

Horizons Cash Maximizer ETF (HSAV)

ETF Snapshot

Name:

Horizons Cash Maximizer ETF (HSAV)

Launch Date:

February 6, 2020

Ticker:

HSAV

Management Fee:

0.18%* (PLUS APPLICABLE SALES TAXES)

Investment Manager:

Horizons ETFs Management (Canada) Inc.

Currency Hedge:

No

Eligibility:

All registered and non-registered investment accounts

*Rebate to the Management Fee was removed effective August 18, 2022 and the Effective Management Fee increased from 0.13% to 0.18%. Please see [press release](#) for more information.

Maximize your Savings Potential

Cash is an important asset class for practically any investment portfolio as it serves two important functions.

- 1) It can potentially reduce risk in the portfolio
- 2) It is used for liquidity to fund expenses or potentially new acquisitions in a portfolio

The biggest challenge when holding cash is that interest rates offered by traditional liquid savings vehicles can be quite low, whereas yields can potentially increase using savings vehicles like GICs or high-interest savings accounts. These types of products typically have investment minimums or lock-up periods. The Horizons Cash Maximizer ETF offers the best of both worlds, providing daily liquidity for cash holdings while offering an interest rate that is expected to be competitive with other high-interest savings vehicles.

HSAV seeks to generate modest capital growth by investing primarily in high-interest deposit accounts with Canadian banks. While any decision to pay dividends or other distributions is within the discretion of the Manager, HSAV is not currently expected to make any regular distributions.

Key Features of HSAV:

- **Enhanced Savings Potential:** HSAV invests substantially all of its assets in high-interest deposit accounts with one or more Canadian chartered banks, which provide a higher interest rate than a traditional savings account
- **Daily Liquidity:** HSAV is an ETF, so it can be purchased or sold anytime throughout the trading day. This is a key advantage versus other high-interest savings vehicles, which typically have minimum holding periods or investment amounts
- **Tax Efficiency:** HSAV is not expected to make taxable distributions, which should enhance the after-tax performance of HSAV versus other cash-savings vehicles
- **Continuous Reinvestment:** Net interest income from high-interest savings account are reflected in HSAV's net asset value ("NAV") daily

Although the HSAV primarily invests in bank deposit accounts, HSAV is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Corporate Class: Tax Efficiency

HSAV is a class of shares in a corporate class structure that allows the ETF to deliver its returns in a tax-efficient manner. With this structure, the ETF will receive interest income on its cash deposits and that value will be reflected in the daily NAV of the ETF. However, investors in HSAV 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.



Horizons Cash Maximizer ETF (HSAV)

Taxation on High-Interest Savings Accounts

The following hypothetical example highlights the after-tax performance of holding HSAV versus a high-interest savings instrument offering a similar yield held in a non-registered account. The example assumes both products reflect a net yield of 0.75%. Both instruments are held for one year by an Ontario resident investor in the third-highest marginal tax bracket, who would have an income tax rate of 47.97% in 2020. It does not contemplate any tax liability associated with the sale of either vehicle.

It is important to note that neither HSAV, nor any other Horizons TRI ETFs, re-characterize investment income as capital gains.

Tax Implications for High-Interests Savings Vehicle – Illustrative Example Only

	Traditional High-Interests Savings Vehicle	HSAV
Principal Investment	\$100,000.00	\$100,000.00
Market Return (0%)	\$0.00	\$0.00
Interest Income (0.75%)	\$750.00	\$750.00
Pre-Tax Portfolio Value	\$100,750.00	\$100,750.00
Taxes on Interest Income (47.97%)**	\$359.78	\$0.00
Total Tax Payable	\$359.78	\$0.00
Total After-Tax Portfolio Value	\$100,390.23	\$100,750.00
Difference in Return	\$359.77	--
Return Lost to Distributions	0.36%	--
Return Lost to Tax on Distributions	0.36%	0%

FOR ILLUSTRATIVE PURPOSES ONLY. The above illustrative example highlights the expected after-tax performance benefits of holding HSAV versus another Canadian dollar denominated high-interest savings vehicle and is held in a non-registered account, assuming both strategies earn/reflected a net 0.75% interest rate (in CAD).

This example does not take into account any fees or expenses of the ETFs, or any commissions, fees or expenses that would be associated with a purchase or sale of ETF units/shares. The example does not contemplate the sale of the ETF units/shares or any tax liability that would result.

** Both products would be hypothetically held for one year by an Ontario resident investor in the third-highest tax bracket, who would have a marginal tax rate of 47.97% in 2020.

In February 2022, HSAV announced a suspension of all new subscriptions. During a period of suspended subscriptions, investors should note that ETF shares of HSAV would be expected to trade at a premium or substantial premium to the NAV per ETF Share of HSAV. During such periods, investors are strongly discouraged from purchasing ETF shares of HSAV on a stock exchange. Any resumption of subscriptions for HSAV will be announced by press release and announced on the Manager's website. A suspension of subscriptions, if any, will not affect the ability of existing Shareholders to sell their ETF Shares of HSAV in the secondary market at a price reflective, or potentially higher than, the NAV per ETF Share.

On February 3, 2022, the HSAV suspended new subscriptions after reaching approximately \$2Billion in assets. Please refer to the [press release](#) for more information.

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



Commissions, management fees and expenses all may be associated with an investment in the Horizons Cash Maximizer ETF ("the ETF") managed by Horizons ETFs Management (Canada) Inc.. The ETF is not guaranteed, its value changes frequently and past performance may not be repeated. The prospectus contains important detailed information about the ETF. **Please read the prospectus before investing.**

The Horizons Cash Maximizer ETF ("HSAV") uses cash accounts and does not track a traditional benchmark but rather a compounding rate of interest paid on the cash deposits that can change over time. Any distributions which are received by HSAV are reflected automatically in the net asset value (NAV) of HSAV. As a result, the shareholders of HSAV are not expected to receive any taxable distributions.

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.