

HORIZONS ETFs ANNOUNCES ETHI INDEX METHODOLOGY UPDATE

TORONTO – May 19, 2020 – Horizons ETFs Management (Canada) Inc. (“**Horizons ETFs**”) announced today that the index methodology for the Nasdaq Future Global Sustainability Leaders USD Index (the “**Index**”), the underlying index of the Horizons Global Sustainability Leaders Index ETF (“**ETHI**”) was adjusted by Nasdaq, Inc. (“**Nasdaq**”), the index provider.

The Nasdaq Future Global Sustainability Leaders USD Index offers investors exposure to a low-carbon footprint and SRI-screened passive global (excluding Australia) investment portfolio. The companies that are eligible for inclusion within the Index are designated as “Climate Leaders”.

The main objectives of the changes to the Index methodology are to enhance portfolio diversification and to reduce the divergence of the portfolio’s industry composition relative to a traditional broad-based global equities benchmark.

Summary of the Changes to the Index Methodology Effective Immediately:

- An increase in the number of Index constituents from 100 to 200;
- The introduction of an industry sector cap, so that the industry weights of the Index cannot exceed the corresponding industry weights of the Nasdaq Developed Markets Index (“**NQDM Index**”), a traditional broad-based global equities benchmark, by more than 3%;
- A change to the method used to identify Climate Leaders, so that: (a) a Climate Leader is a company whose carbon efficiency places it in the top one-third of companies in its industry (rather than a company whose carbon efficiency is 60% above the average carbon efficiency for its industry), and (b) carbon efficiency is determined by calculating the greenhouse gas emissions from a company’s operations divided by its annual revenue (rather than divided by its market capitalization);
- A resulting change to the buffer rules used to mitigate turnover in the Index; and
- A change to the annual Index evaluation date from the last trading day in April to the third Friday in May.

“The changes made to ETHI’s Index enhance both the rigour of the SRI-screening process while increasing the portfolio’s diversification, offering investors exposure to additional Climate Leaders,” said Steve Hawkins, President and CEO of Horizons ETFs. *“With the recent and rapid growth of the responsible investing asset class, these methodological improvements will further solidify ETHI as one of the “greenest” and most diversified SRI ETFs in Canada.”*

ETHI’s name, ticker, and management fee will not change. ETHI’s investment objective will also remain the same, however, its investment strategy will be updated to reflect Nasdaq’s changes to the Index.

Index Inclusion Requirements:

To be eligible for inclusion in the Index at each annual evaluation, a security must meet certain eligibility criteria, including the following:

- It must be a member of the NQDM Index;
- It must satisfy certain minimum market capitalization and liquidity requirements;

- It must be identified by the Responsible Investment Committee established by the Responsible Entity as a “Climate Leader” that has also passed certain eligibility screens designed to exclude companies with direct or significant exposure to the fossil fuel industry or that are engaged in other activities deemed inconsistent with responsible investment considerations;
- The remaining universe is screened to remove companies that are exposed to activities considered to carry significant negative environmental, social and governance (“ESG”) risks (subject to certain materiality thresholds). The business activities screened out in this process include gambling, tobacco, armaments, uranium and nuclear energy, destruction of valuable environments, animal cruelty, chemical of concern, mandatory detention of asylum seekers or for profit-prisons, alcohol, junk foods, pornography, human rights and supply chain concerns, and lack of board diversity i.e., no women on the board of directors.

The full updated methodology document for the Index can be found at:
<https://indexes.nasdaqomx.com/Index/Overview/NQFGSLusd>

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 approximately \$12 billion of assets under management and 91 ETFs listed on major Canadian stock exchanges.

For investor inquiries:

Contact Horizons ETFs at 1-866-641-5739 (toll-free) or (416) 933-5745
info@horizonsetfs.com

For media inquiries:

Contact Jonathan McGuire
External Communications Manager
Horizons ETFs Management (Canada) Inc.
(416) 640-2956
jmcguire@horizonsetfs.com

*Commissions, management fees and expenses all may be associated with an investment in exchange traded products (the "Horizons Exchange Traded Products") managed by Horizons ETFs Management (Canada) Inc. 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.***