Get the Total Return on Eurozone Equities

The Horizons Europe 50 Index ETF (“HXX”) provides a way for investors to get exposure to the performance of the largest 50 stocks listed in the Eurozone. Horizons Europe 50 Index ETF (“HXX”) seeks to replicate, to the extent possible, the performance of the Solactive Europe 50 Rolling Futures Index (Total Return) (the “Index”), net of expenses.

The Solactive Europe 50 Rolling Futures Index (Total Return) is designed to measure the performance of 50 of the largest companies that are sector leaders in the Eurozone. The Index tracks the performance of a EUREX active month EURO STOXX 50 futures contract, and rolls the exposure over four days from the active contract into the next active contract (the “Roll Period”). The full index methodology is available at www.Solactive.com.

Key Features of HXX

• The Total Return Index Advantage: HXX is part of the Horizons Total Return Index family of ETFs (“Horizons TRI ETFs”). HXX uses a total return swap contract to replicate the performance of the Index. This structure typically reduces the tracking error (net of currency forward costs) associated with replicating an index and increases tax efficiency

• Tax Efficiency: HXX is not expected to make taxable distributions

• Automatic Reinvestment: The reinvestment of index constituent distributions are reflected in HXX’s net asset value (“NAV”) on their ex-date, which can result in more efficient compounding than ETFs that compound only quarterly or monthly

• Exposure to Solactive Europe 50 Index: Gain exposure to the 50 largest companies listed in the Eurozone

Total Return Index Structure†

HXX does not physically hold the underlying constituent securities of the Index. Instead, its return is delivered via swap agreements with acceptable counterparties: Schedule 1 Canadian banks with a minimum A credit rating. The swap agreement is a binding contractual obligation to deliver the daily returns of the Index to the ETF, which is marked-to-market each day based on the change of the Index. Counterparties are legally obligated to deliver the exact Index returns, before fees.

Corporate Class ETFs - Tax Efficiency

HXX is a series of shares held within 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 capital gains and Canadian dividends can be distributed to investors. From a tax perspective, any income and foreign dividends generated within any one series of shares within the corporation can potentially be offset by losses and expenses incurred in other series of shares (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 HXX 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 capital gain or loss.

†Plus applicable sales taxes.
Eurozone equity ETFs are also subject to withholding tax depending on the type of taxable account they are held in, which could potentially further erode the after tax return of a physically replicated ETF held in a taxable account. HXX would not be subject directly to foreign withholding tax since it does not actually receive physical dividends.

**Taxation of Eurozone Equity ETFs**
The following hypothetical example highlights the after-tax performance of holding HXX versus another Canadian domiciled physically replicated Eurozone Equity ETF in a non-registered account. The example assumes both ETFs reflect a net yield of 3%. Both ETFs are held by an Ontario resident investor in the third-highest marginal tax bracket, who would have an income tax rate of 47.97% in 2020. In this example, there is no application of foreign withholding tax on the dividends, which is another consideration that could increase the tax liability of a Eurozone Equity ETF depending on the type of taxable account the ETF is held in. It is important to note that neither HXX, nor any other Horizons Total Return Index ETF, recharacterize investment income as capital gains.

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<tr>
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<th>Physically Replicated ETF</th>
<th>HXX</th>
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<tbody>
<tr>
<td><strong>Principal Investment</strong></td>
<td>$100,000</td>
<td>$100,000</td>
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<tr>
<td><strong>Market Return (0%)</strong></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Dividends Received (3%)</strong></td>
<td>$3,000</td>
<td>$3,000</td>
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<tr>
<td><strong>Pre-Tax Portfolio Value</strong></td>
<td>$103,000</td>
<td>$103,000</td>
</tr>
<tr>
<td><strong>Taxes on Foreign Dividends (47.97%)</strong></td>
<td>$1,439.10</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Tax Payable</strong></td>
<td>$1,439.10</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total After-Tax Portfolio Value</strong></td>
<td>$101,100.60</td>
<td>$103,000</td>
</tr>
<tr>
<td><strong>Difference in Return</strong></td>
<td>-$1,439.10</td>
<td>0%</td>
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**Return Lost to Distributions** 1.44% 0%

For Illustrative Purposes Only: The above illustrative example highlights the expected after-tax performance benefits of holding HXX versus another Canadian domiciled physically replicated Eurozone equity ETF in a non-registered account, assuming both ETFs earned/reflected a net 3% dividend and track the exact same universe of stocks. 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 the purchase or sale of the ETF units/shares. The example also does not contemplate any sale of the ETF units/shares or any tax liability that would result.

**Both ETFs are held by an Ontario resident investor in the third-highest tax bracket, who would have a marginal tax rate of 47.97%, on foreign dividends, in 2020. It also assumes no change in the market value of the Index constituents.**

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

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As of December 1, 2020, the ETF's underlying index was changed. Subsequent to regulatory approval, the ETF's name was changed effective December 2, 2020. *The Launch Date shown is the launch date of the predecessor ETF. On November 29, 2019, after receiving unitholder approval, the predecessor ETF merged into a class of shares of a corporate fund structure. In accordance with exemptive relief, any historical data of the ETF presented here includes the historical data of the predecessor ETF in order to provide full and transparent disclosure of the ETF's data.

†Horizons Total Return Index ETFs ("Horizons TRI ETFs") are generally index-tracking ETFs that use an innovative investment structure known as a Total Return Swap to deliver index returns in a low-cost and tax-efficient manner. Unlike a physical replication ETF that typically purchases the securities found in the relevant index in the same proportions as the index, most Horizons TRI ETFs use a synthetic structure that never buys the securities of an index directly. Instead, the ETF receives the total return of the index through entering into a Total Return Swap agreement with one or more counterparties, typically large financial institutions, which will provide the ETF with the total return of the index in exchange for the interest earned on the cash held by the ETF. Any distributions which are paid by the index constituents are reflected automatically in the net asset value (NAV) of the ETF. As a result, the Horizons TRI ETF receives the total return of the index (before fees), which is reflected in the ETF’s share price, and investors are not expected to receive any taxable distributions. Certain Horizons TRI ETFs (Horizons Nasdaq-100® Index ETF and Horizons US Large Cap Index ETF) use physical replication instead of a total return swap. The Horizons Cash Maximizer ETF and Horizons USD Cash Maximizer ETF use cash accounts and do not track an index but rather a compounding rate of interest paid on the cash deposits that can change over time.

Commission, management fees and applicable sales taxes all may be associated with an investment in the Horizons Europe 50 Index 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 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.

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