

HORIZONS ETFs ANNOUNCES METHODOLOGY UPDATE FOR THE NORTH AMERICAN PSYCHEDELICS INDEX

TORONTO, May 31, 2021 - Horizons ETFs Management (Canada) Inc. (“**Horizons ETFs**”) is announcing that the index methodology for the North American Psychedelics Index (the “**Index**”), is being changed effective June 7, 2021.

The Index, which is owned and operated by Horizons ETFs and calculated by Solactive AG, is designed to provide a measure of the performance of North American publicly-listed life sciences companies focused on psychedelic medicines, and other companies with business activities in the psychedelics industry. The Index provides a diversified approach to the psychedelics industry, at weights that can easily and cost effectively be replicated, while at the same time reflecting the evolution of the industry in a timely fashion.

The changes to the Index methodology are being made in order to enhance diversification, while improving the size and liquidity of the relevant selected constituents. A summary of the Index methodology changes are as follows:

- An increase in the minimum Float Market-Capitalization requirement from CAD \$25 million to CAD \$40 million for new Index entrants with a decrease in minimum Float Market-Capitalization requirement for existing Index constituents from CAD \$20 million to CAD \$15 million;
- An increase in the minimum 3-Month Average Daily Traded Value from CAD \$125,000 to CAD \$300,000 for new Index entrants and for existing Index constituents the requirement has changed to a minimum 6-Month Average Daily Traded Value of CAD \$150,000 from a minimum 3-Month Average Daily Traded Value of CAD \$100,000;
- An increase in the minimum share price to \$0.50 CAD from previously \$0.10 CAD for new Index entrants. As well, a new share price rule has been added for existing Index constituents requiring a minimum share price of \$0.15 CAD;
- In addition, existing constituents that do not meet any one of the following three requirements: 1) minimum Float Market-Capitalization of CAD \$30 million, 2) minimum 3-Month Average Daily Traded Value of CAD \$250,000, or 3) a minimum share price of \$0.25 CAD, will have their calculated Index weights reduced by 50%. The sum of the smaller constituents reduced weights will then be pro-rated across the remaining constituents that are not subject to a cap of 10%;
- For the fast entry requirement, there were three changes: 1) an increase in the minimum Float Market Capitalization to CAD \$100 million from CAD \$50 million; 2) an increase in the minimum 10-Day Average Daily Traded Value to CAD \$500,000 from CAD \$125,000; and 3) and increase in the minimum share price of \$1.00 CAD from \$0.10 CAD;
- Finally, if the application of the criteria above results in less than 15 Index constituents the two criteria of a) minimum Float Market Capitalization of at least CAD \$30 million and b) minimum 3-Month Average Daily Traded Value of at least CAD \$250,000 will be relaxed

stepwise by 10% until 15 Index constituents are reached. The mentioned steps of relaxation do not apply to an Index constituent's minimum share price.

A complete copy of the updated Index methodology document can be found at: <https://www.horizonsetfs.com/ETF/psyk> and on the Solactive AG website www.solactive.com.

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 currently has more than \$18 billion of assets under management and 92 ETFs listed on major Canadian stock exchanges.

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