

Horizons ETFs Launching 0% Management Fee ETF Portfolio Solutions

The ETFs will be the first in Canada with a direct management fee of 0.00%

TORONTO – August 2, 2018 – Horizons ETFs Management (Canada) Inc. (“**Horizons ETFs**”) is launching Canada’s first 0% management fee exchange traded funds (“**ETFs**”) as part of its innovative suite of Total Return Index (“**TRI**”) ETFs: the Horizons Conservative TRI ETF Portfolio (“**HCON**”) and the Horizons Balanced TRI ETF Portfolio (“**HBAL**”). Units of the ETFs will trade on the Toronto Stock Exchange (“**TSX**”), respectively under the ticker symbols HCON and HBAL, commencing today.

Horizons ETFs’ suite of TRI ETFs use an innovative total return swap investment structure designed to deliver returns in a low-cost and tax-efficient manner. HCON and HBAL, which invest exclusively in Horizons TRI ETFs, provide access to the TRI advantage, but now with no direct management fees or operating costs – a first for any ETF product in Canada.

Both HCON and HBAL employ an asset allocation strategy that is rebalanced semi-annually by the Horizons ETFs’ portfolio management team.

Horizons Conservative TRI ETF Portfolio: HCON seeks moderate long-term capital growth using a conservative portfolio of exchange traded funds. The portfolio targets a long-term asset allocation of approximately 50% equity securities and 50% fixed income securities at the time of any rebalance, and the portfolio will be rebalanced semi-annually in order to seek a consistent conservative level of risk.

Horizons Balanced TRI ETF Portfolio: HBAL seeks long-term capital growth using a balanced portfolio of exchange traded funds. The portfolio targets a long-term asset allocation of approximately 70% equity securities and 30% fixed income securities at the time of any rebalance, and the portfolio will be rebalanced semi-annually in order to seek a consistent balanced level of risk.

“With approximately 600 ETF listings in Canada, one of the challenges for investors is figuring out how to put them all together. One area where the mutual fund industry has had success relative to the ETF industry is its ability to offer pre-packaged portfolio solutions and balanced funds,” said Steve Hawkins, President and Co-CEO of Horizons ETFs. *“HCON and HBAL are one-ticket investment solutions offering investment strategies that provide exposure to equity and fixed income securities, but in a low-cost and tax-efficient ETF structure.”*

Investors are not subject to any topline management fees or operating costs by HCON and HBAL. The ETF therefore has a management fee of 0.00%. However, unitholders still indirectly pay the management fees on the underlying Horizons TRI ETFs invested in by HCON and HBAL, which will determine what the Management Expense Ratio (MER) is for HCON and HBAL.

Based on the initial portfolios of Horizons TRI ETFs held by HCON and HBAL, the total MER of the portfolios of Horizons TRI ETFs held by HCON and HBAL will initially be 0.15% and 0.16%, respectively, and will not exceed 0.17% and 0.18%, respectively, as at any rebalance.

Based on the initial portfolios of Horizons TRI ETFs held by HCON and HBAL, the aggregate underlying trading expense ratios of the portfolios of Horizons TRI ETFs held by HCON and HBAL are expected to be 0.18% and 0.20%, respectively. As trading expense ratios include expenses outside of the control of the manager, the trading expense ratios of the Horizons TRI ETFs held by HCON and HBAL are subject to change.

“HCON and HBAL are very low-cost ETF solutions, and the only ETFs in Canada that do not charge unitholders a topline management fee or any operating costs. The management fee for both HCON and HBAL is 0.00%,” said Mr. Hawkins. *“Since these ETFs will own other Horizons ETFs, there are still fees indirectly charged by the underlying ETFs held in the portfolio. All-in, these new portfolio solutions are still very low-cost by ETF industry standards.”*

While low management fees are a significant advantage of ETF investing, HCON and HBAL may offer significant tax benefits as well if they are held in a taxable account, since they only invest in TRI ETFs which are designed to enhance the after-tax performance benefits of the ETF.

Unlike physically replicated ETFs, no dividend or interest income distributions are expected to be paid by the underlying ETFs in HCON and HBAL’s portfolios. Instead, the value of any dividend or interest income is directly reflected in the net asset value of the underlying ETFs.

“Since these are ETF portfolios, there could still be some taxable distributions when the HCON and HBAL ETFs rebalance, but overall, these ETFs should be much more tax-efficient than other ETF portfolio solutions since the underlying ETFs held in the portfolio are not expected to make any dividend or interest income distributions,” said Mr. Hawkins.

HCON and HBAL have closed their initial offering of units and will begin trading today on the TSX when the market opens this morning.

About Horizons ETFs Management (Canada) Inc. (www.HorizonsETFs.com)

Horizons ETFs Management (Canada) Inc. is an innovative financial services company and offers one of the largest suites of exchange traded funds in Canada. The Horizons ETFs product family includes a broadly diversified range of solutions for investors of all experience levels to meet their investment objectives in a variety of market conditions. Horizons ETFs has more than \$10 billion of assets under management and 83 ETFs listed on major Canadian stock exchanges. Horizons ETFs Management (Canada) Inc. is a member of the Mirae Asset Global Investments Group.

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