

Horizons ETFs Offers More Ways to Gain Exposure to Marijuana Equities

Futures contracts on the Horizons Marijuana Life Sciences Index ETF (HMMJ) begin trading today.

TORONTO – June 18, 2018 – Horizons ETFs Management (Canada) Inc. (“**Horizons ETFs**” or the “**Manager**”) is pleased to announce new developments with its suite of Marijuana-focused exchange traded funds (“**ETFs**”). This includes the listing of futures contracts on the Horizons Marijuana Life Sciences Index ETF (“**HMMJ**”) and the filing of a preliminary prospectus to launch leveraged, inverse and inverse leveraged ETFs that provide exposure to Canadian-listed Marijuana companies.

Futures on units of HMMJ will begin trading today on the Montreal Exchange. Futures contracts on HMMJ will be available with quarterly expiration dates, in January, March, June and September – initially extending to a June 2019 expiry.

ETF	Ticker	SSF Symbol
Horizons Marijuana Life Science Index ETF	HMMJ	FMJ

“We view the formal availability of futures on HMMJ as recognition by the Canadian investor marketplace that HMMJ is the key benchmark for Marijuana investing in Canada,” said Steve Hawkins, President and Co-CEO of Horizons ETFs. *“For us, this further legitimizes Marijuana-equity investing and HMMJ as the key way to get broad index exposure to this rapidly growing sector.”*

Horizons ETFs also filed a preliminary prospectus last week to launch three new ETFs (the “**New ETFs**”) that provide leveraged, inverse and inverse leveraged exposure to Canadian-listed Marijuana companies as represented by the Solactive Canadian Marijuana Companies Index. (Note that these preliminary filings are subject to change and subject to regulatory approval.)

The Solactive Canadian Marijuana Companies Index (the “**Index**”) is an index of investable equity securities of Canadian Marijuana companies that are listed on a Canadian exchange. The Index is intended to track the price movements in shares of Canadian companies which are mainly active in the Marijuana industry. The Index is published in Canadian dollars.

These ETFs will be branded under Horizons ETFs’ family of tactical BetaPro ETFs.

The proposed investment objective for each respective ETF is as follows:

BetaPro Canadian Marijuana Companies 2x Daily Bull ETF (HMJU): This proposed ETF seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the daily performance

of the Solactive Canadian Marijuana Companies Index. The proposed ticker for this ETF is HMJU:TSX.

BetaPro Canadian Marijuana Companies -2x Daily Bear ETF (HMJD): This proposed ETF seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to two times (200%) the inverse (opposite) of the daily performance of the Solactive Canadian Marijuana Companies Index. The proposed ticker for this ETF is HMJD:TSX.

BetaPro Canadian Marijuana Companies Inverse ETF (HMJI): This proposed ETF seeks daily investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs, that endeavour to correspond to one times (100%) the inverse (opposite) of the daily performance of the Solactive Canadian Marijuana Companies Index. The proposed ticker for this ETF is HMJI:TSX.

“Given the underlying volatility of this sector, we believe there is demand from certain sophisticated Canadian investors to take on more risk using leveraged ETFs to attempt to generate potentially higher short-term returns – very much like they have done with gold mining stocks,” said Mr. Hawkins.

Currently, the Manager anticipates that, in respect of HMJI and HMJD, based on existing market conditions (particularly, the high cost of borrowing the securities of Marijuana companies to provide “short” exposure), the hedging costs incurred by a counterparty and charged to HMJI or HMJD, as applicable, and indirectly borne by unitholders, are expected to be material, and will be between 10% and 25% per annum of the aggregate notional exposure of HMJI or HMJD’s forward documents, as applicable. This means that the hedging costs incurred by a counterparty may be as high as between 20% and 50% per annum of the net asset value (“NAV”) of HMJD. Additionally, any security imbalances caused by material rebalances or trading halts can affect the marked-to-market value of the forward documents negatively on any given day in relation to the closing level of the underlying index. The hedging costs of each of HMJI and HMJD can increase, will be assessed on a monthly basis to reflect then-current market conditions and are expected to materially impair the ability of HMJI and HMJD to meet their investment objectives.

“Shorting Marijuana stocks in particular is an expensive and complex process. If used appropriately, inverse Marijuana ETFs could be a potentially more liquid and easier way for investors to get short exposure to Canadian-listed Marijuana stocks while limiting their risk to what they invested,” said Mr. Hawkins. *“It is important to note that these ETFs certainly wouldn’t eliminate many of the risks investors face when shorting Marijuana stocks, which includes being subject to the high cost of borrowing Marijuana stocks.”*

Important Information:

The proposed ETFs are very different from most other exchange traded funds.

The 2x and -2x ETFs (“Leveraged ETFs”) use leverage and involve a higher level of risk than funds that do not.

The Leveraged ETFs, before fees and expenses, do not and should not be expected to return two times (i.e., +200%) or two times the inverse (i.e., -200%), as applicable, the return of their underlying index (as hereinafter defined) over any period of time other than daily.

The returns of the Leveraged ETFs over periods longer than one day will, under most market conditions, differ in amount and possibly direction from the performance or inverse performance, as applicable, of their underlying index for the same period. This effect becomes more pronounced as the volatility of the underlying index and/or the period of time increases.

The Inverse ETF, before fees and expenses, should not be expected to return the precise inverse (i.e., -100%) of the return of its underlying index over any period of time other than daily.

The returns of any Inverse ETF over periods longer than one day will, under most market conditions, be in the opposite direction from the performance of its underlying index for the same period, and the returns of such Inverse ETF can, based on historical returns, generally be expected to be substantially similar to the inverse performance of its underlying index for the same period. However, the deviation of returns of an Inverse ETF from the inverse performance of its underlying index can be expected to become more pronounced as the volatility of the underlying index, and/or the period of time, increases.

However, the hedging costs incurred by a counterparty reduces the value of the forward price payable to an ETF under the forward documents (as defined). Due primarily to the high cost of borrowing the securities of Marijuana companies, the hedging costs charged to HMJI and HMJD, and indirectly borne by unitholders, are anticipated to be material. Although the hedging costs of HMJI and HMJD are assessed on a monthly basis to reflect then-current market conditions, these hedging costs are expected to materially reduce the daily returns of HMJI and HMJD to unitholders and to materially impair the ability of HMJI and HMJD to meet their investment objectives, to a substantially greater degree than other leveraged or inverse ETFs.

The New ETFs will not knowingly be exposed to any companies that have exposure to the medical or recreational marijuana market in the United States, or the recreational Marijuana market in Canada, unless and until such time as it becomes legal. If a constituent issuer of the underlying index of the New ETFs becomes delisted from the TSX or TSX Venture Exchange due to non-compliance by that constituent issuer with the rules and policies of the exchange, including, without limitation, the requirement that issuers do not engage in ongoing business activities that violate U.S. federal law regarding marijuana, such constituent issuer would be removed from the underlying index of the New ETFs in accordance with the guidelines of such underlying index.

However, certain constituent issuers may, without the knowledge of the Manager, from time to time have a limited degree of exposure to the medical and/or recreational cannabis industry in certain U.S. states where cannabis use and/or sale has been legalized by state law (e.g. Alaska, California, Colorado, Maine, Massachusetts, Nevada, Oregon, Vermont (in July), Washington and Washington D.C.), notwithstanding that the use, possession, sale, cultivation and transportation of cannabis remains illegal under U.S. federal law. Despite the permissive regulatory environment regarding cannabis in certain U.S. states, cannabis continues to be listed as a Schedule I substance under the U.S. Controlled Substances Act of 1970 (the “**U.S. Controlled Substances Act**”).

As a result of the conflicting laws between state legislatures and the federal government regarding cannabis, investments in U.S. cannabis businesses may be subject to inconsistent regulation and enforcement. Unless and until the U.S. Congress amends the U.S. Controlled Substances Act with respect to cannabis, there is a risk that federal authorities may enforce current U.S. federal law against businesses operating in the U.S. cannabis industry, which may adversely affect the market price of any constituent issuers that have exposure to the U.S. cannabis industry, and therefore the value of a New ETF. Accordingly, the New ETFs and the constituent issuers to which they are exposed through the forward documents may be subject to a higher degree of regulatory oversight and regulatory action, which may include a restriction on the types of constituent issuers to which the New ETFs may be exposed at any time.

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

Horizons ETFs Management (Canada) Inc. is an innovative financial services company and offers one of the largest suites of exchange traded funds in Canada. The Horizons ETFs product family 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 has approximately \$10 billion of assets under management and 79 ETFs listed on major Canadian stock exchanges. Horizons ETFs Management (Canada) Inc. is a member of the Mirae Asset Global Investments Group.

For investor inquiries:

Contact Horizons ETFs at 1-866-641-5739 (toll-free) or (416) 933-5745
info@horizonsetfs.com

For media inquiries:

Contact Jonathan McGuire
External Communications Manager
Horizons ETFs Management (Canada) Inc.
(416) 640-2956
jmcguire@horizonsetfs.com

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