

# BNKL

## Horizons Enhanced Equal Weight Banks Index ETF

### LIGHT LEVERAGE, BIG OPPORTUNITIES

Horizons Enhanced Equal Weight Banks Index ETF (BNKL) is an ETF that provides lightly levered exposure to the six largest Canadian banks in an equal weight portfolio.

Canada's Big Six Banks – Toronto-Dominion Bank (TD), Royal Bank of Canada (RBC), Bank of Montreal (BMO), Bank of Nova Scotia (BNS), Canadian Imperial Bank of Commerce (CIBC), and National Bank of Canada (NBC) – have traditionally been a source of stable dividend income for investors in one of the country's largest sectors. With 1.25 times (1.25x) leverage, BNKL can potentially magnify performance.

### INVESTMENT OBJECTIVE:

BNKL seeks to replicate, to the extent reasonably possible and net of expenses, 1.25 times (125%) the performance of an index of equal-weighted equity securities of diversified Canadian banks, currently, the Solactive Equal Weight Canada Banks Index (the "Underlying Index"). BNKL will use leverage in order to seek to achieve its investment objective. Leverage will be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation.

## ETF Snapshot

### FUND DETAILS

|                    |   |
|--------------------|---|
| Name               | Horizons Enhanced Equal Weight Banks Index ETF        |
| Inception Date     | July 05, 2023   |
| Management Fee     | 0.35% (Plus applicable Sales Tax)                     |
| Underlying Index   | Solactive Equal Weight Canada Banks Index             |
| Bloomberg Ticker   | BNKL CN EQUITY  |
| Currency           | CAD   |
| Currency Hedging   | No  |
| Investment Manager | Horizons ETFs Management (Canada) Inc.                |
| Distributions      | Monthly, if any                                       |
| Eligibility        | All registered and non-registered investment accounts |
| DRIP Eligibility   | Yes   |

### RISK RATING



# Horizons Enhanced Equal Weight Banks Index ETF

## Key Features

### WHY CHOOSE BNKL?



**Monthly Income:** It is anticipated that BNKL will make distributions to its unitholders on a monthly basis.



**Magnified Outcomes:** Through the application of light leverage, BNKL seeks to provide 125% exposure to the Underlying Index, resulting in potentially larger gains or losses relative to the Underlying Index.



**Canadian Big Six Bank Exposure:** As one of Canada's largest economic sectors, the Canadian Big Six Banks have traditionally offered a stable bastion within the broader Canadian equity landscape.

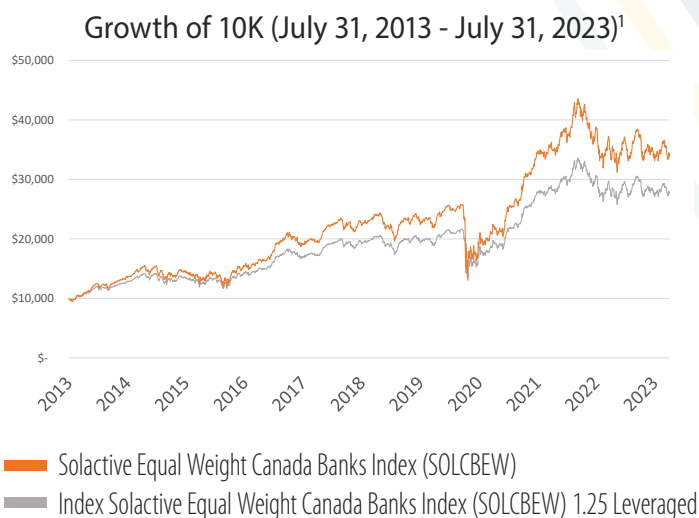


**Consistent Dividend Growth:** The annualized growth rate of dividends for the big six Canadian banks was 9.99% for the 25-year period from July 1998 to July 2023<sup>1</sup>.

### MAGNIFYING PERFORMANCE WITH LIGHT LEVERAGE

With 1.25x leverage, exposure to the Underlying Index is magnified by 25% - offering the potential for performance that exceeds the relative performance of the sector. However, leverage can also magnify negative performance when the Underlying Index falls.

### HISTORICAL RETURN TRAJECTORY OF THE UNDERLYING INDEX WITH AND WITHOUT THE USAGE OF 1.25X LEVERAGE



**FOR ILLUSTRATIVE PURPOSES ONLY. THE GROWTH OF \$10K CHART FOR THE 1.25X LEVERAGED INDEX IS HYPOTHETICAL**

<sup>1</sup>Source: Bloomberg, as at October 31, 2023

The Growth of 10K chart is based on the Underlying Index historical annual compounded total return including changes in Underlying Index unit value and reinvestment of all distributions and does not take into account sales, transaction, brokerage, redemption, distribution or any additional charges or income taxes payable by any investor or investment fund in replicating the Underlying Index, that would have reduced returns. The Underlying Index is not directly investible. Underlying Index returns are not guaranteed, their values change frequently and past performance may not be repeated.



# Horizons Enhanced Equal Weight Banks Index ETF

## Key Features

### FIVE WAYS TO OWN THE BIG 6

**HEWB:**

Total Return Exposure to the Solactive Equal Weight Canada Banks Index. No anticipated distributions

Mgmt. Fee: 0.25%<sup>1</sup>

**HBNK:**

Exposure to the Solactive Equal Weight Canada Banks Index

Mgmt. Fee: 0.09%<sup>1,3</sup>

**BKCC:**

Covered Call Exposure to the Solactive Equal Weight Canada Banks Index

Mgmt. Fee: 0.39%<sup>1,2</sup>

**BNKL:**

1.25x Exposure to the Solactive Equal Weight Canada Banks Index

Mgmt. Fee: 0.35%<sup>1</sup>

**BKCL:**

1.25x Covered Call Exposure to the Solactive Equal Weight Canada Banks Index

Mgmt. Fee: 0.65%<sup>1</sup>

Core

Covered Call

Targeting Yield

Lightly Levered

Targeting Growth

Lightly Levered  
Covered Call

Targeting  
Yield & Growth

<sup>1</sup> Management Fee plus applicable Sales Tax

<sup>2</sup> Annual management fee reduced from 0.65% to 0.39%, effective July 6, 2023

<sup>3</sup> Annual management fee rebated by 0.09% to an effective management fee and management expense ratio (MER) of 0% until July 31, 2024



# Horizons Enhanced Equal Weight Banks Index ETF

To learn more, please visit [HorizonsETFs.com/BNKL](https://HorizonsETFs.com/BNKL)



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BNKL and BKCL (or the "Enhanced ETFs") are alternative mutual funds within the meaning of NI 81-102, and are permitted to use strategies generally prohibited by conventional mutual funds, such as the ability to invest more than 10% of the Enhanced ETF's net asset value in securities of a single issuer, the ability to borrow cash and to employ leverage. While these strategies will only be used in accordance with the applicable investment objectives and strategies of the Enhanced ETFs, during certain market conditions they may accelerate the risk that an investment in Units of such Enhanced ETF decreases in value.

Effective June 24, 2022, the investment objectives of the Horizons Equal Weight Canadian Bank Covered Call ETF ("BKCC") (formerly Horizons Enhanced Income Financials ETF ("HEF")), were changed following receipt of the required unitholder and regulatory approvals. The new tickers began trading on the TSX on June 27, 2022. For more information, please refer to the disclosure documents of the ETFs at [www.HorizonsETFs.com](https://www.HorizonsETFs.com).

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<sup>®</sup> Index ETF and Horizons US Large Cap Index ETF) use physical replication instead of a total return swap.

The payment of distributions, if any, is not guaranteed and may fluctuate at any time. The payment of distributions should not be confused with an Exchange Traded Fund's ("ETF") performance, rate of return, or yield. If distributions paid by the ETF are greater than the performance of the ETF, distributions paid may include a return of capital and an investor's original investment will decrease. A return of capital is not taxable to the investor, but will generally reduce the adjusted cost base of the securities held for tax purposes. Distributions are paid as a result of capital gains realized by an ETF, and income and dividends earned by an ETF are taxable to the investor in the year they are paid. The investor's adjusted cost base will be reduced by the amount of any returns of capital. If the investor's adjusted cost base goes below zero, investors will realize capital gains equal to the amount below zero. Future distribution dates may be amended at any time. To recognize that these distributions have been allocated to investors for tax purposes the amounts of these distributions should be added to the adjusted cost base of the units held. The characterization of distributions, if any, for tax purposes, (such as dividends/other income/capital gains, etc.) will not be known for certain until after the ETF's tax year-end. Therefore, investors will be informed of the tax characterization after year-end and not with each distribution if any. For tax purposes, these amounts will be reported annually by brokers on official tax statements. Please refer to the applicable ETF distribution policy in the prospectus for more information.

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