HCON

HORIZONS ETFs
by Mirae Asset

Horizons Conservative TRI ETF Portfolio

ETF Snapshot

A One-Ticket ETF Solution for Conservative Investors
With the number of exchange traded funds ("ETFs") available to Canadian investors rapidly growing, trying to find the right ETFs to build the right equity allocation is increasingly difficult. The Horizons Conservative TRI ETF Portfolio ("HCON") can be a potential total-portfolio solution for conservative investors seeking long-term returns with a generally lower risk profile than the broader equity solutions.

HCON seeks moderate long-term capital growth using a conservative portfolio of exchange traded funds. HCON invests primarily in Horizons Total Return Index ETFs* ("TRI ETFs"). The portfolio targets a long-term asset allocation of approximately 50% equity securities and 50% fixed income securities at the time of any rebalance. The portfolio will be rebalanced semi-annually in order to seek a consistent level of conservative risk, expected to occur in January and July of each calendar year.

HCON's portfolio consists of ETFs that belong to Horizons' family of innovative TRI ETFs, which provide low-tracking error and may offer after-tax benefits if held in taxable or non-registered accounts.

Name:
Horizons Conservative TRI ETF Portfolio

Launch Date:
August 1, 2018

Ticker:
HCON

Management Fee:
0.00% (ETF is subject to fees of underlying ETFs)

Management Expense Ratio (MER):
Maximum MER will not exceed 0.15%

Investment Manager:
Horizons ETFs Management (Canada) Inc.

Distribution Frequency:
Annually, if any

Currency Hedged:
All non-Canadian dollar currency exposure is hedged back to the Canadian dollar at all times

Eligibility:
All registered and non-registered investment accounts

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Key Features

Core Portfolio

The fixed income component of HCON's portfolio includes TRI ETFs that offer North American exposure to government debt, provincial debt and corporate bonds. The equity component includes TRI ETFs that offer exposure to North American and other global equities, and seek a "world" equity return. Generally, no less than 40% of HCON's portfolio will be exposed to Canadian equity securities and/ or Canadian fixed income securities as at each semi-annual rebalance, expected to occur in January and July of each calendar year.

HCON will employ a portfolio optimization strategy in order to maximize the risk-adjusted return profile. A portfolio of TRI ETFs can reduce portfolio risk by holding combinations of ETFs that are not perfectly positively correlated, as diversification may allow for substantially the same expected portfolio return with reduced risk.

Key Features

- **One-Ticket Solution:** HCON is a one-ticket asset allocation strategy that invests in tax-efficient index ETFs
- **Tax-Efficient:** The underlying ETFs in HCON's portfolio are not expected to make any ongoing taxable distributions of investment income or dividends, making them ideal portfolio solutions for taxable accounts
- **No top-line management fee: There will be no direct management fees or operating expenses. Unitholders will still be indirectly charged the fees of the underlying TRI ETFs invested in by HCON (the management expense ratio of HCON will be approximately 0.14%, and will not exceed 0.15%, while the aggregate trading expense ratio of the portfolio of TRI ETFs held by HCON will be approximately 0.10% and will not exceed 0.11% as at any rebalance)**

Target Asset Mix

Asset allocation is determined by a mean variance optimization model developed by Horizons ETFs. This places a heavy emphasis on the historical risk-adjusted return profile of the underlying indices tracked by each of the ETFs. The model will favour ETFs that historically have a higher Sharpe ratio. The Sharpe ratio is a way to examine the performance of an investment by adjusting for its risk. The higher the Sharpe ratio, the better the historical returns relative to the amount of risk taken.

The model uses long timeframes to determine this historical data, generally greater than 10 years for each index. This means that it would require a dramatic shift in the underlying return trajectory of one of the underlying indices to necessitate a big shift in the underlying asset allocation.

Horizons ETFs has built important constraints on the asset allocations for the portfolio that address key geographic allocation issues for the Canadian marketplace. The Canadian equity allocation of the portfolio will be higher than the MSCI World Index, but likely still lower than other traditional Canadian conservative portfolios.

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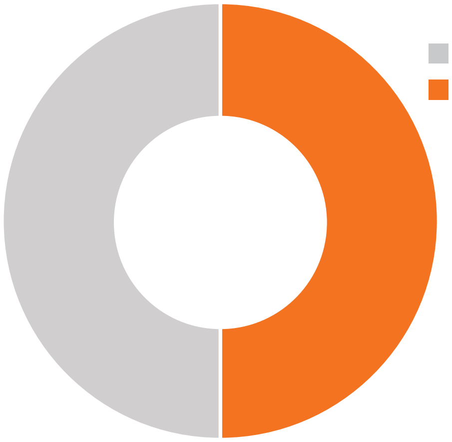
Target Asset Mix

Target Asset Allocation



Geographic Allocation

As at February 3, 2023

Top Holdings (as at February 3, 2023)

	Ticker	Portfolio Weight (%)
Horizons Cdn Select Universe Bond ETF	HBB	33.25
Horizons US Large Cap Index ETF	HULC	19.98
Horizons US 7-10 Year Treasury Bond ETF	HTB	16.70
Horizons Intl Developed Markets Equity Index ETF	HXDM	15.05
Horizons S&P/TSX™ 60 Index ETF	HXT	10.06
Horizons Emerging Markets Equity Index ETF	HXEM	4.96

Source: https://horizonsetfs.com/ETF/hcon. As at the most recent semi-annual rebalance dated February 3, 2023.

To learn more, please visit **www.HorizonsETFs.com/ETF/HCON**

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