ETF Facts
February 7, 2019
Horizons Active Emerging Markets Bond ETF (HEMB) - Class E Units
Manager: Horizons ETFs Management (Canada) Inc.

This document contains key information you should know about Horizons Active Emerging Markets Bond ETF. You can find more details about this exchange traded fund (ETF) in its prospectus. Ask your representative for a copy, contact Horizons ETFs Management (Canada) Inc. at info@horizonsetfs.com or 1-866-641-5739, or visit www.horizonsetfs.com.

Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.

Quick facts
Date ETF started: July 31, 2018
Total value on December 31, 2018: $24.6 Million
Management expense ratio (MER): n/a - new ETF
Fund manager: Horizons ETFs Management (Canada) Inc.
Portfolio manager: Horizons ETFs Management (Canada) Inc.
Sub-advisor(s): Fiera Capital Corporation / Mirae Asset Global Investments (USA) LLC
Distributions: Monthly (if any)

Trading information (12 months ending December 31, 2018)
Ticker symbol: HEMB
Exchange: Toronto Stock Exchange (TSX)
Currency: Canadian dollars
Average daily volume: 24,421 units
Number of days traded: 83 out of 105 trading days

Pricing information (12 months ending December 31, 2018)
Market price: $9.56 - $10.02
Net asset value (NAV): $9.57 - $10.00
Average bid-ask spread: 1.01%

What does the ETF invest in?
The ETF seeks income and long-term capital growth by investing primarily in debt securities of emerging market issuers. The ETF will invest in both fixed rate and floating rate instruments issued by sovereign, quasi sovereign, supranational, and corporate issuers.

The charts below give you a snapshot of the ETF’s investments on December 31, 2018. The ETF’s investments will change.

Top 10 investments in the underlying index (December 31, 2018)
1. Cash and Cash Equivalents 9.1%
2. Republic of Argentina 8.7%
3. Republic of Turkey 7.0%
4. Federative Republic of Brazil 6.7%
5. United Mexican States 6.1%
6. Republic of South Africa 5.9%
7. Republic of Colombia 5.5%
8. Petroleos Mexicanos 5.1%
9. Republic of Indonesia 4.7%
10. Republic of Chile 4.5%
Total percentage of top 10 investments 63.3%
Total number of investments: 63

Investment mix (December 31, 2018)
Asset Mix
- 89.3% Global Fixed Income Securities
- 4.3% U.S. Fixed Income Securities
- -2.4% Currency Forward Hedge
- 9.1% Cash and Cash Equivalents
- -0.3% Other Assets less Liabilities

Sector Mix
- 67.8% Government Bonds
- 24.6% Corporate Bonds
- 1.2% Global Broad Fixed Income
- -2.4% Currency Forward Hedge
- 9.1% Cash and Cash Equivalents
- -0.3% Other Assets less Liabilities

How risky is it?
The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF’s returns change over time. This is called “volatility”.

In general, ETF’s with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.
Horizons ETFs Management (Canada) Inc. has rated the volatility of this ETF as Low to Medium. Because this is a new ETF, the risk rating is only an estimate by Horizons ETFs Management (Canada) Inc.

This rating is based on how much the ETF’s returns have changed from year to year. It doesn’t tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.

For more information about the risk rating and specific risks that can affect the ETF’s returns, see the “Risk Factors” section of the ETF’s prospectus.

No guarantees
ETFs do not have any guarantees. You may not get back the amount of money you invest.

How has the ETF performed?
This section tells you how units of the ETF have performed in past calendar years. However, this information is not available because the ETF has not yet completed a calendar year.

Year-by-year returns
This section tells you how units of the ETF have performed in past calendar years. However, this information is not available because the ETF has not yet completed a calendar year.

Best and worst 3-month returns
This section shows the best and worst returns for the Units of the ETF in a 3-month period. However, this information is not available because the ETF has not yet completed a calendar year.

Average return
This section shows the value and annual compounded rate of return of a hypothetical $1,000 investment in units of the ETF. However, this information is not available because the ETF has not yet completed 12 consecutive months.

Trading ETFs
ETFs hold a basket of investments, like mutual funds, but trade on exchanges like stocks. Here are a few things to keep in mind when trading ETFs:

Pricing
ETFs have two sets of prices: market price and net asset value (NAV).

Market price
• ETFs are bought and sold on exchanges at the market price. The market price can change throughout the trading day. Factors like supply, demand, and changes in the value of an ETF’s investments can effect the market price.
• You can get price quotes any time during the trading day. Quotes have two parts: bid and ask.
• The bid is the highest price a buyer is willing to pay if you want to sell your ETF units. The ask is the lowest price a seller is willing to accept if you want to buy ETF units. The difference between the two is called the “bid-ask spread”.
• In general, a smaller bid-ask spread means the ETF is more liquid. That means you are more likely to get the price you expect.

Net asset value (NAV)
• Like mutual funds, ETFs have a NAV. It is calculated after the close of each trading day and reflects the value of an ETF’s investments at that point in time.
• NAV is used to calculate financial information for reporting purposes – like the returns shown in this document.

Orders
There are two main options for placing trades: market orders and limit orders. A market order lets you buy or sell units at the current market price. A limit order lets you set the price at which you are willing to buy or sell units.

Timing
In general, market prices of ETFs can be more volatile around the start and end of the trading day. Consider using a limit order or placing a trade at another time during the trading day.
Who is this ETF for?

**Investors who:**
- are looking for income
- can handle the ups and downs of the stock market.

A word about tax

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

How much does it cost?

This section shows the fees and expenses you could pay to buy, own and sell units of the ETF. Fees and expenses, including any trailing commissions, can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

1. **Brokerage commissions**

You may have to pay a commission every time you buy and sell units of the ETF. Commissions may vary by brokerage firm. Some brokerage firms may offer commission-free ETFs or require a minimum purchase amount.

2. **ETF expenses**

You don’t pay these expenses directly. They affect you because they reduce the ETF’s returns.

The ETF’s expenses are made up of the management fee, operating expenses and trading costs. The ETF’s annual management fee is 0.55% of the ETF’s value. Because this ETF is new, its operating expenses and trading costs are not yet available.

**Trailing commission**

The trailing commission is an ongoing commission. It is paid for as long as you own the ETF. It is for the services and advice that your representative and their firm provide to you.

This ETF doesn’t have a trailing commission.

3. **Other fees**

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<th>FEE</th>
<th>WHAT YOU PAY</th>
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<tr>
<td>Redemption Fee</td>
<td>The manager may charge unitholders of the ETF, at its discretion, a redemption fee of up to 0.25% of the value of the units you redeem or exchange. The manager will publish the current redemption fee, if any, on its website at <a href="http://www.horizonsetfs.com">www.horizonsetfs.com</a>.</td>
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What if I change my mind?

Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For more information

Contact Horizons ETFs Management (Canada) Inc. or your representative for a copy of the ETF’s prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF’s legal documents.

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