Crude Oil Investing Redefined
The Horizons Crude Oil ETF (“HUC”) seeks to provide investors exposure to the performance of the Solactive Light Sweet Crude Oil Winter MD Rolling Futures Index ER (the “Index”).

Why Invest in Crude Oil?
For those investors who are bullish on oil, the most accurate way to invest in the commodity is to invest in the futures contracts for that commodity. Attempting to get exposure to oil through investing in oil-focused companies exposes investors to external factors such as corporate/labour instability, unpredictable governments in oil-producing countries and interest rates, among other factors. By gaining exposure to the Index, you get exposure to the price of oil without the accompanying equity risk.

Investors often buy the shortest-term futures contract (typically the near month or one-month futures contract) because it is the contract most closely correlated to the spot-price of oil. By investing in shorter-dated contracts investors are required to roll into the next month’s contract if they want to avoid physical delivery. However, there is usually a cost associated with rolling into the next month’s contract that, depending on market factors, could substantially erode the long-term performance of investing in oil futures. This is referred to as a “negative roll yield”.

HUC’s unique methodology is designed to provide the best possible exposure to the commodity. This is done by gaining exposure to the winter months (December) contract of each year, which is often the most liquid, to eliminate the monthly futures contract roll which often creates negative roll yield. Because the oil market is most typically in a state of contango (upward sloping curve), the process of providing investors exposure to the near-month contract 12 times per year creates a constantly changing underlying investment which can prevent the ETF from accurately tracking the commodity. HUC invests only in the December contract and executes its underlying exposure roll once per year, each June.

Key Features of HUC:
- Single long exposure to the global benchmark price of oil
- One contract roll per year in June to the next December delivery month contract, which reduces the negative roll yield caused by a monthly roll
- Currency hedged to the Canadian dollar providing pure exposure to the commodity
- Intraday Liquidity

ETF Snapshot

**Name:** Horizons Crude Oil ETF
**Launch Date:** June 25, 2009
**Ticker:** HUC
**Management Fee:** 0.75%
**Investment Manager:** Horizons ETFs Management (Canada) Inc.
**Underlying Index:** Solactive Light Sweet Crude Oil Winter MD Rolling Futures Index ER
**Bloomberg Index Ticker:** SOLCCLZ1
**Currency Hedged:** Yes
**Eligibility:** All registered and non-registered investment accounts
What are the Implications of Contango and Backwardation?

**Contango** is when the futures price is above the expected future spot price. The value of the futures contracts will decrease as they converge with the spot price. In order for a futures trade to be profitable during a period of contango, the spot price will have to rise higher than the value of the futures contract.

**Normal backwardation** is when the futures price is below the expected future spot price. The value of the futures prices will increase as they converge with the spot price. In backwardation, a futures trade will be profitable as long as the value of the spot price remains higher than the value of the futures contract.

To learn more, please visit [www.HorizonsETFs.com/HUC](http://www.HorizonsETFs.com/HUC)

Commissions, management fees and expenses all may be associated with an investment in Horizons Crude Oil 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.

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