

Horizons ETFs Announces Planned Elimination of its Advisor-Class Units

Advisor-class units will convert to common-class units in Q2 of 2017

TORONTO – December 29, 2016 – Horizons ETFs Management (Canada) Inc. (“**Horizons ETFs**”) has announced that it plans to eliminate all advisor-class units of its Canadian-listed exchange trade funds (ETFs). Advisor-class units are a specific class of ETF units which pay a service fee to the financial professionals who have purchased them on behalf of their clients. As of January 31, 2017, investment professionals will no longer be able to purchase advisor-class units and this class of ETF unit is expected to be fully eliminated by the end of April, 2017.

Advisor-class units are currently only available on certain actively managed ETFs offered by Horizons ETFs and are denoted by “.A” (or “.V” for applicable U.S.-dollar-denominated ETFs) after their ticker symbol. Currently, Advisor-class units make up less than 1% of Horizons ETFs assets under management (“**AUM**”).

In Horizons ETFs’ view, advisor-class units will no longer be a viable investment option given the evolving regulatory environment that puts a much greater focus on investment fee transparency which has also motivated a greater proportion of investment professionals to move to fee-based advice models.

“We launched advisor-class units in Canada within our suite of actively managed ETFs as a bridge to allow commission-based investment professionals to embrace ETFs and transition away from mutual funds with service fees,” said Steven J. Hawkins, President and Co-CEO Horizons ETFs. *“Increasingly, we’ve found that commission-based investment advisors who have become ETF investors have tended to transition to fee-based accounts as well, and we expect this will be a long-term trend in the Canadian investment industry. As a result, we think there will be less need in the future for investment funds, particularly ETFs, to offer embedded compensation to investment professionals.”*

Advisor-class units offered by Horizons ETFs pay a quarterly trailer fee of 0.75% (75 basis points) on equity focused ETF mandates and 0.50% (50 basis points) on fixed-income-focused ETF mandates. This service fee is a form of embedded compensation that is reflected in a higher management expense ratio for the advisor-class units of these ETFs.

On or about April 28, 2017 (the “**Conversion Date**”), Horizons ETFs plans to reduce the annual management fee on the advisor-class units by an amount equal to the applicable service fee payable by the Manager in respect of that class of units, and either concurrently or as soon as reasonably practicable thereafter, convert all advisor-class units into common class units of the same ETF, subject to receipt of all regulatory and third party approvals, if any. As at the Conversion Date, the advisor-class units and the common class units will share the same attributes, and accordingly, the conversion will not adversely impact the financial interests or rights of any unitholders.

In connection with the conversion, holders of converting advisor-class units will receive a number of whole converted common class units of the same ETF with an aggregate net asset value (“**NAV**”) equal to the aggregate NAV of the units converted, based on their respective NAVs as of the

applicable Conversion Date. The conversion of advisor-class units into common class units of the same ETF does not give rise to a disposition by unitholders of converting advisor-class units for tax purposes. A further press release will be issued confirming the details of conversion prior to the Conversion Date.

Unitholders do not have to take any action to participate in the elimination of the service fee or the conversion described above.

“We are committed to making this conversion process as seamless as possible for investment advisors and their clients. The advisor-class units will be converted into the common-class units of the same ETF on a NAV-over-NAV basis so there will be no taxable implications for end unitholders and no impact on their investment performance,” said Mr. Hawkins. *“The only difference is that no service fee will be paid on the new converted units, so the cost of ownership will actually be lower for end unitholders.”*

ETF Name	Current Advisor Class Management Fee	Management Fee After Conversion Date	Current Advisor Class Ticker	Class E (Common) Ticker
Horizons Active Corporate Bond ETF	1.00%	0.50%	HAB.A	HAB
Horizons Seasonal Rotation ETF	1.50%	0.75%	HAC.A	HAC
Horizons Active Cdn Bond ETF	0.92%	0.42%	HAD.A	HAD
Horizons Active Global Fixed Income ETF	0.95%	0.45%	HAF.A	HAF
Horizons Active Emerging Markets Dividend ETF	1.55%	0.80%	HAJ.A	HAJ
Horizons Active Cdn Dividend ETF	1.45%	0.70%	HAL.A	HAL
Horizons Active US Dividend ETF	1.45%	0.70%	HAU.A	HAU
Horizons Active Global Dividend ETF	1.55%	0.80%	HAZ.A	HAZ
Horizons Enhanced Income US Equity (USD) ETF	1.40%	0.65%	HEA.A HEA.V	HEA HEA.U
Horizons Enhanced Income Energy ETF	1.40%	0.65%	HEE.A	HEE
Horizons Enhanced Income Financials ETF	1.40%	0.65%	HEF.A	HEF
Horizons Enhanced Income International Equity ETF	1.40%	0.65%	HEJ.A	HEJ
Horizons Enhanced Income Gold Producers ETF	1.40%	0.65%	HEP.A	HEP
Horizons Enhanced Income Equity ETF	1.40%	0.65%	HEX.A	HEX
Horizons Active Floating Rate Preferred Share ETF	1.05%	0.55%	HFP.A	HFP
Horizons Active Floating Rate Bond ETF	0.90%	0.40%	HFR.A	HFR
Horizons Managed Global Opportunities ETF	1.60%	0.85%	HGM.A	HGM
Horizons Gold Yield ETF	1.35%	0.60%	HGY.A	HGY

Horizons Morningstar Hedge Fund Index ETF	1.20%	0.45%	HHF.A	HHF
Horizons Managed Multi-Asset Momentum ETF	1.60%	0.85%	HMA.A	HMA
Horizons Auspice Managed Futures Index ETF	1.70%	0.95%	HMF.A	HMF
Horizons Active Cdn Municipal Bond ETF	0.85%	0.35%	HMP.A	HMP
Horizons Natural Gas Yield ETF	1.60%	0.85%	HNY.A	HNY
Horizons Active Preferred Share ETF	1.05%	0.55%	HPR.A	HPR
Horizons Active Floating Rate Senior Loan ETF	1.25%	0.75%	HSL.A	HSL
Horizons Active US Floating Rate Bond (USD) ETF	0.90%	0.40%	HUF.A HUF.V	HUF HUF.U
Horizons Active High Yield Bond ETF	1.10%	0.60%	HYL.A	HYI

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

Horizons ETFs Management (Canada) Inc. and its affiliate AlphaPro Management Inc. are innovative financial services companies offering the Horizons ETFs family of exchange traded funds. The Horizons ETFs family includes a broadly diversified range of investment tools with solutions for investors of all experience levels to meet their investment objectives in a variety of market conditions. Horizons ETFs has more than \$7 billion of assets under management. With 76 ETFs listed on the Toronto Stock Exchange, the Horizons ETFs family makes up one of the largest families of ETFs in Canada. Horizons ETFs Management (Canada) Inc. and AlphaPro Management Inc. are members of the Mirae Asset Global Investments Group.

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