

HBIT HBIT.U



HORIZONS ETFs
by Mirae Asset

BetaPro Bitcoin ETF (HBIT)

ETF Snapshot

A Liquid Way to Gain Indirect Exposure to Bitcoin

One of the biggest challenges for investors looking to get exposure to bitcoin is the challenge of doing so without having to open a digital wallet and manage keys and passwords. Unlike traditional asset classes such as stocks and bonds, there is no direct way to buy bitcoin through the capital markets.

The BetaPro Bitcoin ETF (HBIT) helps bridge the gap by allowing investors to easily buy and sell during the day and gain indirect exposure to the cryptocurrency. By investing in HBIT, you can potentially improve the liquidity of transacting in bitcoin versus holding actual bitcoin directly in a digital wallet or cold storage. ETFs also provide the advantage of not requiring investors to manage separate cryptocurrency accounts, which includes managing potentially multiple keys and passwords for security purposes.

HBIT is designed to provide investment results, before fees, expenses, distributions, brokerage commissions and other transaction costs that endeavour to correspond to the performance of an index that replicates the returns generated over time through exposure to long notional investments in bitcoin futures. The current Underlying Index of HBIT is the Horizons Bitcoin Front Month Rolling Futures Index (Excess Return).

Name:

BetaPro Bitcoin ETF

Launch Date:

April 15, 2021

Ticker:

HBIT; HBIT.U¹

Management Fee:²

1.00%

Investment Manager:

Horizons ETFs Management (Canada) Inc.

Underlying Index:

Horizons Bitcoin Front Month Rolling Futures Index (Excess Return)

Currency Hedged:

No

Eligibility:

All registered and non-registered investment accounts

¹Trades in U.S. dollars. ²Plus applicable sales taxes.

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The ETF Advantage

A Futures-Based Approach

HBIT does not directly invest in bitcoin — it provides exposure to the performance of bitcoin futures.

The Underlying Index that HBIT seeks to replicate is a proprietary index provided by the Manager and is designed to reflect the returns generated over time through exposure to long notional investments in bitcoin futures that are based on the CME CF Bitcoin Reference Rate (“BRR”), which aggregates bitcoin trading activity across major bitcoin spot trading venues between 3:00 p.m. and 4:00 p.m. GMT.

HBIT’s exposure is based on the CME Bitcoin (USD) Futures contracts traded on the CME Futures Exchange, a U.S.-registered designated contract market (DCM) and derivatives clearing organization (DCO), under the ticker symbol BTC. The Underlying Index is calculated using the settlement prices of the applicable bitcoin futures as determined and published by the CME. The settlement prices are generally determined at 4:00 p.m. EST.

- **Bitcoin is not available through traditional capital markets:** Unlike stocks or bonds, bitcoin does not transact on the capital markets system. It’s transacted separately on a secure blockchain network. For the purposes of transacting intra-day in an open-ended ETF, bitcoin is relatively illiquid; however, the ETF itself can create new units without necessarily having to buy bitcoin, and it can do so by getting exposure through futures contracts or derivative instruments
- **Bitcoin ETFs may use futures:** Any bitcoin ETF that seeks to have an open-ended structure may potentially have at least partial notional exposure to bitcoin futures. Market makers who create and redeem ETF units or shares directly with an ETF provider typically use bitcoin futures to hedge their market risk since they cannot currently transact in bitcoin directly in real-time in an efficient manner
- **Keep all your investments in one place:** Purchasing bitcoin directly means maintaining cold storage or digital wallets, keeping track of passwords and figuring out how to report proceeds for tax purposes. There is the risk of losing your investment completely if you forget a password, or potentially complicated tax filing requirements. However, with an ETF, you can keep your bitcoin exposure with your stocks, bonds, and ETFs. Any gains or losses will be included on your standard year-end tax documents







The ETF Advantage

- Eligible for RRSP & TFSA ownership (Registered Accounts)
- Can be purchased or sold using a traditional investment brokerage account
- No need to maintain digital wallet/cold storage
- No need to manage passwords and keys
- Intra-day liquidity – ETFs can be bought or sold anytime during the business day

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Key Differences

Key Differences Between Buying Bitcoin Directly, Closed-End Funds and ETFs

	Buying Direct	Closed-End Fund	ETF
 Passwords/Keys Required	✓	✗	✗
 RRSP Eligible	✗	✓	✓
 Can be Purchased Through Traditional Brokerage Account	✗	✓	✓
 Intra-Day Liquidity	✓	✓ ²	✓
 Management Fee	✗	✓	✓
 Premium/Discount to NAV	N/A	Historically trade at premiums and discounts to the net asset value (NAV) of the fund	Open-ended structure should reduce the magnitude of premiums and discounts

²Can be limited



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To learn more, please visit www.HorizonsETFs.com/ETF/HBIT



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Commissions, management fees and expenses all may be associated with an investment in The BetaPro Bitcoin 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.**

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 shares of a BetaPro Product decreases in value. The BetaPro Products consist of our Daily Bull and Daily Bear ETFs (“Leveraged and Inverse Leveraged ETFs”), Inverse ETFs (“Inverse ETFs”) and our BetaPro S&P 500 VIX Short-Term Futures™ ETF (the “VIX ETF”). Included in the Leveraged and Inverse Leveraged 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 Leveraged and Inverse Leveraged 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 Leveraged and Inverse Leveraged ETF seeks a return, before fees and expenses, that is either **up to**, or equal to, 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 Leveraged and Inverse Leveraged ETFs or Inverse ETFs returns over periods other than one day will likely differ in amount and, particularly in the case of the Leveraged and Inverse Leveraged ETFs, possibly direction from the performance of their respective Target(s) for the same period. For certain Leveraged and Inverse Leveraged ETFs that seek up to 200% or up to or –200% leveraged exposure, the Manager anticipates, under normal market conditions, managing the leverage ratio as close to two times (200%) as practicable however, the Manager may, at its sole discretion, change the leverage ratio based on its assessment of the current market conditions and negotiations with the respective ETFs counterparties at that time. 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 10.00% and 45.00% per annum of the aggregate notional exposure of HMJI’s forward documents. The hedging costs may increase above this range. The manager publishes 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. BetaPro Bitcoin ETF (“HBIT”), and BetaPro Inverse Bitcoin ETF (“BITI”), which are a 1X ETF, and an **up to** –1X ETF, respectively, as described in the prospectus, are speculative investment tools that are not conventional investments. Their Target, an index which replicates exposure to rolling Bitcoin Futures and not the spot price of Bitcoin, is highly volatile. As a result, neither ETF is intended as a stand-alone investment. There are inherent risks associated with products linked to crypto-assets, including Bitcoin Futures. While Bitcoin Futures are traded on a regulated exchange and cleared by regulated central counterparties, direct or indirect exposure to the high level of risk of Bitcoin Futures will not be suitable for all types of investors. An investment in any of the BetaPro Products is not intended as a complete investment program and is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. **Please read the full risk disclosure in the prospectus before investing. 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.**