

Horizons ETFs Adjusts Investment Strategy of Horizons NASDAQ-100® Index ETF

*HXQ will employ a physical index replication structure effective at the close of business January 3, 2020, which is expected to make its total cost of ownership the lowest of any NASDAQ-100® ETF listed in Canada**

TORONTO – January, 2, 2020 – Horizons ETFs Management (Canada) Inc. (“**Horizons ETFs**”) is pleased to announce that it intends to adjust the investment strategy of Horizons NASDAQ-100® Index ETF (“**HXQ**”) from a synthetic total return swap structure to a conventional physical index replication structure, whereby HXQ will directly hold the underlying constituents of the NASDAQ-100® Index in substantially the same proportion as they are reflected in the index. This adjustment to the investment operations of HXQ will take effect at the close of business on January 3, 2020.

No changes are being made to the investment objective of HXQ or its management fee, which will remain at 0.25%. The Horizons NASDAQ-100® Index ETF seeks to replicate, to the extent possible, the performance of the NASDAQ 100® Index (Total Return) (the “**Index**”) – net of expenses. The Index includes 100 of the largest U.S. and international non-financial companies listed on the NASDAQ stock market.

HXQ is part of Horizons ETFs’ family of Total Return Index (“**TRI**”) ETFs. These ETFs can use either a total return swap or physical replication in order to deliver the total return of the applicable index without the expectation of making distributions.

On December 2, 2019, Horizons ETFs announced the completion of the reorganization (the “**Reorganization**”) of 15 TRI ETFs (the “**Reorganized ETFs**”), including HXQ, into Horizons ETF Corp., a multi-class corporate fund structure managed by Horizons ETFs.

The new corporate structure is expected to allow HXQ to achieve its investment objectives through direct investment in the Index securities, instead of the current synthetic structure, while still maintaining its key benefits — such as minimal tracking error, tax-efficiency for taxable accounts, and competitive management fees. This change in the investment operations allows HXQ to eliminate its swap fee of approximately 37.5 bps (0.375%) that was previously charged in addition to the management fee of approximately 25 bps (0.25%) plus applicable taxes. The elimination of this swap fee will bring the total cost of the ETF down significantly which is expected to make it the lowest-cost NASDAQ-100® ETF listed in Canada*.

“One of the goals with all of our TRI ETFs is to provide the most efficient exposure to prominent index benchmark strategies for taxable Canadian investors from both a cost and tax perspective. Our new corporate class structure allows us to bring HXQ’s total cost of ownership down to a level that we believe achieves this goal,” said Steve Hawkins, President and CEO of Horizons ETFs. *“The new corporate class structure permits our ETFs within the structure, including HXQ, to improve operational efficiency and substantially reduce the likelihood of distributions. Not only is HXQ expected to be the lowest-cost NASDAQ-100® ETF in Canada*, it will also be, in our view, the most efficient option for taxable investors.”*



HXQ received the 2019 Lipper Fund Award in the U.S. Equity ETF category¹ for the three-year period ending July 31, 2019. In the ETF categories in which Horizons ETFs' funds ranked first, HXQ had the largest competitor pool: 35.

"In many ways, we feel that Canada's best U.S. equity ETF, as awarded by Refinitiv in 2019, is now changing to be even better," said Mr. Hawkins. *"HXQ is, in our view, the most cost-efficient and tax-efficient way for Canadian investors to get exposure to one of the world's preeminent large-cap growth indices, the NASDAQ-100®."*

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 more than \$10 billion of assets under management and 91 ETFs listed on major Canadian stock exchanges.

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**Compared to all other Canadian ETFs tracking the NASDAQ-100® Index. HXQ has the lowest management fee and MER among a total of 4 ETFs, as at November 30, 2019, and is expected to have the lowest overall cost, which includes the trading expense ratio (TER), as at December 31, 2020, based on current competitor fees.*

*Commissions, management fees and expenses all may be associated with an investment in exchange traded products (the "Horizons Exchange Traded Products") managed by Horizons ETFs Management (Canada) Inc. The Horizons Exchange Traded Products are not guaranteed; their values change frequently and past performance may not be repeated. The prospectus contains important detailed information about the Horizons Exchange Traded Products. **Please read the relevant prospectus before investing.***

Horizons Total Return Index ETFs ("Horizons TRI ETFs") are generally index-tracking ETFs that use an innovative investment structure known as a Total Return Swap to deliver index returns in a low-cost and tax-efficient manner. Unlike a physical replication ETF that typically purchases the securities found in the relevant index in the same proportions as the index, most Horizons TRI ETFs use a synthetic structure that never buys the securities of an index directly. Instead, the ETF receives the total return of the index

through entering into a Total Return Swap agreement with one or more counterparties, typically large financial institutions, which will provide the ETF with the total return of the index in exchange for the interest earned on the cash held by the ETF. Any distributions which are paid by the Index constituents are reflected automatically in the net asset value (NAV) of the ETF. As a result, the Horizons TRI ETF receives the total return of the index (before fees), which is reflected in the ETF's share price, and investors are not expected to receive any taxable distributions. Some Horizons TRI ETFs use physically replication instead of the total return swap.

Certain statements may constitute a forward looking statement, including those identified by the expressions "anticipate", "estimate" or "expect" and similar expressions (including grammatical variations thereof) to the extent they relate to the ETFs or Horizons ETFs. The forward-looking statements are not historical facts but reflect the ETFs, the ETF's managers or Horizons ETFs current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These and other factors should be considered carefully and readers should not place undue reliance on the ETFs' forward looking statements. These forward-looking statements are made as of the date hereof and the ETFs do not undertake to update any forward-looking statement that is contained herein, whether as a result of new information, future events or otherwise, unless required by applicable law.

¹ Horizons NASDAQ-100® Index ETF (HXQ) was awarded Canada's 2019 Lipper Fund Awards from Refinitiv in the U.S. Equity ETF category for the three-year period ending July 31, 2019, out of a total of 35 ETFs, respectively.

The Lipper Fund Awards, granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The highest 20% of funds in each category are named Lipper Leaders for Consistent Return and receive a score of 5, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2 and the lowest 20% are scored 1. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification per award universe wins the Lipper Fund Award. Lipper Leader for Consistent Return ratings are subject to change monthly. The asset class group award winner is determined based on the lowest average weighted decile rank of the eligible funds per asset class and group. There were six (6) fund groups in this category, including Horizons ETFs. For more information, see lipperfundawards.com.

Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper.

Annualized Performance*

ETF	1 Year (%)	3 Year (%)	5 Year (%)	SIR (%)	Inception Date	Lipper Leader Ranking	
						3 Years	5 Years
HXQ	10.60	19.39	n/a	20.19	08/05/2014	5	n/a

*As at July 31, 2019. The indicated rates of return are the historical annual compounded total returns including changes in per unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security



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holder that would have reduced returns. The rates of return shown in the table are not intended to reflect future values of the ETF or returns on investment in the ETF. Only the returns for periods of one year or greater are annualized returns.

The Inception Date shown is the inception date of the predecessor ETF of the same name which was structured as a trust. On November 27, 2019, after receiving unitholder approval, the predecessor ETF merged into a class of shares of a corporate fund structure. In accordance with exemptive relief, the data of the ETF presented here includes the historical data of the predecessor ETF in order to provide full disclosure of the ETF's data.