

## **Horizons ETFs Actively Managed ETF Business Surpasses \$3 Billion in AUM**

### **Horizons ETFs Also Extends Fee Rebate on Horizons S&P TSX 60™ Index ETF**

**TORONTO, September 23, 2016** — Horizons ETFs Management (Canada) Inc. and its affiliate, AlphaPro Management Inc. (collectively “**Horizons ETFs**”), are pleased to announce that assets under management (AUM) for its actively managed exchange traded fund (ETF) business now exceed \$3 billion. With 28 actively managed ETFs listed on the Toronto Stock Exchange, Horizons ETFs has the largest suite of actively managed ETFs in Canada (by number of offerings).

Actively managed ETFs do not follow an index methodology. Instead of seeking to replicate the returns of a market benchmark (such as the S&P/TSX 60™ Index), they use a professional portfolio manager or management team which seeks to generate better risk-adjusted returns than an asset class’ benchmark index.

In many ways, actively managed ETFs are similar to most actively managed mutual funds in Canada. On average however, actively managed ETFs typically have lower management fees than most mutual funds and also trade intra-day on the Toronto Stock Exchange.

*“We launched our first actively managed ETF in 2009, when the ETF industry in Canada was exclusively index-focused,”* said Steve Hawkins, President and Co-CEO of Horizons ETFs Management (Canada) Inc. *“It’s very gratifying to see that actively managed ETFs have started to gain such widespread acceptance amongst Canadian investors. In fact, with more than \$14 billion invested in this ETF category, Canada has the highest proportion of actively managed ETF assets in the world.”*

Income-focused strategies seem to be the primary beneficiaries of actively managed ETF inflows, both globally and in Canada. When it comes to fixed income investments, particularly in Canada, there is less market liquidity and availability compared to equity investments. This can pose challenges for some index strategies, which either: a) cannot own all the underlying securities in a fixed income benchmark or; b) can impact valuations when the fund or ETF rebalances its exposure. In addition, fixed income indices don’t undertake any independent credit analysis on the underlying issues they hold. In some circumstances, actively managed fixed income strategies can improve performance (since they are not forced to buy illiquid or overvalued fixed income securities) and will generally involve independent credit analysis.

Canada is also seeing strong momentum in the launch of actively managed multi-asset growth strategies, which are ETFs with an actively managed asset allocation strategy that invest only in other ETFs to gain access to underlying asset classes.

*“Given the popularity of active income strategies, our largest proportion of actively managed ETFs are those income-focused mandates sub-advised by Fiera Capital, one of Canada’s*

*leading fixed income asset managers,” said Mr. Hawkins. “However, we are seeing strong growth across our entire suite of actively managed ETFs, which include ETFs sub-advised by Guardian Capital, CIBC Asset Management, Forstrong Global Asset Management, AlphaFixe Capital, ReSolve Asset Management, Auspice Capital Advisors and Landry Investment Management. Investors are embracing the concept that ETFs that use active management, when combined with low management fees, can be a winning proposition, regardless of which asset class or investment strategy you invest in.”*

### **Horizons ETFs Extends Rebate for Horizons S&P/TSX 60™ Index ETF (HXT)**

Horizons ETFs is also pleased to announce that it will be extending the four basis point (0.04%) management fee rebate on its Horizons S&P/TSX 60™ Index ETF (“HXT”). The effective annual management fee on HXT remains at three basis points (0.03%), ensuring that HXT continues as the lowest-cost Canadian equity ETF in the world.

The rebate will remain in effect until at least September 30, 2017.

HXT is the largest ETF (by assets under management) in Horizons’ Total Return Index (TRI) family of ETFs, which are the only family of index ETFs that replicate the total returns of their applicable benchmark indices. Total return indices reflect both the price and income returns of the index. This total return gives unitholders both the price returns and the income returns combined, and are not expected to pay taxable distributions.

*“With the elimination of tax-free switching in corporate class mutual funds at the end of this month, investors are looking for other types of product structures that offer attractive tax benefits,” said Mr. Hawkins. “Our family of TRI ETFs has been a big beneficiary of this movement, where we’ve witnessed approximately \$270 million in net sales into these ETFs. We’re seeing success in these two silos of our ETF business, which underscores that passive and active investing is not an either/or proposition — there’s a place for both types of strategies in a portfolio. It’s gratifying to see Canadian investors embracing this philosophy when building their investment portfolios.”*

### **About Horizons ETFs Management (Canada) Inc. ([www.HorizonsETFs.com](http://www.HorizonsETFs.com))**

Horizons ETFs Management (Canada) Inc. and its affiliate AlphaPro Management Inc. are innovative financial services companies, which combined make up one of the largest families of exchange traded funds in Canada. The Horizons ETFs product suite includes a broadly diversified range of solutions for investors of all experience levels to meet their investment objectives in a variety of market conditions. Horizons ETFs currently has more than \$6.5 billion of assets under management and has 75 ETFs listed on the Toronto Stock Exchange. Horizons ETFs Management (Canada) Inc. and AlphaPro Management Inc. are members of the Mirae Asset Global Investments Group.

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*Certain statements contained in this news release constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information may relate to a future outlook and anticipated distributions, events or results and may include statements regarding future financial performance. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "anticipate", "believe", "intend" or other similar expressions concerning matters that are not historical facts. Actual results may vary from such forward-looking information. Horizons ETFs undertakes no obligation to update publicly or otherwise revise any forward-looking statement whether as a result of new information, future events or other such factors which affect this information, except as required by law.*