

# Horizons S&P 500® Index ETF (HXS; HXS.U)

## ETF Snapshot

**Name:**

Horizons S&P 500® Index ETF

**Launch Date:**

November 30, 2010

**Ticker:**

HXS; HXS.U\*

**Underlying Index:**

S&P 500® Index (Total Return)

**Bloomberg Index Ticker:**

SPXT

**Management Fee:<sup>1</sup>**

0.10%<sup>1</sup> (does not include a swap fee of approximately 30 bps)

**Investment Manager:**

Horizons ETFs Management (Canada) Inc.

**Distribution Frequency:**

Annually, if any (none expected)

**Eligibility:**

All registered and non-registered investment accounts

**Currency Hedge:**

No

**Low Fees, Better Tax Efficiency, Better Tracking**

The Horizons S&P 500® Index ETF ("HXS") seeks investment results, before fees and expenses, that correspond to the performance of the S&P 500® Index (Total Return). HXS is a tax efficient way for Canadian ETF investors to get exposure to the S&P 500® Index (Total Return).

A U.S. dollar denominated version of HXS is also available under the ticker symbol HXS.U, which can be used by investors with U.S. dollar investment accounts.

**Benefits of HXS:**

- Management fee of only 10bps (or 0.10%)
- Uses a total return swap ("TRS") to replicate the performance of the S&P 500® Index (Total Return). A TRS is an effective investment instrument commonly used by institutions to achieve more precise tracking of a benchmark or other asset
- HXS is tax efficient because it does not receive distributions and is therefore not subject to U.S. dividend withholding taxes
- Distributions paid by the stocks in the S&P 500® Index are reflected in the ETF's net asset value (NAV) rather than being received by the ETF and then distributed to investors as taxable dividends
- Not subject to U.S. Estate Tax because it is a Canadian-domiciled investment fund

**Tax Advantages**

HXS does not directly receive any distributions from index constituents and is therefore not expected to make any distributions. Investors who hold HXS still get full exposure to the total return of the S&P 500® Index through its TRS structure, but the value of dividends is reflected in the ETF's net asset value (NAV) rather than being received into the ETF as cash and then paid out as taxable distributions.

Distributions made by foreign companies are not eligible for the Canadian Dividend Tax Credit and are taxed in the hands of Canadian residents as income at the marginal tax rate of the investor. An Ontario-based investor in the fourth highest marginal tax bracket for the 2016 tax year would generally be required to pay 46.41% tax on each dividend distribution received from U.S. stocks. Typically, HXS unitholders would not be subject to this taxation.

\*Available in U.S. Dollars

<sup>1</sup>Plus Sales Taxes.

# Horizons S&P 500® Index ETF (HXS; HXS.U)

The comparison on the following chart illustrates this tax advantage relative to certain other ETFs that track the S&P 500® Index.

ETF	RRSP	TFSA	Non-Registered Account
HXS	<ul style="list-style-type: none"> <li>Price returns are tax deferred*</li> <li>Distributions (if any) are tax deferred (none expected)</li> <li>No U.S. withholding tax</li> <li>Not subject to inclusion for U.S. estate tax</li> </ul>	<ul style="list-style-type: none"> <li>Price returns are tax free*</li> <li>Distributions (if any) are tax deferred (none expected)</li> <li>No U.S. withholding tax</li> <li>Not subject to inclusion for U.S. estate tax</li> </ul>	<ul style="list-style-type: none"> <li>Price returns are treated as a capital gain/loss upon sale of units*</li> <li>Distributions (if any) are treated as income (none expected)</li> <li>No U.S. withholding tax</li> <li>Not subject to inclusion for U.S. estate tax</li> </ul>
SPY	<ul style="list-style-type: none"> <li>Price returns are tax deferred</li> <li>Distributions are (CDN) tax deferred</li> <li>No U.S. withholding tax</li> <li>Subject to inclusion for U.S. estate tax</li> </ul>	<ul style="list-style-type: none"> <li>Price returns are tax free</li> <li>Distributions are (CDN) tax free</li> <li>Distributions are subject to 15% U.S. withholding tax/No Foreign Tax Credit available</li> <li>Subject to inclusion for U.S. estate tax</li> </ul>	<ul style="list-style-type: none"> <li>Price returns are treated as a capital gain/loss upon sale of units</li> <li>Distributions are expected to be taxed at full marginal tax rate of investor (typically as foreign income)</li> <li>Distributions are subject to 15% U.S. withholding tax/eligible for Foreign Tax Credit</li> <li>Subject to inclusion for U.S. estate tax</li> </ul>
XSP	<ul style="list-style-type: none"> <li>Price returns are tax deferred</li> <li>Distributions are (CDN) tax deferred</li> <li>Distributions received by XSP are subject to 15% U.S. withholding tax/not eligible for Foreign Tax Credit</li> <li>Not subject to inclusion for U.S. estate tax</li> </ul>	<ul style="list-style-type: none"> <li>Price returns are tax free</li> <li>Distributions are (CDN) tax free</li> <li>Distributions received by XSP are subject to 15% U.S. withholding tax/not eligible for Foreign Tax Credit</li> <li>Not subject to inclusion for U.S. estate tax</li> </ul>	<ul style="list-style-type: none"> <li>Price returns are treated as a capital gain/loss upon sale of units</li> <li>Distributions from XSP are expected to be taxed at full marginal tax rate of investor (typically as foreign income)</li> <li>Distributions received by XSP are subject to 15% U.S. withholding tax/eligible for Foreign Tax Credit</li> <li>Not subject to inclusion for U.S. estate tax</li> </ul>

\*All returns expected to be price returns

## Investment Objectives:

**Horizons S&P 500® Index ETF (HXS):** HXS seeks to replicate, to the extent possible, the performance of the S&P 500® (Total Return), net of fees and expenses.

**SPDR® S&P 500® ETF (SPY):** SPY is a U.S. listed fund that, before fees and expenses, generally corresponds to the price and yield performance of the S&P 500® Index.

**iShares S&P 500 Index Fund (CAD-Hedged) (XSP):** XSP seeks to provide long-term capital growth by replicating, to the extent possible, the performance of the S&P 500® Index (hedged to Canadian Dollars), net of expenses.

To learn more, please visit [www.HorizonsETFs.com/HXS](http://www.HorizonsETFs.com/HXS)



**HORIZONS**  
EXCHANGE TRADED FUNDS

ACTIVE ★ BENCHMARK ★ BETAPRO

**MIRAE ASSET**

Horizons ETFs is a member of Mirae Asset Global Investments. Commissions, management fees and applicable sales taxes all may be associated with an investment in the Horizons exchange traded products listed herein and managed by Horizons ETFs Management (Canada) Inc. (the "ETFs"). The ETFs are not guaranteed, their values change frequently and past performance may not be repeated. The prospectus contains important detailed information about the ETFs. **Please read the prospectus before investing.**

The information contained herein reflects general tax rules only and does not constitute, and should not be construed as, tax advice. Investors situations may differ from those illustrated. Investors should consult with their tax advisors before making any investment decisions.

"Standard & Poor's®" and "S&P®" are registered trademarks of Standard and Poor's® Financial Services LLC ("S&P"), "TSX®" is a registered trademark of TSX Inc. ("TSX"). These marks have been licensed for use by Horizons ETFs Management (Canada) Inc. where applicable. The Horizons Exchange Traded Products are not sponsored, endorsed, sold, or promoted by S&P, TSX and their affiliated companies and none of these parties make any representation, warranty or condition regarding the advisability of buying, selling or holding units shares in the Horizons Exchange Traded Products. All trademarks/service marks are registered by their respective owners. None of the owners thereof or any of their affiliates sponsor, endorse, sell, promote or make any representation regarding the advisability of investing in the Horizons Exchange Traded Products. Complete trademark and service-mark information is available at <http://www.horizonsetfs.com/legal/Trademarks>.