

Horizons Absolute Return Global Currency ETF (HARC)

ETF Snapshot

Name:

Horizons Absolute Return
Global Currency ETF

Launch Date:*

January 17, 2017

Ticker:

HARC

Management Fee:¹

0.85%

Investment Manager:

Horizons ETFs Management
(Canada) Inc.

Sub-Advisor:

CIBC Asset Management Inc.

Distribution Frequency:

Annually, if any

Eligibility:

All registered and non-registered
investment accounts

Canada's First Long/Short Active Global Currency ETF

The Horizons Absolute Return Global Currency ETF ("HARC") seeks to generate positive absolute returns through long and short exposure to select global currencies. HARC will primarily use derivative instruments to gain its exposure to select global currency markets.

Access the World's Largest Asset Class

Despite being the largest and most liquid market in the world, the global currency market has traditionally been accessible to institutional investors only and is largely untapped by Canadian retail investors – as very few have the financial resources or expertise to access it directly. HARC provides investors with access to an institutional currency strategy managed by one of North America's largest currency investors, CIBC Asset Management Inc. ("CIBC AM").

HARC's portfolio will reflect CIBC AM's unconstrained view on global currency markets. This allows the firm to take both long positions in currencies it thinks will appreciate in value and short positions in currencies it anticipates will decline in value.

Key Features:

- **The only long/short global currency ETF in Canada.** HARC gives investors both long- and short-position access to the world's largest securities market, paired with the expertise of a world-class currency management team
- **Non-correlated returns.** Currency returns tend to be driven by factors that are distinct from those of traditional asset classes
- **Absolute returns.** HARC seeks to generate positive returns in all market conditions
- **A high level of expertise.** With \$32 billion in currency-related assets under management, CIBC AM is one of the largest currency investment teams in North America²
- **Leverage.** HARC may be exposed to leverage. Under normal market conditions, the maximum amount of leverage used, expressed as a ratio of total underlying notional value of the securities and/or financial derivative positions, divided by the net assets, will generally not exceed 3:1
- **Tax efficient reinvestment.** Net interest income from settlement of currency forwards is reflected in HARC's net asset value ("NAV") but is not expected to be paid out.

¹Plus applicable sales tax.

²Source: CIBC Asset Management Inc.,
as at May 31 2020.



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To achieve its investment objective, CIBC AM selects currencies that are expected to strengthen or weaken on a relative basis using a proprietary active investment process that tracks more than 30 global currencies.

The currencies that HARC may be exposed to include (but are not limited to) the currencies of the following countries or monetary unions:

 Canada	 United States	 Norway	 Sweden	 UK
 Denmark	 Switzerland	 EuroZone	 Hong Kong	 Japan
 Singapore	 Australia	 New Zealand	 Mexico	 Colombia
 Brazil	 Chile	 South Africa	 Poland	 Czech Republic
 Hungary	 Turkey	 Israel	 Russia	 China
 South Korea	 India	 Thailand	 Taiwan	 Philippines
 Malaysia	 Indonesia			

HARC primarily gains exposure to currencies by entering into derivatives where the underlying interests are the currencies of two countries. In each derivative, the currency of one country (the “strong currency”) will be selected by CIBC AM to outperform the currency of the other country (the “weak currency”). HARC will profit (or incur a loss) from the derivative if, during the term of the derivative, the exchange rate between the two currencies changes such that the strong currency increases (or decreases) in value relative to the weak currency.

Corporate Class Tax Efficiency

HARC is a class of shares in a corporate class structure that allows the ETF to deliver its returns in a tax-efficient manner. Within a Canadian mutual fund corporation structure, only Canadian capital gains and dividends can be distributed to investors. From a tax perspective, any income and foreign dividends generated within any one series of the corporation can potentially be offset by losses and expenses incurred in other series (from a tax perspective), which generally makes the corporate class structure more tax-efficient than a traditional mutual fund trust, due to this investors in HARC are not expected to receive any taxable distributions from the ETF. This makes the ETF advantageous, particularly if its shares are held in a taxable account, where tax on interest income could potentially be in excess of 50%, depending on the marginal tax rate of the investor. With this ETF structure, investors can potentially defer incurring a tax liability until they sell the shares of ETF, at which point they may realize a taxable gain.

CIBC Asset Management Inc.

The asset management subsidiary of CIBC provides a range of high-quality investment management services and solutions to retail and institutional investors. Offerings include: a comprehensive platform of mutual funds, strategic managed portfolio solutions and discretionary investment management services for high-net-worth individuals and portfolio management for institutional clients. CIBC Asset Management is one of Canada’s largest asset management firms.

To learn more, please visit www.HorizonsETFs.com/HARC



*The Inception Date shown is the inception date of the predecessor ETF of the same name which was structured as a trust. On June 30, 2020, 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.

Commissions, management fees and expenses all may be associated with an investment in Horizons Absolute Return Global Currency ETF (the “ETF”) managed by Horizons ETFs Management (Canada) Inc. The ETF is not guaranteed, its values change frequently and past performance may not be repeated. The prospectus contains important detailed information about the ETF. **Please read the prospectus before investing.**

The sub-advisor and investment manager have a direct interest in the management fees of the ETF, and may, at any given time, have a direct or indirect interest in the ETF or its holdings.

The information contained herein reflects general tax rules only and does not constitute, and should not be construed as, tax advice. Investors situations may differ from those illustrated. Investors should consult with their tax advisors before making any investment decisions.