Horizons Global Sustainability Leaders Index ETF (ETHI)

ETF Snapshot

Name:

Horizons Global Sustainability Leaders Index ETF

Launch Date:

November 1, 2018

Ticker:

ETHI

Management Fee:*

0.45%

Investment Manager:

Horizons ETFs Management (Canada) Inc.

Underlying Index:

Nasdaq Future Global Sustainability Leaders Index

Bloomberg Index Ticker:

NQFGSL

Eligibility:

All registered and non-registered investment accounts

An increasing number of investors are integrating Socially Responsible Investing ("SRI") factors into their investment-making decisions. SRI puts an emphasis on investing in companies that are considered good corporate citizens and have made a strong commitment to environmental sustainability and socially progressive business practices.

Access 200 Sustainability Change Leaders in One Trade

The Horizons Global Sustainability Leaders Index ETF ("ETHI") is a passively managed portfolio of large-cap global stocks that seeks to replicate, to the extent possible, the performance of the Nasdaq Future Global Sustainability Leaders Index (the "Index"), net of expenses. ETHI hedges the U.S. dollar exposure of the underlying assets back into Canadian dollars to the best of its ability. ETHI gives investors the opportunity to access a low-carbon-footprint¹ and SRI-screened passive global investment portfolio.

Key Features:

- Alignment of investment goals with values: ETHI offers investors the
 opportunity to make a connection between companies they invest in and the
 social and governmental challenges facing our planet
- **Growth of responsible and ethical investments:** Incorporating SRI exposures within long-term strategic planning provides a more complete picture of prospective values for investors. Today, responsible investing accounts for more than USD \$26 trillion in assets globally². In Canada, responsible investments are estimated to total approximately CAD \$2.1 trillion about 51% of the entire Canadian investment industry³
- A history of performance: According to the Responsible Investment Association, almost every historical comparison of SRI versus traditional investment returns points to similar or slightly better long-term risk adjusted returns when ESG (environmental, social and governance) issues are taken into account⁴

Nasdaq Future Global Sustainability Leaders Index

Historically, many SRI-focused indices have excluded companies, or negatively screened companies, failing to meet minimum SRI standards. The Nasdaq Future Global Sustainability Leaders Index holds a higher standard for inclusion in its Index. It seeks to hold the companies that are the world's leaders in SRI business practices, rather than just excluding those companies that fail to meet basic SRI requirements.

The Index is market-cap-weighted and designed to provide exposure to the performance of a basket of large-cap equity securities of companies that are global climate change leaders (as measured by their relative carbon efficiency), and are not materially engaged in activities deemed inconsistent with responsible investment considerations.

¹The ETF's underlying index screens for qualifying equities based on a number of factors, including companies that must be identified as a climate leader by the Responsible Investment Committee, with a carbon efficiency that puts it in the top one-third of companies in its industry.

²Source: "How socially conscious young investors are putting their money where their ideals are", CNBC.com, February 19, 2019.

³Source: www.riacanada.ca/2018-ri-trends-report.

⁴Source: www.riacanada.ca/ri-and-performance.

*Plus applicable sales tax. Annual management fee reduced from 0.65% to 0.45%, effective November 1, 2019.



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The Screening Process for ETHI⁵

Traditionally, global ethical and SRI investment funds available to Canadian investors have been largely focused on small and mid-cap stocks, often with significant overweights. Construction of a portfolio like this can lead to tracking error relative to global indices and heavy reliance on the ability of fund managers to pick correct holdings.



- Developed economies only
- Must meet minimum market cap and liquidity requirements
- Must be identified a climate leader by the Responsible Investment Committee, with carbon efficiency that puts it in the top one-third of companies in its industry.
- · No fossil fuel producers
- No companies significantly engaged in gambling, alcohol, junk food, uranium and nuclear energy, armaments and militarism, destruction of valuable environments, animal cruelty, chemicals of concern, mandatory detention of asylum seekers, pornography and/or human rights violations
- Constituents must have at least one female member on their board to be eligible for inclusion in the Index

⁵The Responsible Investment Committee is an external advisory committee responsible for determining the list of securities that pass the "Climate Leader" and responsible investment screens outlined above.

A company exposed to significant SRI-related reputational risk or controversy may also be excluded where the Responsible Investment Committee considers that its inclusion would be inconsistent with the values of the Index.

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





Commissions, management fees and expenses all may be associated with an investment in the Horizons Global Sustainability Leaders 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 detailed information about the ETF. **Please read the prospectus before investing**.

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