Horizons Psychedelic Stock Index ETF (PSYK)

ETF Snapshot

Name:

Horizons Psychedelic Stock Index ETF

Launch Date:

January 27, 2021

Ticker:

PSYK

Management Fee:1

0.85%

Stock Exchange:

NEO Exchange

Investment Manager:

Horizons ETFs Management (Canada) Inc.

Underlying Index:

North American Psychedelics Index

Bloomberg Index Ticker:

HPSYKTR Index

Rebalanced:

Quarterly

Eligibility:

All registered and non-registered investment accounts

The World's First Psychedelics ETF

Within the last decade, there has been a significant re-evaluation of the potential therapeutic benefits of psychedelics, and a movement to research these substances and potentially use them for therapeutic use, particularly in the treatment of mental health issues. This has created a potentially compelling investment opportunity for Canadian investors looking to get exposure to the early stages of the global psychedelics industry.

The Horizons Psychedelic Stock Index ETF ("PSYK") is the world's first psychedelics-focused ETF providing investors a new way to get exposure to this emerging healthcare sector. The Fund seeks to replicate, to the extent possible and net of expenses, the performance of a market index that is designed to provide exposure to the performance of a basket of North American publicly listed life sciences companies having significant business activities in, or significant exposure to, the psychedelics industry.

The Psychedelics Opportunity

In 2019, the psychedelics industry was valued at approximately US\$2 billion. By 2027, it's predicted that the sector will reach a market capitalization of US\$6.8 billion, with a forecasted compound annual growth rate of 16.3% between 2020 and 2027, according to Data Bridge Market Research.

While many of the organizations engaged in psychedelics-based clinical research are smaller-capitalization life sciences companies pursuing novel research, a growing number of global multinationals have developed in-market applications.

Much of the research surrounds key psychedelic compounds like Psilocybin, Ketamine, Lysergic acid diethylamide (LSD), Dimethyltryptamine (DMT) and 3,4-Methylenedioxymethamphetamine, commonly known as MDMA or Ecstasy.

The primary focus of these businesses is the development of potential treatments for mental health issues which include, but are not limited to:

- 1) Drug-resistant depression
- 2) Anxiety
- 3) Addiction
- 4) Post-Traumatic Stress Disorder

According to the World Health Organization, as at January 30, 2020, more than 264 million people globally suffer from clinical depression. According to Allied Market Research, the global antidepressant market could generate more than US\$16 billion in revenue in 2023. There is significant market opportunity for psychedelic-based treatments if they are deemed to be effective.

¹Plus applicable sales taxes.



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North American Psychedelics Index

Constituents are listed on North American exchanges and are publicly listed life sciences companies focused on psychedelic medicine, and other companies with business activities in the psychedelics industry. While securities may be listed on the TSX, NYSE or Nasdaq Global Market, many of these securities may trade on North American junior exchanges that include (but are not limited to) the:

- TSX Venture Exchange
- Canadian Securities Exchange
- NEO Exchange
- NASDAQ Stock Market
- NYSF American

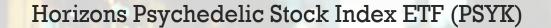
Methodology

- Must be listed on a regulated stock exchange in Canada or in the United States
- Float market-cap weighted index with maximum market-cap of 10% for any single issuer at time of rebalance/adjustment date
- Constituent must be a producer and/or a supplier of psychedelic medicines; a biotechnology company that is engaged in research and development of psychedelic medicines; or a company that is part of the supply chain for, or a distributor of, psychedelics
- Minimum float market-capitalization of C\$25 million
- Minimum share price of at least C\$0.10 CAD
- · Index rebalanced quarterly
- The weight of any pharmaceutical company with a total market capitalization of \$5B or greater, whose production, development or research of psychedelic pharmaceuticals represents less than 25% of their total revenue will be capped at 5%. In aggregate, all such pharmaceutical companies will also be capped at 20%
- Minimum 3-Month Average Daily Traded Value of at least CAD 125,000
- · Size, liquidity and price criteria to remain in the index are lower once a security becomes an index member

ETF Holdings¹

Company Name	Weight (%)	Company Name	Weight (%)
NUMINUS WELLNESS INC.	9.89	ABBVIE INC.	4.53
MIND MEDICINE (MINDMED) INC.	9.80	HAVN LIFE SCIENCES INC.	3.94
COMPASS PATHWAYS PLC.	9.34	MYDECINE INNOVATIONS GROUP INC.	3.38
SEELOS THERAPEUTICS INC.	8.75	PSYCHED WELLNESS LTD.	3.37
CYBIN INC.	7.85	MIND CURE HEALTH INC.	2.83
FIELD TRIP HEALTH LTD.	7.24	ENTHEON BIOMEDICAL CORP.	2.74
RED LIGHT HOLLAND CORP.	7.15	NOVA MENTIS LIFE SCIENCE CORP.	1.72
GREENBROOK TMS INC.	6.97		
REVIVE THERAPEUTICS LTD.	5.59		
JOHNSON & JOHNSON	4.88		

¹ As at January 27, 2021.



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



Commissions, management fees and applicable sales taxes all may be associated with an investment in the Horizons Psychedelic Stock Index ETF managed by Horizons ETFs Management (Canada) Inc. (the "ETF"). 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 ETF, through the ownership of life science companies in the psychedelic industry, may also have some exposure to the legal marijuana market in Canada, and the hemp industry and/or marijuana industry in certain U.S. states that have legalized marijuana for therapeutic or adult-use, which is currently illegal under U.S. federal law. However, the ETF will not be directly engaged in the manufacture, importation, possession, use, sale or distribution of hemp or marijuana in either Canada or the U.S. **Please read the full risk disclosure in the prospectus before investing.**

There are risks associated with this product. PSYK is expected to invest in, and indirectly derive revenues from, companies in the psychedelics industry engaged in legal activities involving psychedelic drugs and substances. While the medical and adult use of certain psychedelic drugs and substances are generally prohibited under U.S. federal law, despite this prohibition, a limited number of states have either sought to decriminalize or authorize the medical use of certain psychedelic drugs and substances in limited circumstances. Clinical trials involving psychedelic drugs and substances are, however, permitted, provided they comply with both state and federal laws applicable to such trials. Psychedelic drugs and substances in Canada are primarily regulated under the Controlled Drugs and Substances Act (the "CDSA"), the Food and Drug Act and the regulations promulgated thereunder. The medical use of certain psychedelic drugs and substances remain illegal under Canadian federal law unless discretionary exemptions are granted under the CDSA, while a limited number of other drugs and substances may be prescribed by a health care practitioner to patients under their care. Adult recreational use of psychedelic drugs and substances remains generally prohibited under the CDSA. Commercial activities involving psychedelic drugs and substances are permitted in Canada by parties who hold the required federal regulatory approvals and licences; however, distribution and sales opportunities for psychedelic drugs and substances are heavily restricted at this time. PSYK will passively invest in companies engaged in legal activities involving psychedelic drugs and substances in Canada and the U.S. where applicable laws permit such activities. PSYK will not be directly engaged in the manufacture, importation, possession, use, sale or distribution of psychedelic drugs or substances in either Canada or the U.S.

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