

Horizons Inoventor Canadian Equity Index ETF (INOC)

ETF Snapshot

Name:

Horizons Inoventor Canadian Equity Index ETF

Launch Date:

November 14, 2017

Ticker:

INOC

Management Fee:¹

0.50%

Investment Manager:

Horizons ETFs Management (Canada) Inc.

Sub-Advisor:

Inoventor Asset Management Inc.

Underlying Index :

Nasdaq Inoventor Canada Index

Bloomberg Index Ticker:

NQICAT

Distribution Frequency:

Quarterly, if any

Eligibility:

All registered and non-registered investment accounts

¹Plus applicable sales tax.

Screening for the Best Canadian Stocks

The Horizons Inoventor Canadian Equity Index ETF ("INOC") has a Canadian-focused equity mandate which aims to hold high-quality Canadian stocks by seeking to replicate the performance of the Nasdaq Inoventor Canada Index (the "Index"). The Index, made by Inoventor Asset Management Inc. ("Inoventor") in partnership with NASDAQ, applies an innovative stock selection methodology based on quality and value metrics. INOC is sub-advised by Inoventor and invests and holds the equity securities of constituent issuers in substantially the same proportion as the Index.

Nasdaq Inoventor Canada Index Methodology

The Index is comprised of an equal-weighted portfolio of 25 large-capitalization, Canadian-listed companies, designed to provide exposure to high-quality firms that trade at a reasonable price with the best rankings in Inoventor's stock selection model.

Searching for Canadian Value with Economic Profit

INOC's factor-based index strategy searches for stocks with high levels of economic profit. The stock-selection process identifies stocks trading at attractive valuations ranked according to pre-defined factors.

Overview: Investment Process

**1. Universe**

Define the investment environment in which companies are picked.

2. Top 100

Top-100 securities by Economic Profit are determined using data from the latest quarter.

3. Weights

Derive sector weights from Top 100 and proportionally fill sectors with 25 stocks.

4. Ranking

Stocks are chosen from a StockPointer (SP) score, a composite of Quality at a Reasonable Price (QARP) factors.

5. Portfolio

Build the live portfolio by investing real money in the defined strategy.

6. Monitoring

Monitor the portfolio, rebalance and execute performance attribution.



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Horizons Inoestor Canadian Equity Index ETF (INOC)

Selection Criteria – StockPointer (SP) Scores for the 25 Best Canadian Stocks

- SP Score – 50% Performance Metrics and 50% Risk Metrics
- 25 Companies with the highest SP scores included in the portfolio
- Stocks are rebalanced quarterly

Performance Metrics	Risk Management Metrics
Performance Index	Price/Intrinsic Value
Free Cash-Flow/Capital	Price/Average Intrinsic Value
Long-Term Earnings-Per-Share (EPS) Growth	Future Growth Value %
Long-Term Dividend Growth	Business Stability
Business Stability	Financial Leverage
EVA Momentum (i.e. Growth of Economic Profit)	Revenues

Key Features:

- **Expertise of Inoestor:** Harnesses the stock selection power of Inoestor – a widely followed stock selection software service used by advisors across Canada
- **Diversification:** The strategy is expected to avoid permanent sector concentration issues associated with traditional indices
- **Performance Potential:** The Index has historically generated better risk-adjusted returns than the broad Canadian stock market, as well as many widely followed factor-based indices

Inoestor Asset Management Inc.

Founded in 1999, Inoestor is a leading provider of professional digital financial platforms and services such as the software platforms StockGuide and StockPointer. Leading Canadian investment advisors, banks, insurance companies and exchanges have been relying on Inoestor's fundamental data and analytics to make optimal investment decisions. Inoestor has offices in Montreal and Toronto in Canada and Greenwich in the U.S.

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



Commissions, management fees and expenses all may be associated with an investment in the Horizons Inoestor Canadian Equity Index 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 detail information about the ETF. **Please read the prospectus before investing.**