

Horizons ETFs Proposes Corporate Class Reorganization for ETFs Impacted By Federal Tax Changes

New structure allows the ETFs to maintain all of their existing key benefits

Toronto, August 23, 2019 – Horizons ETFs Management (Canada) Inc. (“**Horizons ETFs**”) is proposing a corporate class reorganization of a number of its existing ETFs, listed below, that primarily use derivative arrangements in order to achieve their investment objectives. The corporate class structure is expected to preserve all of the benefits offered by these ETFs under their synthetic investment strategies.

The decision to propose a corporate class structure follows an extensive review by Horizons ETFs of the activities and current tax positions of the relevant ETFs along with the proposed changes to the Income Tax Act. Following its assessment, Horizons ETFs has determined that it would be in the best interests of the unitholders of the relevant ETFs, currently structured as mutual fund trusts, to merge into a single multi-class mutual fund corporation, which would permit the ETFs to improve operational efficiency, aggregate all future gains and losses on both the income and capital accounts, and substantially reduce the likelihood of distributions.

Under the proposed reorganization, units of each of these ETFs would be exchanged for a corresponding class of shares of a new mutual fund corporation. It is currently expected that the investment objectives, investment strategies and fee structure of the ETFs will not change. Once the ETFs are merged into the new mutual fund corporation, the corporate class ETFs would, in Horizons ETFs’ view, be on a level playing field with other currently existing corporate class mutual funds and corporate class exchange-traded funds.

Corporate class mutual funds are very well-established in Canada and continue to be used widely by Canadian investors. According to Strategic Insight, there is currently more than CAN\$155 billion of assets invested in corporate class mutual funds and ETFs.

“Even before the recent proposed changes to the taxation of mutual funds were announced, Horizons ETFs had been exploring the potential of a structural change for the majority of our synthetically-replicated index ETFs, from a mutual fund trust to a mutual fund corporate class,” said Steve Hawkins, President and CEO of Horizons ETFs. *“Based on our review of the existing regulatory environment, including the tax changes proposed in the recent Federal Budget, we feel confident that the proposed corporate class structure will allow us to continue to offer our synthetic ETFs to investors in a manner that provides unitholders with all of the same benefits that they have enjoyed for the past ten plus years, including minimal tracking error, tax efficiency and competitive fees.”*

It is also important to know these ETFs are not expected to carry forward any tax liability into the proposed mutual fund corporation, and there are not expected to be any historical or retroactive taxable implications to unitholders of these ETFs. The proposed reorganization is not

expected to be a taxable event for unitholders of the ETFs provided that, in the case of Canadian resident unitholders who hold units of the ETFs in taxable accounts, such unitholders make a joint election with the proposed mutual fund corporation under Section 85 of the Income Tax Act as part of the exchange from their existing trust units into shares of a series of the new mutual fund corporation. Horizons ETFs is establishing a process to provide assistance to unitholders in taking the necessary steps to file the joint election, which will be free of charge.

Listed below are the ETFs that Horizons ETFs is proposing to merge into the new mutual fund corporation:

ETF Name	Ticker
Horizons S&P/TSX 60™ Index ETF	HXT
Horizons S&P 500® Index ETF	HXS
Horizons S&P 500 CAD Hedged Index ETF	HSH
Horizons S&P/TSX Capped Energy Index ETF	HXE
Horizons S&P/TSX Capped Financials Index ETF	HXF
Horizons Cdn Select Universe Bond ETF	HBB
Horizons NASDAQ-100® Index ETF	HXQ
Horizons EURO STOXX 50® Index ETF	HXX
Horizons Cdn High Dividend Index ETF	HXH
Horizons US 7-10 Year Treasury Bond ETF	HTB
Horizons US 7-10 Year Treasury Bond CAD Hedged ETF	HTH
Horizons Laddered Canadian Preferred Share Index ETF	HLPR
Horizons Intl Developed Markets Equity Index ETF	HXDM
Horizons Equal Weight Canada REIT Index ETF	HCRE
Horizons Equal Weight Canada Banks Index ETF	HEWB
Horizons Gold ETF	HUG
Horizons Silver ETF	HUZ
Horizons Crude Oil ETF	HUC
Horizons Natural Gas ETF	HUN

ETF Name	Ticker
BetaPro Gold Bullion 2x Daily Bull ETF	HBU
BetaPro Gold Bullion -2x Daily Bear ETF	HBD
BetaPro Crude Oil 2x Daily Bull ETF	HOU
BetaPro Crude Oil -2x Daily Bear ETF	HOD
BetaPro Natural Gas 2x Daily Bull ETF	HNU
BetaPro Natural Gas -2x Daily Bear ETF	HND
BetaPro Silver 2x Daily Bull ETF	HZU
BetaPro Silver -2x Daily Bear ETF	HZD
BetaPro S&P/TSX 60™ 2x Daily Bull ETF	HXU
BetaPro S&P/TSX 60™ -2x Daily Bear ETF	HXD
BetaPro S&P/TSX Capped Financials™ 2x Daily Bull ETF	HFU
BetaPro S&P/TSX Capped Financials™ -2x Daily Bear ETF	HFD
BetaPro S&P/TSX Capped Energy™ 2x Daily Bull ETF	HEU
BetaPro S&P/TSX Capped Energy™ -2x Daily Bear ETF	HED
BetaPro NASDAQ-100® 2x Daily Bull ETF	HQU
BetaPro NASDAQ-100® -2x Daily Bear ETF	HQD
BetaPro S&P 500® 2x Daily Bull ETF	HSU
BetaPro S&P 500® -2x Daily Bear ETF	HSD
BetaPro Canadian Gold Miners 2x Daily Bull ETF	HGU
BetaPro Canadian Gold Miners -2x Daily Bear ETF	HGD
BetaPro Marijuana Companies 2x Daily Bull ETF	HMJU
BetaPro Marijuana Companies Inverse ETF	HMJI
BetaPro S&P/TSX 60™ Daily Inverse ETF	HIX
BetaPro S&P 500® Daily Inverse ETF	HIU
BetaPro S&P 500 VIX Short-Term Futures™ ETF	HUV

Additional details regarding the merger of the ETFs into a single multi-class mutual fund corporation will be announced in the following weeks, and further details will also be provided in an information circular that will be made available for unitholders to vote on the proposed changes. Subject to the receipt of all necessary regulatory, unitholder and other third party approvals, as well as obtaining any necessary exemptive relief under applicable securities laws in order to effect the corporate class reorganization, and the receipt of a final prospectus for the corporate class ETFs, it is expected that the corporate class reorganization would take effect prior to end of the 2019 calendar year.

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 90 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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*Commissions, management fees and expenses all may be associated with an investment in exchange traded products managed by Horizons ETFs Management (Canada) Inc. (the "Horizons Exchange Traded Products"). The Horizons Exchange Traded Products are not guaranteed, their values change frequently and past performance may not be repeated. The prospectus contains important detailed information about the Horizons Exchange Traded Products. **Please read the relevant prospectus before investing.***

The Horizons Exchange Traded Products include our BetaPro products (the "BetaPro Products"). The BetaPro Products are alternative mutual funds within the meaning of National Instrument 81-102 Investment Funds, and are permitted to use strategies generally prohibited by conventional mutual funds: the ability to invest more than 10% of their net asset value in securities of a single issuer, to employ leverage, and engage in short selling to a greater extent than is permitted in conventional mutual funds. While these strategies will only be used in accordance with the investment objectives and strategies of the BetaPro Products, during certain market conditions they may accelerate the risk that an investment in

units of a BetaPro Product decreases in value. The BetaPro Products consist of our 2x Daily Bull and 2x Daily Bear ETFs (“2x Daily ETFs”), Inverse ETFs (“Inverse ETFs”) and our BetaPro S&P 500 VIX Short-Term Futures™ ETF (the “VIX ETF”). Included in the 2x Daily ETFs and the Inverse ETFs are the BetaPro Marijuana Companies 2x Daily Bull ETF (“HMJU”) and BetaPro Marijuana Companies Inverse ETF (“HMJI”), which track the North American MOC Marijuana Index (NTR) and North American MOC Marijuana Index (TR), respectively. The 2x Daily ETFs and certain other BetaPro Products use leveraged investment techniques that can magnify gains and losses and may result in greater volatility of returns. These BetaPro Products are subject to leverage risk and may be subject to aggressive investment risk and price volatility risk, among other risks, which are described in their respective prospectuses. Each 2x Daily ETF seeks a return, before fees and expenses, that is either 200% or –200% of the performance of a specified underlying index, commodity futures index or benchmark (the “Target”) for a single day. Each Inverse ETF seeks a return that is –100% of the performance of its Target. Due to the compounding of daily returns a 2x Daily ETF’s or Inverse ETF’s returns over periods other than one day will likely differ in amount and, particularly in the case of the 2x Daily ETFs, possibly direction from the performance of their respective Target(s) for the same period. Hedging costs charged to BetaPro Products reduce the value of the forward price payable to that ETF. Due to the high cost of borrowing the securities of marijuana companies in particular, the hedging costs charged to HMJI are expected to be material and are expected to materially reduce the returns of HMJI to unitholders and materially impair the ability of HMJI to meet its investment objectives. Currently, the manager expects the hedging costs to be charged to HMJI and borne by unitholders will be between 15.00% and 35.00% per annum of the aggregate notional exposure of HMJI’s forward documents. The hedging costs may increase above this range. The manager will publish, on its website, the updated monthly fixed hedging cost for HMJI for the upcoming month as negotiated with the counterparty to the forward documents, based on the then current market conditions. The VIX ETF, which is a 1x ETF, as described in the prospectus, is a speculative investment tool that is not a conventional investment. The VIX ETF’s Target is highly volatile. As a result, the VIX ETF is not intended as a stand-alone long-term investment. Historically, the VIX ETF’s Target has tended to revert to a historical mean. As a result, the performance of the VIX ETF’s Target is expected to be negative over the longer term and neither the VIX ETF nor its target is expected to have positive long-term performance. Investors should monitor their holdings in BetaPro Products and their performance at least as frequently as daily to ensure such investment(s) remain consistent with their investment strategies.

Certain statements may constitute a forward-looking statement, including those identified by the expression “expect” and similar expressions (including grammatical variations thereof). The forward-looking statements are not historical facts but reflect the author’s current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These and other factors should be considered carefully and readers should not place undue reliance on such forward looking statements. These forward-looking statements are made as of the date hereof and the authors do not undertake to update any forward-looking statement that is contained herein, whether as a result of new information, future events or otherwise, unless required by applicable law.