

Horizons ETFs Addresses Impact of Volatile Crude Oil Futures Markets on HOU and HOD

TORONTO – April 27, 2020 – In connection with the unprecedented market volatility in the crude oil futures markets experienced last week, Horizons ETFs Management (Canada) Inc. (the “**Manager**”) reminds investors that the derivative counterparties for the BetaPro Crude Oil 2x Daily Bull ETF¹ (“**HOU**”) and the BetaPro Crude Oil -2x Daily Bear ETF² (“**HOD**”, and together with HOU, the “**ETFs**”) are entitled to certain termination rights in respect of the forward agreements currently entered into with the ETFs.

In the event the ETFs receive notice of termination from the counterparties, the forward agreements held by HOU and HOD would be settled based on the net asset value of the ETFs as early as the next valuation time (i.e. 2:30 p.m. (EST) on a trading day). Upon settlement of these derivatives, it is currently anticipated that 100% of the assets of the ETFs would be invested in cash or cash equivalents, until new derivative exposure to crude oil could be established by the Manager. However, there is no assurance that the ETFs will be able to replace the forward agreements or add other derivative exposure to crude oil if the forward agreements are terminated.

As previously announced on April 22, 2020, as a result of changes to the ETFs’ operations, HOU and HOD are no longer meeting their stated investment objectives.

Counterparty Risk in the Current Volatile Crude Oil Futures Market

As noted in the prospectus of the ETFs, each of HOU and HOD may be subject to greater volatility than other ETFs that invest in traditional securities. In addition, the value of commodity linked derivative instruments, such as the crude oil futures contracts, may be affected by changes in overall market movements, commodity index volatility, as well as international economic, political and regulatory developments, among other events.

Counterparties to the ETFs that have been adversely affected by such events may be unable to hedge their obligations to the ETFs, which may entitle them to terminate their obligations to the ETFs. If the current levels of volatility in the crude oil futures market persist or increase, the ETFs’ counterparties may terminate their forward agreements in respect of the ETFs.

Based on the amended rolling methodology, the underlying exposure of the ETFs was rolled to the July futures contract at 2:30 p.m. (EST) on April 22, 2020. In particular, it is important for investors to understand that, although the counterparties to HOU and HOD **have not** exercised

¹ To be renamed BetaPro Crude Oil Bull ETF, with the name change expected to be effective on the Toronto Stock Exchange on April 29, 2020, and to undergo a share consolidation on a 1:20 basis, effective on the same date.

² To be renamed BetaPro Crude Oil -1x Bear ETF, with the name change expected to be effective on the Toronto Stock Exchange on April 29, 2020.



these termination rights at this time, it is the Manager's view that, if the current July 2020 or August 2020 crude oil future contracts were to settle on any day below \$10 USD, then the risk of termination of the forward agreements by the counterparties would increase substantially. Additionally, it is the Manager's view that the ETFs will be unable to obtain futures exposure if the July or August futures contracts were to settle below zero, a settlement price that occurred for the first time in history on April 20, 2020, when the WTI May crude oil futures contract settled at a negative price.

Continued Suspended Subscriptions (commenced April 21, 2020)

On April 21, 2020, the Manager announced it will not be accepting new subscriptions for shares of HOU or HOD until further notice. Redemptions will continue to be accepted in the normal course. **It is imperative to note that units of HOU and HOD have and are expected to continue to trade at a substantial premium to their net asset value while subscriptions of new shares are suspended. The Manager continues to strongly discourage investors from purchasing shares of HOU and HOD at this time.**

Both HOU and HOD have been trading since April 21, 2020 at prices that are not reflective of their underlying net-asset-value. The Manager anticipates this will persist while the ETFs remain closed to new subscriptions. Please visit the Manager's website www.horizonsetfs.com to obtain the net-asset-value for the ETFs.

The Manager also anticipates that the ETFs will be able to re-open to new subscriptions when the extreme market volatility in crude oil futures markets subsides and when it is able to obtain additional underlying exposure for the ETFs in the normal course.

Investing in shares of the ETFs can be speculative, can involve a high degree of risk and may only be suitable for persons who are able to assume the risk of losing their entire investment.

Potential investors in these ETFs are reminded to read the prospectus, as amended from time to time, and all information available on www.sedar.com before investing. Investors should continue to monitor their investment daily and, as previously announced by the Manager, note that the ETFs are no longer expected to achieve their stated investment objectives.

The Manager will advise as soon as there are any further developments with respect to the ETFs.

For all inquiries, please contact:

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