (iii) based on amortized cost. A Fund's written options are valued using the midpoint between the last highest bid and the last lowest ask quotation for the current day. A price obtained from a pricing service based on such pricing service's valuation matrix may be considered a market valuation. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

In the event that current market valuations are not readily available or such valuations do not reflect current market value, the Trust's procedures require the Funds' Valuation Committee, in accordance with the Funds' Board-approved valuation guidelines, to determine a security's fair value. In determining such value, the Valuation Committee may consider, among other things, (i) price comparisons among multiple sources, (ii) a review of corporate actions and news events, and (iii) a review of relevant financial indicators (e.g., movement in interest rates or market indices). Fair value pricing involves subjective judgments and it is possible that the fair value determination for a security is materially different than the value that could be realized upon the sale of the security. In addition, fair value pricing could result in a difference between the prices used to calculate a Fund's net asset

value and the prices used by a Fund's Underlying Index. This may result in a difference between a Fund's performance and the performance of the Fund's Underlying Index. With respect to securities that are primarily listed on foreign exchanges, the value of a Fund's portfolio securities may change on days when you will not be able to purchase or sell your shares.

The Funds disclose the fair value of their investments in a hierarchy that distinguishes between: (1) market participant assumptions developed based on market data obtained from sources independent of the Funds (observable inputs) and (2) the Funds' own assumptions about market participant assumptions developed based on the best information available under the circumstances (unobservable inputs). The three levels defined by the hierarchy are as follows:

- Level 1 — Quoted prices in active markets for identical assets
- Level 2 — Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — Significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Pursuant to the valuation procedures noted previously, equity securities, exchange-traded funds, and written options are generally categorized as Level 1 in the fair value hierarchy (unless there is a fair valuation event, in which case affected securities are generally categorized as Level 2).

The following is a summary of the valuations as of April 30, 2014 for the Funds based upon the three levels defined above:

| S&P 500 Fund | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|----------------|----------------|----------------|---------------|
| Investment Securities: | | | | |
| Common Stocks | \$ 27,283,622 | \$ — | \$ — | \$ 27,283,622 |
| Total Investment Securities | 27,283,622 | — | — | 27,283,622 |
| Other Financial Instruments: | | | | |
| Written Call Options | (310,161) | — | — | (310,161) |
| Total Investments | \$ 26,973,461 | \$ — | \$ — | \$ 26,973,461 |

| Financial Sector Fund | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|----------------|----------------|----------------|--------------|
| Investment Securities: | | | | |
| Common Stocks | \$ 4,111,302 | \$ — | \$ — | \$ 4,111,302 |
| Total Investment Securities | 4,111,302 | — | — | 4,111,302 |
| Other Financial Instruments: | | | | |
| Written Call Options | (26,477) | — | — | (26,477) |
| Total Investments | \$ 4,084,825 | \$ — | \$ — | \$ 4,084,825 |

Please refer to the Schedule of Portfolio Investments to view equity securities segregated by industry type. For the period ended April 30, 2014, there were no securities categorized as Level 3.

Options

Each Fund will write call options on up to 100% of each of the option eligible securities in the Underlying Index, in an attempt to generate more income (the premium paid by the buyer of the option) from the security than it would otherwise provide on its own from dividends or other distributions. As of the current period end, each Fund invested in exchange-traded options. The following discussion describes generally the characteristics of purchased and written options (including calls and puts) and the general risks of using options.

An option is a contract between two parties for the purchase and sale of a financial instrument for a specified price (known as the "strike price" or "exercise price"). An option grants a right (not an obligation) to buy or sell a financial instrument and is exercisable by the holder during a specified time period or at expiry. Generally, a seller of an option can grant a buyer two kinds of rights: a "call" (the right to buy the security) or a "put" (the right to sell the security). Options have various types of underlying instruments, including specific securities, indices of securities prices, foreign currencies, interest rates and futures contracts. Options may be traded on an exchange (exchange-traded options) or may be customized agreements between the parties (over-the-counter or "OTC" options). A financial intermediary, known as a clearing corporation, financially backs exchange-traded options. However, OTC options have no such intermediary and are subject to the risk that the counter-party will not fulfill its obligations under the contract.

When a Fund purchases a put option, it buys the right to sell the instrument underlying the option at a fixed strike price. In return for this right, the Fund pays the current market price for the option (known as the "option premium"). A Fund would ordinarily realize a gain if, during the option period, the value of the underlying securities decreased below the exercise price sufficiently to cover the premium and transaction costs. However, if the price of the underlying instrument does not fall enough to offset the cost of purchasing the option, a put buyer would lose the premium and related transaction costs.

Call options are similar to put options, except that when purchased the Fund obtains the right to purchase, rather than sell, the underlying instrument at the option's strike price. A Fund would ordinarily realize a gain if, during the option period, the value of the underlying instrument exceeded the exercise price plus the premium paid and related transaction costs. If an option purchased by a Fund expires unexercised, the Fund realizes a capital loss equal to the premium paid.

When a Fund writes (or sells) a call option it assumes, in return for a premium, an obligation to sell specified securities to the holder of the option at a specified price if the option is exercised at any time on or before the expiration date. Similarly, when a Fund writes (or sells) a put option it assumes, in return for a premium, an obligation to purchase specified securities from the option holder at a specified price if the option is exercised at any time on or before the expiration date. A Fund may terminate its position in an exchange-traded put option before exercise by buying an option identical to the one it has written. Similarly, it may cancel an OTC option by entering into an offsetting transaction with the counter-party to the option. If an option written by a Fund expires unexercised, the Fund realizes a capital gain equal to the premium received at the time the option was written.

Options on securities indices are similar to options on securities, except that the exercise of securities index options requires cash settlement payments and does not involve the actual purchase or sale of securities. In addition, securities index options are designed to reflect price fluctuations in a group of securities or segment of the securities market rather than price fluctuations in a single security.

The S&P 500 Fund had the following transactions in exchange-traded written options during the period ended April 30, 2014:

| | Number of Contracts | Premiums Received |
|--|------------------------|----------------------|
| Options outstanding at June 24, 2013 * | — | \$ — |
| Options written | 37,968 | 2,195,428 |
| Options expired | (202) | (9,436) |
| Options exercised | (952) | (72,775) |
| Options closed | (33,353) | (1,877,154) |
| Options outstanding at April 30, 2014 | 3,461 | \$ 236,063 |

* Commencement of operations.

Exchange Traded Concepts Trust II
NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2014

The Financial Sector Fund had the following transactions in exchange-traded written options during the period ended April 30, 2014:

| | Number of Contracts | Premiums Received |
|--|------------------------|----------------------|
| Options outstanding at November 18, 2013 * | — | \$ — |
| Options written | 3,759 | 183,094 |
| Options expired | — | — |
| Options exercised | (25) | (762) |
| Options closed | (3,193) | (155,004) |
| Options outstanding at April 30, 2014 | 541 | \$ 27,328 |

* Commencement of operations.

The following is a summary of the value of written options on the Statements of Assets and Liabilities, categorized by risk exposure, as of April 30, 2014:

| Primary Risk Exposure | Assets | | Liabilities | |
|-----------------------|--|-------|--|------------|
| | Statements of Assets and Liabilities Location | Value | Statements of Assets and Liabilities Location | Value |
| S&P 500 Fund | | | | |
| Equity Risk Exposure | Investment securities, at value (purchased options) | \$ — | Written options | \$ 310,161 |
| Financial Sector Fund | | | | |
| Equity Risk Exposure | Investment securities, at value (purchased options) | \$ — | Written options | \$ 26,477 |

The following is a summary of the effect of written options on the Statements of Operations, categorized by risk exposure, for the period ended April 30, 2014:

| Primary Risk Exposure | Net realized gains (losses) on written options | Change in net unrealized appreciation (depreciation) on investments and written options |
|-----------------------|---|---|
| S&P 500 Fund | | |
| Equity Risk Exposure | \$ (524,407) | \$ (74,098) |
| Financial Sector Fund | | |
| Equity Risk Exposure | \$ (41,882) | \$ 851 |

The volume of options written by the S&P 500 Fund and the Financial Sector Fund at April 30, 2014 is indicative of the volume of options throughout the period ended April 30, 2014.

Investment Transactions and Related Income

For financial reporting purposes, portfolio security transactions are reported on trade date. However, for daily Net Asset Value ("NAV") determination, portfolio securities transactions are reflected no later than in the first calculation on the first business day following trade date. Dividend income is recorded on the ex-dividend date. Interest income is recognized on an accrual basis and includes, where applicable, the amortization of premium or accretion of discount. Gains or losses realized on sales of securities are determined using the specific identification method by comparing the identified cost of the security lot sold with the net sales proceeds.

Federal Income Tax

It is the policy of each Fund to qualify or continue to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, and to distribute substantially all of its net investment income and capital gains, if any, to its shareholders. Therefore, no federal income tax provision is required as long as each Fund qualifies as a regulated investment company.

Management of the Funds has evaluated tax positions taken or expected to be taken in the course of preparing each Fund's tax returns to determine whether it is more-likely-than-not (i.e., greater than 50 -percent) that each tax position will be sustained upon examination by a taxing authority based on the technical merits of the position. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in an increase in a liability for taxes payable (or a reduction of a tax refund receivable), including the recognition of any related interest and penalties as an operating expense. Tax positions taken in tax years remain subject to examination by tax authorities (generally three years for federal income tax purposes). The determination has been made that there are not any uncertain tax positions that would require the Funds to record a tax liability and, therefore, there is no impact to the Funds' financial statements.

Distributions to Shareholders

Each Fund declares and pays dividends on net investment income (including any net short-term capital gains recognized in connection with the Fund's equity call option activities), if any, monthly. Each Fund also makes distributions of net capital gains, if any, at least annually.

The amount of distributions from net investment income and net realized gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These "book/tax" differences are either considered temporary or permanent in nature. To the extent these differences are permanent in nature (e.g., return of capital and distribution reclassifications), such amounts are reclassified within the composition of net assets based on their federal tax basis treatment; temporary differences (e.g., wash sales) do not require a reclassification.

If a Fund's distributions exceed its earnings and profits, all or a portion of the distributions made in the taxable year may be treated as a return of capital to shareholders. A return of capital distribution generally will not be taxable but will reduce a shareholder's cost basis and result in a higher capital gain and lower capital loss when the shares on which the distribution was received are sold. A return of capital distribution does not necessarily reflect a Fund's investment performance and should not be confused with "yield" or "income."

Organizational Expenses

All organizational and offering expenses of the Trust were borne by the Sub-Adviser and will not be subject to future recoupment. As a result, organizational and offering expenses are not reflected in the financial statements.

3. Transactions with Affiliates and other Servicing Agreements

Investment Advisory and Sub-Advisory Agreements

Investment Advisory Agreement

Exchange Traded Concepts, LLC (the "Adviser") serves as adviser to the Funds pursuant to an Investment Advisory Agreement ("Advisory Agreement"). Subject at all times to the supervision and approval of the Board, the Adviser is responsible for the overall management of the Trust. The Adviser or, if it has delegated such authority, the Sub-Adviser determines what investments should be purchased and sold, and places orders for all such purchases and sales, on behalf of the Funds.

For the services it provides to the Funds, the Adviser receives a fee, which is calculated daily and paid monthly, at the following rates: 0.65% of average daily net assets of the S&P 500 Fund and 0.70% of average daily net assets of the Financial Sector Fund.

Under the Advisory Agreement, the Adviser pays all expenses of each Fund other than the management fee, distribution fees and expenses pursuant to the Funds' Distribution and Service Plan (as defined below), if any, brokerage commissions and other expenses incurred in placing or settlement of orders for the purchase and sale of securities and other investment instruments, taxes, interest, acquired fund fees and expenses, accrued deferred tax liability, and other extraordinary expenses.

Investment Sub-Advisory Agreement

The Adviser and Horizons ETFs Management (USA) LLC (the "Sub-Adviser") have entered into an investment sub-advisory agreement (the "Sub-Advisory Agreement") with respect to the Funds. Under the Sub-Advisory Agreement, the Sub-Adviser serves as investment sub-adviser and is responsible for making investment decisions for the Funds and continuously reviews, supervises and administers the investment program of the Funds, subject to the supervision of the Adviser and the Board. The sub-adviser fees are borne by the Funds' Adviser.

Distribution Agreement

Forside Fund Services, LLC, a Delaware limited liability company, (the "Distributor") is the principal underwriter and distributor of each Fund's shares. The Distributor does not maintain any secondary market in Fund shares. The Trust has adopted a Rule 12b-1 Distribution and Service Plan (the "Distribution and Service Plan") pursuant to which payments of up to 0.25% of average daily net assets may be made to compensate or reimburse financial intermediaries for activities principally intended to result in the sale of Fund shares. In accordance with the Distribution and Service Plan, the Distributor may enter into agreements with financial intermediaries and dealers relating to distribution and/or marketing services with respect to the Funds.

The Board has determined that no payments will be made under the Distribution and Service Plan during the first 12 months of operations of the Trust. Thereafter, fees under the Distribution and Service Plan may only be imposed after approval by the Board. The Adviser and its affiliates may, out of their own resources, pay amounts to third parties for distribution or marketing services on behalf of the Funds. Any forgone fees during the first 12 months will not be recoverable during any subsequent period.

Other Servicing Agreements

Administrator, Custodian, Fund Accountant and Transfer Agent

Citi Fund Services Ohio, Inc. serves as administrator, fund accountant, transfer agent and dividend disbursing agent for the Funds pursuant to a Services Agreement. Citibank, NA serves as the custodian of the Funds pursuant to a Custodial and Agency Services Agreement.

Officers of the Trust

Certain officers of the Trust are also employees of the Funds' Adviser, Administrator and affiliates of the Distributor.

4. Investment Transactions

Purchases and sales of investments, excluding in-kind transactions and short-term investments, for the period ended April 30, 2014 were as follows:

| Fund | Purchases | Sales |
|-----------------------|------------------|--------------|
| S&P 500 Fund | \$ 17,228,173 | \$ 7,664,748 |
| Financial Sector Fund | 4,141,792 | 188,440 |

Purchases and sales of in-kind transactions for the period ended April 30, 2014 were as follows:

| Fund | Purchases | Sales |
|--------------|------------------|--------------|
| S&P 500 Fund | \$ 14,324,230 | \$ — |

5. Capital Share Transactions

Shares of each Fund after commencing operations are listed and traded on the NYSE Arca, Inc. (the "Exchange") on each day that the Exchange is open for business ("Business Day"). Individual Fund shares may only be purchased and sold on this exchange through a broker-dealer. Because the Funds' shares trade at market prices rather than at their Net Asset Value ("NAV"), shares may trade at a price equal to the NAV, greater than NAV (premium) or less than NAV (discount).

The Funds offer and redeem shares on a continuous basis at NAV only in large blocks of shares, currently 50,000 shares for the S&P 500 Fund and 25,000 shares for the Financial Sector Fund ("Creation Unit"). Except when aggregated in Creation Units, shares are not redeemable securities of the Fund. Shares of a Fund may only be purchased or redeemed by certain financial institutions ("Authorized Participants"). An Authorized Participant is either (i) a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or (ii) a Depository Trust Company ("DTC") participant and, in each case, must have executed a Participant Agreement with the Distributor. Creation Units are available for purchase and redemption on each Business Day and are offered and redeemed on an in-kind basis, together with the specified cash amount, or for an all cash amount.

Except under limited circumstances, purchasers will be required to purchase Creation Units by making an in-kind deposit of specified instruments ("Deposit Instruments"), and shareholders redeeming Creation Units will receive an in-kind transfer of specified securities ("Redemption Instruments"). Due to the written option component of the Creation Unit and other reasons, there could be a difference between the NAV of a Creation Unit being purchased or redeemed and the Deposit or Redemption Instruments exchanged for the Creation Unit. The party conveying the instruments with the lower value will also pay to the other an amount in cash equal to that difference.

Most retail investors will not qualify as Authorized Participants or have the resources to buy and sell whole Creation Units. Therefore, they will be unable to purchase or redeem the shares directly from the Funds. Rather, most retail investors will purchase shares in the secondary market with the assistance of a broker and will be subject to customary brokerage commissions or fees.

6. Principal Risks

As with any investment, you could lose all or part of your investment in the Funds and each Fund's performance could trail that of other investments. The Funds are subject to the principal risks noted below, any of which may adversely affect each Fund's NAV, trading price, yield, total return and ability to meet its investment objective. A more complete description of principal risks is included in the Funds' prospectus.

Index Risk: Unlike many investment companies, the Funds do not utilize an investing strategy that seeks returns in excess of the Underlying Index. Therefore, the Funds would not necessarily buy or sell a security unless that security is added or removed, respectively, from the Underlying Index, even if that security generally is underperforming.

Market Risk: Securities in a Underlying Index are subject to market fluctuations. You should anticipate that the value of shares will decline, more or less, in correlation with any decline in value, in aggregate, of the securities in a Underlying Index.

Writing Covered Call Option Risk: By writing covered call options in return for the receipt of premiums, the Funds will give up the opportunity to benefit from potential increases in the value of the securities in the Underlying Index above the exercise prices of the written options, but will continue to bear the risk of declines in the value of such securities. The premiums received from the options may not be sufficient to offset any losses sustained from the volatility of the underlying stocks over time. If trading is suspended, the Funds may be unable to write options at times that may be desirable or advantageous to the Funds to do so.

Industry Concentration Risk: To the extent that a Underlying Index is concentrated in a particular industry, the Funds also will be concentrated in the industry, which may subject the Funds to a greater loss as a result of adverse economic, business, or other developments affecting that industry.

Passive Investment Risk: The Sub-Adviser does not actively manage the Funds and therefore does not attempt to analyze, quantify, or control the risks associated with investing in stocks of companies in the Underlying Index.

Premium/Discount Risk: Although it is expected that the market price of the Funds' Shares typically will approximate its NAV, there may be times when the market price and the NAV differ and the Funds' Shares may trade at a premium or discount to the NAV.

7. Federal Income Tax Information

On the Statements of Assets and Liabilities, as a result of permanent book to tax differences arising from the character of distributions received from certain investments, the following amounts have been reclassified for the tax year ended April 30, 2014:

| Fund | Accumulated Net Investment Income (Loss) on Investments | Accumulated Net Realized Gains (Losses) on Investments |
|-----------------------|---|---|
| S&P 500 Fund | \$ 71,702 | \$ (71,702) |
| Financial Sector Fund | 34,858 | (34,858) |

The tax character of distributions paid to shareholders during the tax year ended April 30, 2014 were as follows:

| Fund | Distributions paid from | | |
|-----------------------|-------------------------|-----------------------------------|--------------------------------|
| | Ordinary Income | Total Taxable Distributions | Total Distributions Paid |
| S&P 500 Fund | \$ 754,719 | \$ 754,719 | \$ 754,719 |
| Financial Sector Fund | 53,821 | 53,821 | 53,821 |

Exchange Traded Concepts Trust II
NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2014

As of the tax year ended April 30, 2014, the components of accumulated earnings (deficit) on a tax basis were as follows:

| Fund | Undistributed Ordinary Income | Undistributed Long-Term Capital Gains | Unrealized Appreciation (Depreciation) | Accumulated Earnings (Deficit) |
|-----------------------|--|--|---|---|
| S&P 500 Fund | \$ 436,845 | \$ 2,396 | \$ 1,926,992 | \$ 2,366,233 |
| Financial Sector Fund | 811 | 899 | 82,052 | 83,762 |

At April 30, 2014, the tax cost, gross unrealized appreciation and gross unrealized depreciation on securities, for federal income tax purposes, were as follows:

| Fund | Tax Cost | Unrealized Appreciation | Unrealized Depreciation | Net Unrealized Appreciation (Depreciation) |
|-----------------------|-----------------|------------------------------------|------------------------------------|---|
| S&P 500 Fund | \$ 24,242,864 | \$ 3,240,501 | \$ (199,743) | \$ 3,040,758 |
| Financial Sector Fund | 3,959,999 | 197,752 | (46,449) | 151,303 |

8. Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued. Management has determined there are no material events that would require disclosure in the Funds' financial statement through this date.

Exchange Traded Concepts Trust II

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Trustees and Shareholders

Exchange Traded Concepts Trust II:

We have audited the accompanying statements of assets and liabilities of Exchange Traded Concepts Trust II (the Funds) (comprised of the Horizons S&P 500 Covered Call ETF and Horizons S&P Financial Select Sector Covered Call ETF, each individually a Fund), including the schedules of portfolio investments and written call options, as of April 30, 2014, and the related statements of operations and changes in net assets, and the financial highlights for each of the periods presented. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of April 30, 2014, by correspondence with custodian and brokers; or other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Funds as of April 30, 2014, the results of their operations, the changes in their net assets, and the financial highlights for each of the periods presented, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Columbus, Ohio

June 26, 2014

Exchange Traded Concepts Trust II

DISCLOSURE OF FUND EXPENSES

April 30, 2014
(Unaudited)

All exchange-traded funds (“ETF”) have operating expenses. As a shareholder of an ETF, your investment is affected by these ongoing costs, which include (among others) cost for ETF management and shareholder reports like this one. It is important for you to understand the impact of these costs on your investment returns.

Operating expenses such as these are deducted from an ETF’s gross income and directly reduce its final investment return. These expenses are expressed as a percentage of an ETF’s average net assets; this percentage is known as the ETF’s expense ratio.

The following examples use the expense ratio and are intended to help you understand the ongoing costs (in dollars) of investing in a Fund and to compare these costs with those of other funds. These examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period (unless otherwise noted below). The table below illustrates your fund’s cost in two ways:

Actual Fund Return

This section helps you to estimate the actual expenses after fee waivers that a Fund may have incurred over the period. The “Actual Expenses Paid During the Period” column shows the actual dollar expense cost incurred by a \$1,000 investment in the Fund, and the “Actual Ending Account Value” number is derived from deducting that expense cost from the Fund’s gross investment return.

You can use the information, together with the actual amount you invested in a Fund, to estimate the expenses you paid over the period. Simply divide your actual account value by \$1,000 to arrive at a ratio (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply that ratio by the numbers shown for a Fund under “Actual Expenses Paid During Period.”

Hypothetical 5% Return

This section helps you compare your Fund’s costs with those of other funds. It assumes the Fund had an annual 5% return before expenses during the year, but the expense ratio (Column 3) for the period is unchanged. This example is useful in making comparisons because the Securities and Exchange Commission requires all funds to make this 5% calculation. You can assess a Fund’s comparative cost by comparing the hypothetical results for a Fund in the “Hypothetical Expenses Paid During the Period” column with those that appear in the same charts in the shareholder reports for other funds.

NOTE: Because the return is set at 5% for comparison purposes - not your Fund’s actual return - the account values shown may not apply to your specific investment.

| Fund | Beginning Account Value | Actual Ending Account Value 4/30/14 | Hypothetical Ending Account Value | Actual Expenses Paid During the Period ^(a) | Hypothetical Expenses Paid During the Period ^(*) | Annualized Expense Ratio During Period |
|-----------------------|-------------------------|-------------------------------------|-----------------------------------|---|---|--|
| S&P 500 Fund | \$1,000.00 | \$1,066.40 | \$1,021.57 | \$3.33 | \$3.26 | 0.65% |
| Financial Sector Fund | \$1,000.00 | \$1,036.10 | \$1,021.32 | \$3.20 | \$3.51 | 0.70% |

^(a) The Financial Sector Fund commenced operations on November 18, 2013. Actual expenses paid during the period are equal to the Fund’s annualized expense ratio, multiplied by the average account value over the period, multiplied by 164 divided by 365 (to reflect the actual days in the period).

* Hypothetical expenses paid during the period are equal to the Fund’s annualized expense ratio, multiplied by the average account value over the period, multiplied by 181 divided by 365 (to reflect the one-half year period).

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The Horizons S&P 500 Covered Call ETF and the Horizons S&P Financial Select Sector Covered Call ETF (collectively, the "ETFs") are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, any of their respective affiliates, their third party licensors (collectively, "S&P Dow Jones Indices"), the Chicago Board Options Exchange, Incorporated and any of its affiliates and third party licensors (collectively, "CBOE") or Merrill Lynch. Neither S&P Dow Jones Indices, CBOE nor Merrill Lynch make any representation or warranty, express or implied, to the owners of the ETFs or any member of the public regarding the advisability of investing in securities generally or in the ETFs particularly or the ability of the Indices to track general market or market segment performance. S&P Dow Jones Indices', CBOE's and Merrill Lynch's only relationship to Horizons with respect to the Indices is providing calculation services for the Indicative Optimized Portfolio Values ("IOPV"), Indices and/or the licensing of the Indices and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and Merrill Lynch. The IOPVs and Indices are determined, composed and calculated by S&P Dow Jones Indices, CBOE and/or Merrill Lynch, as the case may be, without regard to Horizons or the ETFs. S&P Dow Jones Indices, CBOE and Merrill Lynch have no obligation to take the needs of Horizons or the owners of the ETFs into consideration in determining, composing or calculating the IOPVs and Indices. S&P Dow Jones Indices, CBOE and Merrill Lynch are not responsible for and have not participated in the determination of the prices, and amount of the ETFs or the timing of the issuance or sale of the ETFs or in the determination or calculation of the equation by which the ETFs is to be converted into cash. S&P Dow Jones Indices, CBOE and Merrill Lynch are not responsible for and have not participated in the issuance or sale of the ETFs, and have no obligation or liability in connection with the administration, marketing or trading of the ETFs. There is no assurance that investment products based on the Indices will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC and its subsidiaries are not investment advisors. Inclusion of a security within an IOPV or index is not a recommendation by S&P Dow Jones Indices, CBOE and Merrill Lynch to buy, sell, or hold such security, nor is it considered to be investment advice. Notwithstanding the foregoing, CME Group Inc. and its affiliates may independently issue and/or sponsor financial products unrelated to the ETFs currently being issued by Horizons, but which may be similar to and competitive with the ETFs. In addition, CME Group Inc. and its affiliates may trade financial products which are linked to the performance of the Indices. It is possible that this trading activity will affect the value of the IOPVs, Indices and the ETFs.

S&P DOW JONES INDICES, CBOE AND MERRILL LYNCH DO NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF ANY INDICATIVE OPTIMIZED PORTFOLIO VALUE OR INDEX OR ANY DATA OR VALUE RELATED THERETO OR TO THE ETFS ("VALUES AND DATA"), OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES, CBOE AND MERRILL LYNCH SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS IN THE VALUES AND DATA. S&P DOW JONES INDICES, CBOE AND MERRILL LYNCH MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE VALUES AND DATA, AND AS TO RESULTS TO BE OBTAINED BY HORIZONS, OWNERS OF THE ETFS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE VALUES AND DATA. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES, CBOE AND MERRILL LYNCH BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE WITH RESPECT TO THE ETFS OR VALUES AND DATA. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND HORIZONS, OTHER THAN CBOE, MERRILL LYNCH AND ANY OTHER LICENSORS OF S&P DOW JONES INDICES."

Shares of the Trust are not sponsored, endorsed, or promoted by the NYSE Arca. The NYSE Arca makes no representation or warranty, express or implied, to the owners of the Shares of the Funds. The NYSE Arca is not responsible for, nor has it participated in, the determination of the timing of, prices of, or quantities of the shares of the Funds to be issued, or in the determination or calculation of the equation by which the shares are redeemable. The NYSE Arca has no obligation or liability to owners of the shares of the Fund in connection with the administration, marketing, or trading of the Shares of the Funds. Without limiting any of the foregoing, in no event shall the NYSE Arca have any liability for any lost profits or indirect, punitive, special, or consequential damages even if notified of the possibility thereof.

Additional Federal Income Tax Information

For the period ended April 30, 2014, the Funds declared capital gain distributions:

| Fund | Short Term Capital Gain Distributions |
|-----------------------|--|
| S&P 500 Fund | \$ 486,812 |
| Financial Sector Fund | 34,858 |

For the period ended April 30, 2014, the following percentage of total ordinary income dividends paid by the Funds qualify for the corporate dividends received deduction available to corporate shareholders.

| Fund | Dividends Received Deduction |
|-----------------------|---|
| S&P 500 Fund | 32.30% |
| Financial Sector Fund | 49.27% |

For the period ended April 30, 2014, dividends paid by the Funds may be subject to a maximum tax rate of 23.8%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The Funds intend to designate the maximum amount allowable as taxed at a maximum rate of 23.8%. Complete information will be reported in conjunction with your 2014 Form 1099-DIV.

| Fund | Qualified Dividend Income |
|-----------------------|--------------------------------------|
| S&P 500 Fund | 32.02% |
| Financial Sector Fund | 46.21% |

Premium/Discount Information

The charts below present information about differences between the per share net asset value (“NAV”) of each Fund and the market trading price of shares of each Fund. For these purposes, the “market price” is the mid-point of the highest bid and lowest offer for Fund shares as of the close of trading on the exchange where Fund shares are listed. The term “premium” is sometimes used to describe a market price in excess of NAV and the term “discount” is sometimes used to describe a market price below NAV. The chart presents information about the size and frequency of premiums or discounts. As with other exchange traded funds, the market price of Fund shares is typically slightly higher or lower than the Fund’s per share NAV. Factors that contribute to the differences between market price and NAV include the supply and demand for Fund shares and investors’ assessments of the underlying value of a Fund’s portfolio securities. As a shareholder, you may pay more than the NAV when you buy Fund shares and receive less than NAV when you sell those shares, because shares are bought and sold at current market prices. The data presented below represents past performance and cannot be used to predict future results.

S&P 500 Fund
 Period from June 24, 2013* through April 30, 2014

| Premium/Discount Range | Number of Days | Percentage of Total Days |
|---|----------------|--------------------------|
| Market Price is greater/less than NAV: | | |
| Greater than 2.0% | — | —% |
| Greater than 1.5% and Less than 2.0% | 4 | 1.79 |
| Greater than 1.0% and Less than 1.5% | — | — |
| Greater than 0.5% and Less than 1.0% | 1 | 0.45 |
| Between 0.5% and -0.5% | 218 | 97.76 |
| Less than -0.5% and Greater than -1.0% | — | — |
| Less than -1.0% and Greater than -1.5% | — | — |
| Less than -1.5% and Greater than -2.0% | — | — |
| Less than -2.0% | — | — |
| | 223 | 100.00% |

Financial Sector Fund
 Period from November 18, 2013* through April 30, 2014

| Premium/Discount Range | Number of Days | Percentage of Total Days |
|---|----------------|--------------------------|
| Market Price is greater/less than NAV: | | |
| Greater than 2.0% | — | —% |
| Greater than 1.5% and Less than 2.0% | — | — |
| Greater than 1.0% and Less than 1.5% | — | — |
| Greater than 0.5% and Less than 1.0% | — | — |
| Between 0.5% and -0.5% | 118 | 100.00 |
| Less than -0.5% and Greater than -1.0% | — | — |
| Less than -1.0% and Greater than -1.5% | — | — |
| Less than -1.5% and Greater than -2.0% | — | — |
| Less than -2.0% | — | — |
| | 118 | 100.00% |

* Commencement of operations.

Exchange Traded Concepts Trust II

BOARD OF TRUSTEES APPROVAL OF THE INVESTMENT MANAGEMENT AGREEMENT

(Unaudited)

Approval of Investment Advisory Agreements

The Investment Company Act of 1940, as amended (the "1940 Act"), requires that the initial approval of, as well as the continuation of, any investment advisory agreement for an investment company be specifically approved by: (i) the vote of the board of trustees of the company or by a vote of the shareholders of the company; and (ii) the vote of a majority of the trustees who are not parties to the investment advisory agreement or "interested persons" (as defined under the 1940 Act) of any party to the investment advisory agreement (the "Independent Trustees"), cast in person at a meeting called for the purpose of voting on such approval. In connection with its consideration of such approvals, the board of trustees must request and evaluate, and the investment adviser is required to furnish, such information as may be reasonably necessary to evaluate the terms of the investment advisory agreement. In addition, rules under the 1940 Act require an investment company to disclose in its shareholder reports the material factors and the conclusions with respect thereto that formed the basis for the board's approval of an investment advisory agreement.

Consistent with these responsibilities, the Board of Trustees of Exchange Traded Concepts Trust II (the "Trust") called and held meetings on September 26, 2012 and May 23, 2013 to consider whether to approve the following agreements (collectively, the "Agreements"):

- an Advisory Agreement between the Exchange Traded Concepts, LLC (the "Adviser") and the Trust, on behalf of the Horizons Financial Select Sector Covered Call ETF (the "Fund"); and
- a Sub-Advisory Agreement between the Adviser and Horizons ETFs Management (USA) LLC (the "Sub-Adviser") with respect to the Fund.

Prior to those meetings, the Board, including the Independent Trustees, received written materials from the Adviser and the Sub-Adviser regarding, among other things: (i) the nature, extent and quality of the services to be provided to the Fund by the Adviser and the Sub-Adviser; and (ii) the fees to be paid to the Adviser and the Sub-Adviser, as discussed in further detail below.

In connection with the meetings, representatives from the Adviser and the Sub-Adviser, along with other service providers of the Fund, presented additional oral and written information to help the Board evaluate the Adviser's and the Sub-Adviser's fees and other aspects of the Agreements. Among other things, representatives from the Adviser and the Sub-Adviser provided overviews of their advisory businesses, including investment personnel and investment processes. The Adviser and Sub-Adviser each discussed its experience with exchange-traded funds. The representatives discussed the services to be provided by the Sub-Adviser, which would be responsible for executing purchase and sale transactions for the Fund. The representatives also discussed the rationale for launching the Fund, the Fund's fees and fee structures of comparable investment companies. The Board then discussed the written materials that it received before the meetings, including a memorandum from legal counsel to the Trust on the responsibilities of the Trustees in considering the approval of investment advisory arrangements under the 1940 Act, considered the Adviser and Sub-Adviser's oral presentations and any other information that the Board received at the meetings, and deliberated on the approval of the Agreements in light of this information. Throughout the process, the Trustees were afforded the opportunity to ask questions of and request additional materials from the Adviser and the Sub-Adviser, and the Independent Trustees met separately, with Trust counsel, to consider the Agreements.

In considering whether to approve the Agreements, the Board, including the Independent Trustees, did not identify any single factor or piece of information as determinative or controlling. Individual Trustees may have evaluated the information presented differently from one another, giving different weights to various factors. Matters considered by the Trustees, including the Independent Trustees, in connection with their approval of the Agreements included the factors listed below.

Nature, Extent and Quality of Services To Be Provided by the Adviser and the Sub-Adviser

The Board considered the scope of services to be provided under the Advisory Agreement between the Trust and the Adviser noting that the Adviser will be providing investment management services to the Fund. In considering the nature, extent and quality of the services to be provided by the Adviser, the Board reviewed the quality of the Adviser's compliance infrastructure, including sub-adviser oversight. The Board also considered the Adviser's experience working with exchange-traded funds, including its experience with another investment company overseen by the Board. The Adviser provided to the Board the Adviser's response to a series of questions which included, among other things, information about the Adviser's resources and the background and experience of the Adviser's personnel. The Board also considered other services to be provided to the Fund by the Adviser, such

Exchange Traded Concepts Trust II

BOARD OF TRUSTEES APPROVAL OF THE INVESTMENT MANAGEMENT AGREEMENT

(Unaudited) (Continued)

as monitoring adherence to the Fund's investment restrictions, monitoring compliance with various Fund policies and procedures and with applicable securities regulations, and the Adviser's role in coordinating the activities of the Trust's other service providers. Based on the factors above, as well as those discussed below, the Board concluded that it was satisfied with the nature, extent and quality of the services to be provided to the Fund by the Adviser.

The Board then considered the scope of services to be provided under the Sub-Advisory Agreement between the Adviser and the Sub-Adviser, noting that the Sub-Adviser will be providing investment management services to the Fund. The Board noted the responsibilities that the Sub-Adviser has as the Fund's investment sub-adviser, including: responsibility for the general management of the day-to-day investment and reinvestment of the assets of the Fund; selecting broker-dealers for executing portfolio transactions; determining the daily baskets of deposit securities and cash components; executing portfolio securities trades for purchases and redemptions of Fund shares conducted on a cash-in-lieu basis; oversight of general portfolio compliance with relevant law; responsibility for daily monitoring of tracking error and quarterly reporting to the Board; and implementation of Board directives as they relate to the Fund. The Board also considered the Sub-Adviser's experience working with exchange-traded funds outside of the U.S. Based on the factors above, as well as those discussed below, the Board concluded that it was satisfied with the nature, extent and quality of the services to be provided to the Fund the Sub-Adviser.

Cost of Services To Be Provided

The Board reviewed the expense ratio and the advisory fee to be paid by the Fund, considered the expense ratios of comparable funds, and concluded that the advisory fees were reasonable and the result of arm's length negotiations.

Additionally, the Board took into consideration that the advisory fee was a "unified fee," meaning that the Fund would pay no expenses other than the advisory fee and certain other costs such as interest, brokerage and extraordinary expenses and, to the extent it is implemented, fees pursuant to the distribution plan. The Board noted that the Adviser would be responsible for compensating the Trust's other service providers and paying the Fund's other expenses out of its own fee and resources.

Because the Fund is new and had not commenced operations, it was not possible to determine the profitability that the Adviser might achieve with respect to the Fund or the extent to which economies of scale would be realized by the Adviser as the assets of the Fund grow, although the Board noted that such economies are, to some degree, currently shared with Fund shareholders through the unitary fee structure of the Trust. Accordingly, the Trustees did not make any conclusions regarding the Fund's investment performance, the Adviser's profitability, or the extent to which economies of scale would be realized by the Adviser as the assets of the Fund grow, but will do so during future considerations of the Advisory Agreement.

The Board then reviewed the advisory fee to be paid by the Adviser to the Sub-Adviser for its services as Sub-Adviser to the Fund. The Board considered that the fees paid to the Sub-Adviser would be paid by the Adviser from the unified fee the Adviser will receive from the Fund and noted that such fees reflected an arms-length negotiation between the Adviser and the Sub-Adviser. The Board also considered that the Sub-Adviser's fee schedule included breakpoints in which compensation paid by the Adviser to the Sub-Adviser would increase as Fund assets increase. The Board noted that the breakpoints were designed to reward the Sub-Adviser for Fund asset growth and did not impact the overall management fee to be paid by the Fund. The Board concluded that the sub-advisory fees were reasonable.

While formal Board action was not taken with respect to the conclusions discussed above, those conclusions formed, in part, the basis for the Board's approval of the Agreements. Based on the Board's deliberations and its evaluation of the information described above, the Board, including the Independent Trustees, unanimously: (a) concluded that the terms of the Agreements are fair and reasonable; (b) concluded that each of the Adviser's and the Sub-Adviser's fees are reasonable in light of the services that the Adviser and the Sub-Adviser will provide to the Fund; and (c) agreed to approve the Agreements for an initial term of two years.

Exchange Traded Concepts Trust II
TRUSTEES

April 30, 2014
(Unaudited)

| Name, Address, and Age | Position(s) Held with the Trust | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years | Number of Portfolios in Fund Complex Overseen By Trustee | Other Directorships held by Trustee in the Past 5 Years |
|--|--|---|--|---|--|
| Interested Trustee | | | | | |
| Richard Hogan 2545 S. Kelly Ave. Suite C Edmond, OK 73013 (51 years old) | Trustee and Secretary | Since 2012 | Managing Member, Yorkville ETF Advisors 2011-present; Treasurer and Secretary, Exchange Traded Concepts Trust, 2011-present, Private Investor, 2002-2011 | 2 | Board Member of Peconic Land Trust of Suffolk County, NY |
| Independent Trustees | | | | | |
| David M. Mahle c/o Exchange Traded Concepts Trust II 2545 S. Kelly Ave. Suite C Edmond, OK 73013 (69 years old) | Trustee | Since 2012 | Consultant, Jones Day 2012-present; Jones Day 2008- 2011; Partner, Jones Day 1988-2008 | 8 | Exchange Traded Concepts Trust (4)-Trustee |
| Kurt Wolfgruber c/o Exchange Traded Concepts Trust II 2545 S. Kelly Ave. Suite C Edmond, OK 73013 (62 years old) | Trustee | Since 2012 | President, Oppenheimer Funds, Inc. 2007-2009 | 8 | Director, New Mountain Finance Corp.; Exchange Traded Concepts Trust (4)-Trustee |

Exchange Traded Concepts Trust II

OFFICERS

April 30, 2014
(Unaudited)

| Name, Address, and Age | Position(s) Held with the Trust | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years |
|--|---------------------------------------|--|--|
| J. Garrett Stevens 2545 S. Kelly Ave. Suite C Edmond, OK 73013 (33 years old) | President | Since 2012 | Investment Advisor/Vice President, T.S. Phillips Investments, Inc. 2000-2011; Chief Executive Officer and Secretary, Exchange Traded Concepts Trust 2009-2011; Chief Executive Officer, Exchange Traded Concepts, LLC 2009-present; President, Exchange Traded Concepts Trust 2011-present |
| Richard Hogan 2545 S. Kelly Ave. Suite C Edmond, OK 73013 (51 years old) | Trustee and Secretary | Since 2012 | Managing Member, Yorkville ETF Advisors 2011-present; Treasurer and Secretary, Exchange Traded Concepts Trust, 2011-present, Private Investor, 2002-2011 |
| Christopher W. Roleke 10 High Street Boston, MA 02110 (42 years old) | Treasurer | Since 2012 | Director/Fund Principal Financial Officer, Foreside Management Services, LLC 2011-present; Assistant Vice President, JPMorgan Investor Services Co. 2006-2011 |
| Ioannis Tzouganatos 100 Summer Street Suite 1500 Boston, MA 02110 (37 years old) | Assistant Secretary | Since 2012 | Vice President, Citi Fund Services Ohio, Inc. 2008-present; Compliance and Ethics Advisor, Integrity Interactive 2007-2008 |
| Ann Edgeworth 10 High Street Suite 302 Boston, MA 02110 (52 years old) | Chief Compliance Officer | Since 2012 | Director, Foreside Compliance Services, LLC 2010-present; Vice President, State Street 2007-2010; Director, Investors Bank & Trust 2004-2007 |

The Funds' Statement of Additional Information ("SAI") contains additional information about the Trust's Trustees and officers. The SAI is available without charge, upon request, by calling toll-free 1-855-HZN-ETFS or at www.HorizonsETF.COM/USA.

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Exchange Traded Concepts

2545 S. Kelly Avenue, Suite C
Edmond, OK 73013

Investment Adviser:

Exchange Traded Concepts, LLC
2545 S. Kelly Avenue, Suite C
Edmond, OK 73013

Investment Sub-Adviser:

Horizons ETFs Management (USA), LLC
1350 Avenue of the Americas, 33rd Floor
New York, New York 10019

Distributor:

Foreside Fund Services, LLC
Three Canal Plaza, Suite 100
Portland, ME 04101

Legal Counsel:

Bingham McCutchen LLP
2020 K Street, NW
Washington, DC 20006-1806

Proxy Voting Information

A description of Exchange Traded Concept Trust II's proxy voting policies and procedures is attached to the Funds' Statement of Additional Information, which is available without charge by visiting the Funds' website at www.HorizonsETFs.com/USA or the Securities and Exchange Commission's ("SEC") website at www.sec.gov or by calling toll-free 1-855-HZN-ETFS.

In addition, a description of how each Fund voted proxies relating to its portfolio securities during the most recent 12-month period ended June 30 will be available without charge upon request by calling toll-free 1-855-HZN-ETFS or on the SEC's website at www.sec.gov.

Quarterly Portfolio Holdings Information

Exchange Traded Concepts Trust II files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal period on Form N-Q. The Trust's Forms N-Q will be available on the SEC's website at www.sec.gov. You may also review and obtain copies of the Trust's' Forms N-Q at the SEC's Public Reference Room in Washington, D.C. Information about the Public Reference Room may be obtained by calling 1-800-SEC-0330. In addition, the Funds' full portfolio holdings are updated daily and available on the Funds' website at www.HorizonsETFs.com/USA.

This report has been prepared for shareholders and may be distributed to others only if preceded or accompanied by a current prospectus.