



HORIZONS ETFs | **SEASONAL INVESTING IN 2017**
MONEYSHOW PRESENTATION

LEADING AUTHORITY ON SEASONAL INVESTMENT ANALYSIS

BROOKE THACKRAY CFP, CIM

- Research Analyst, Horizons ETFs Management (Canada) Inc.
- 17 years of investment-related experience
- Authored 11 books on seasonal investing
- Frequently quoted and interviewed in the news media



AGENDA

- Understanding Seasonal Investing
- Seasonal Trends
- Seasonal Investment Opportunities
- HAC

SEASONAL PROCESS



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WHAT IS SEASONAL INVESTING?

- Investing in the market at a time of year when it historically does well, or investing in a sector of the market when it typically outperforms a broad market, such as the S&P 500®
- The markets are influenced by seasonally recurring tendencies, including:
 - Economic tendencies
 - Corporate earnings
 - Consumer and business spending patterns
 - Announcements
 - Events

THE TWO GOALS OF SEASONAL INVESTING

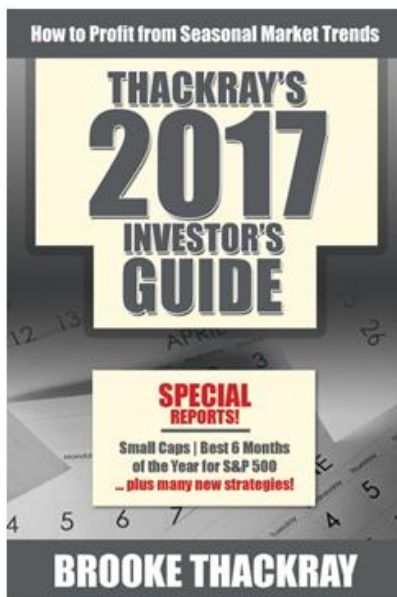
1. Get into a sector of the market before other investors are attracted to it — because of an annual event that is expected to push the sector higher.
2. Exit the sector typically when the event is about to occur and investor interest has peaked.

SEASONAL INVESTING – APPLICABLE IN MANY MARKETS

- **Broad Markets** – S&P 500[®] and S&P/TSX Composite Index[™]
- **Sectors** – Technology, Financials, Materials, etc.
- **Commodities** – Gold, Silver, Platinum, Oil, Natural Gas, etc.
- **Bonds** – Government, Corporate and High Yield Bonds
- **Currencies** – USD, CAD, etc.

FOLLOWING THE SEASONAL ROTATION STRATEGY

BOOK



HORIZONSETFS.COM

WEBSITE/NEWSLETTER

HORIZONS WEEKLY UPDATE

	1-Mo %	3-Mo %	YTD %
HAC	1.3%	1.3%	1.3%
S&P 500	0.5%	0.5%	0.5%
S&P/TSX 60% Index	1.7%	1.7%	1.7%

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SIX-MONTH CYCLE WELL DOCUMENTED

- The “Halloween Effect” has been the subject of numerous academic studies
- Jacobsen and Zhang looked at more than 300 years of market data in 108 countries. The study found stock market returns from November through April are on average 4.52% greater than those over the summer
- A “Sell in May” trading strategy beats the market more than 80% of the time over five-year horizons

GROWTH OF \$ 10,000 IN FAVOURABLE SIX-MONTH PERIOD AND UNFAVOURABLE SIX-MONTH PERIOD (1950-2015)

- Historically and on average, the favourable six-month period has outperformed the unfavourable six-month period since 1950

Unfavourable six-month period – May 6th to October 27th

Favourable six-month period – October 28th to May 5th

	S&P 500 % May 6 to Oct 27	\$10,000 Start	S&P 500 % Oct 28 to May 5	\$10,000 Start	Oct28- May5- Oct27
1950/51	8.5%	10,851	15.2%	11,517	YES
1951/52	0.2	10,870	3.7	11,947	YES
1952/53	1.8	11,067	3.9	12,413	YES
1953/54	-3.1	10,727	16.6	14,475	YES
1954/55	13.2	12,141	18.1	17,097	YES
1955/56	11.4	13,528	15.1	19,681	YES
1956/57	-4.6	12,903	0.2	19,711	YES
1957/58	-12.4	11,302	7.9	21,265	YES
1958/59	15.1	13,013	14.5	24,356	YES
1959/60	-0.6	12,939	-4.5	23,270	
1960/61	-2.3	12,647	24.1	25,989	YES
1961/62	2.7	12,993	-3.1	27,982	
1962/63	-17.7	10,698	28.4	35,929	YES
1963/64	5.7	11,306	9.3	39,264	YES
1964/65	5.1	11,882	5.5	41,440	YES
1965/66	3.1	12,253	-5.0	39,388	
1966/67	-8.8	11,180	17.7	46,364	YES
1967/68	0.6	11,241	3.9	48,171	YES
1968/69	5.6	11,872	0.2	48,249	
1969/70	-6.2	11,141	-19.7	38,722	
1970/71	5.8	11,752	24.9	45,345	YES
1971/72	-9.6	10,647	13.7	54,965	YES
1972/73	3.7	11,046	0.3	55,154	
1973/74	0.3	11,084	-18.0	45,205	
1974/75	-23.2	8,513	28.5	58,073	YES
1975/76	-0.4	8,490	12.4	65,290	YES
1976/77	0.9	8,554	-1.6	64,231	
1977/78	-7.8	7,890	4.5	67,145	YES
1978/79	-2.0	7,732	6.4	71,476	YES
1979/80	-0.1	7,723	5.8	75,505	YES
1980/81	20.2	9,283	1.9	77,047	
1981/82	-5.5	8,498	-1.4	76,001	YES
1982/83	15.0	9,769	21.4	92,293	YES
1983/84	0.3	9,803	-3.5	89,085	
1984/85	3.9	10,183	8.9	97,057	YES
1985/86	4.1	10,604	26.8	123,044	YES
1986/87	0.4	10,651	23.7	152,195	YES
1987/88	-21.0	8,409	11.0	168,904	YES
1988/89	7.1	9,010	10.9	187,380	YES
1989/90	8.9	9,814	1.0	189,242	
1990/91	-10.0	8,837	25.0	236,498	YES
1991/92	0.9	8,916	8.5	256,590	YES
1992/93	0.4	8,952	6.2	272,550	YES
1993/94	4.5	9,356	-2.8	264,789	
1994/95	3.2	9,656	11.6	295,536	YES
1995/96	11.5	10,762	10.7	327,219	
1996/97	9.2	11,757	18.5	387,591	YES
1997/98	5.6	12,419	27.2	493,003	YES
1998/99	-4.5	11,860	26.5	623,489	YES
1999/00	-3.8	11,415	10.5	688,842	YES
2000/01	-3.7	10,992	-8.2	632,435	
2001/02	-12.8	9,586	-2.8	614,583	YES
2002/03	-16.4	8,016	3.2	634,369	YES
2003/04	11.3	8,521	8.8	689,985	
2004/05	0.3	8,952	4.2	718,942	YES
2005/06	0.5	9,000	12.5	808,503	YES
2006/07	3.9	9,350	9.3	883,804	YES
2007/08	2.0	9,534	-8.3	810,240	
2008/09	-39.7	5,750	6.5	862,619	YES
2009/10	17.7	6,766	9.5	934,470	
2010/11	1.4	6,862	12.9	1,067,851	YES
2011/12	-3.8	6,602	6.6	1,138,103	YES
2012/13	3.1	6,809	14.3	1,301,313	YES
2013/14	9.0	7,422	7.1	1,393,667	
2014/15	4.1	7,725	6.5	1,484,478	YES
2015/16	-1.1	7,638	-0.7	1,473,351	YES
Total Gain (Loss)		(\$2,362)		\$1,463,351	

Compound gain from investing \$10,000 only during the Unfavourable six-month period

(\$2,362)

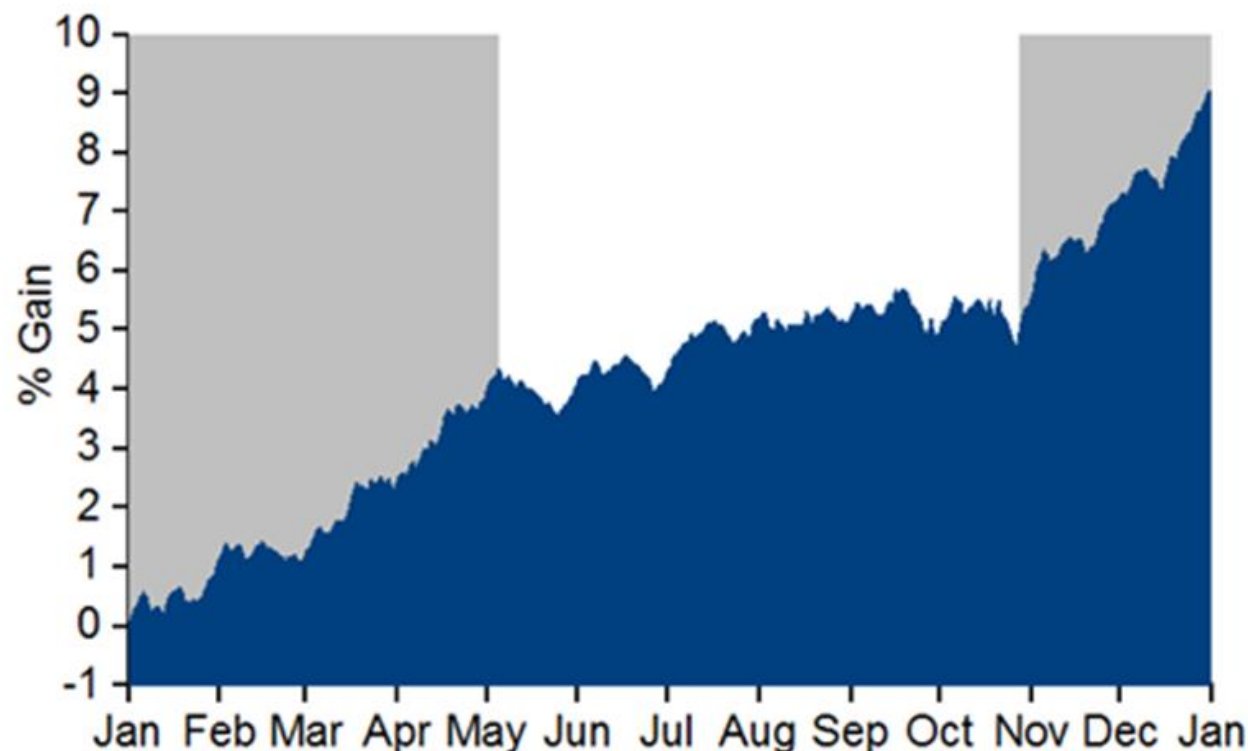
Compound gain from investing \$10,000 only during the Favourable six-month period

\$1,463,351

S&P 500[®] FAVOURABLE AND UNFAVOURABLE SEASONS

- Historically favourable six-month period for stocks – October 28th to May 5th
- Historically unfavourable six-month period for stocks – May 6th to October 27th
- Historically generated a 7.8% average annual geometric return

S&P 500[®] Avg. % Gain 1950-2015



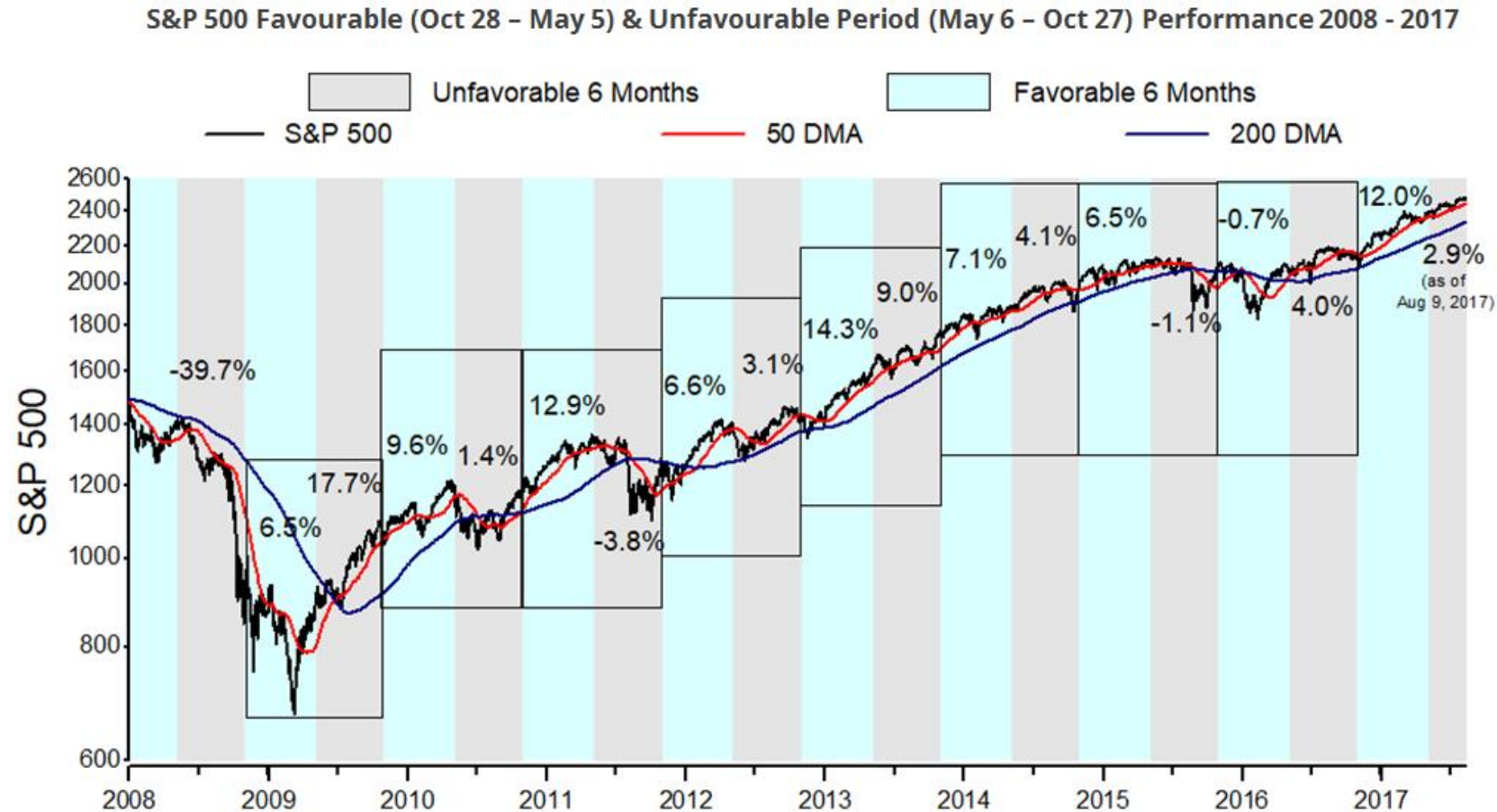
SEASONAL GUIDELINES FOR MARKETS

Favourable Season
(October — May)

Unfavourable Season
(May — October)



S&P 500® FAVORABLE & UNFAVORABLE PERIOD PERFORMANCE – 2008-2017



Source data: Bloomberg, as at August 9, 2017.



SEASONAL INVESTING MORE THAN BUY AND SELL DATES

1. Seasonal trend success
2. Fundamentals
3. Technicals

GDP growth,
inflation,
sector metrics
etc.

GDP growth,
inflation, sector
metrics, etc.

Overbought,
underbought, relative
strength, price
pattern, oscillators

Determine relative
ranking between
possible
investments

UTX* vs. S&P 500 - 1990 to 2014 Positive

Year	Jan 23 to May 5		Oct 10 to Dec 31		Compound Growth	
	S&P 500	UTX	S&P 500	UTX	S&P 500	UTX
1990	2.4%	10.2%	8.2%	5.2%	10.8%	15.9%
1991	16.0	4.0	10.7	27.3	28.4	32.4
1992	-0.3	-0.9	8.2	4.1	7.9	3.1
1993	1.9	4.7	1.3	8.5	3.3	13.7
1994	-4.9	-0.4	0.9	1.2	-4.0	0.8
1995	11.9	15.0	6.5	12.0	19.2	28.8
1996	4.6	14.1	6.3	7.8	11.2	23.0
1997	5.8	15.9	0.0	-7.5	5.8	7.3
1998	15.8	31.5	24.9	41.7	44.6	86.3
1999	10.0	27.2	10.0	9.7	20.9	39.6
2000	-0.6	7.7	-5.8	12.2	-6.4	20.9
2001	-5.7	9.9	8.6	26.7	2.5	39.2
2002	-4.1	7.8	13.3	25.9	8.6	35.5
2003	5.5	-2.6	7.1	14.7	12.9	11.8
2004	-2.0	-9.6	8.0	11.8	5.9	1.1
2005	0.4	2.3	4.4	11.5	4.8	14.1
2006	5.1	18.0	5.0	-4.1	10.4	13.2
2007	5.8	6.1	-6.2	-5.7	-0.7	0.0
2008	7.4	11.0	-0.7	15.7	6.6	28.4
2009	9.2	5.9	4.1	11.7	13.7	18.2
2010	6.8	6.5	7.9	8.0	15.3	15.0
2011	4.0	10.4	8.8	2.3	13.2	12.9
2012	4.1	3.6	-1.1	6.1	3.0	9.9
2013	8.2	6.5	11.6	10.7	20.7	17.8
2014	2.2	0.6	6.8	15.1	9.1	16.6
Avg.	4.4%	8.2%	6.0%	10.9%	10.7%	20.2%
Fq>0	76%	84%	80%	88%	88%	100%

LATE STAGE BULL MARKET SEASONALITY



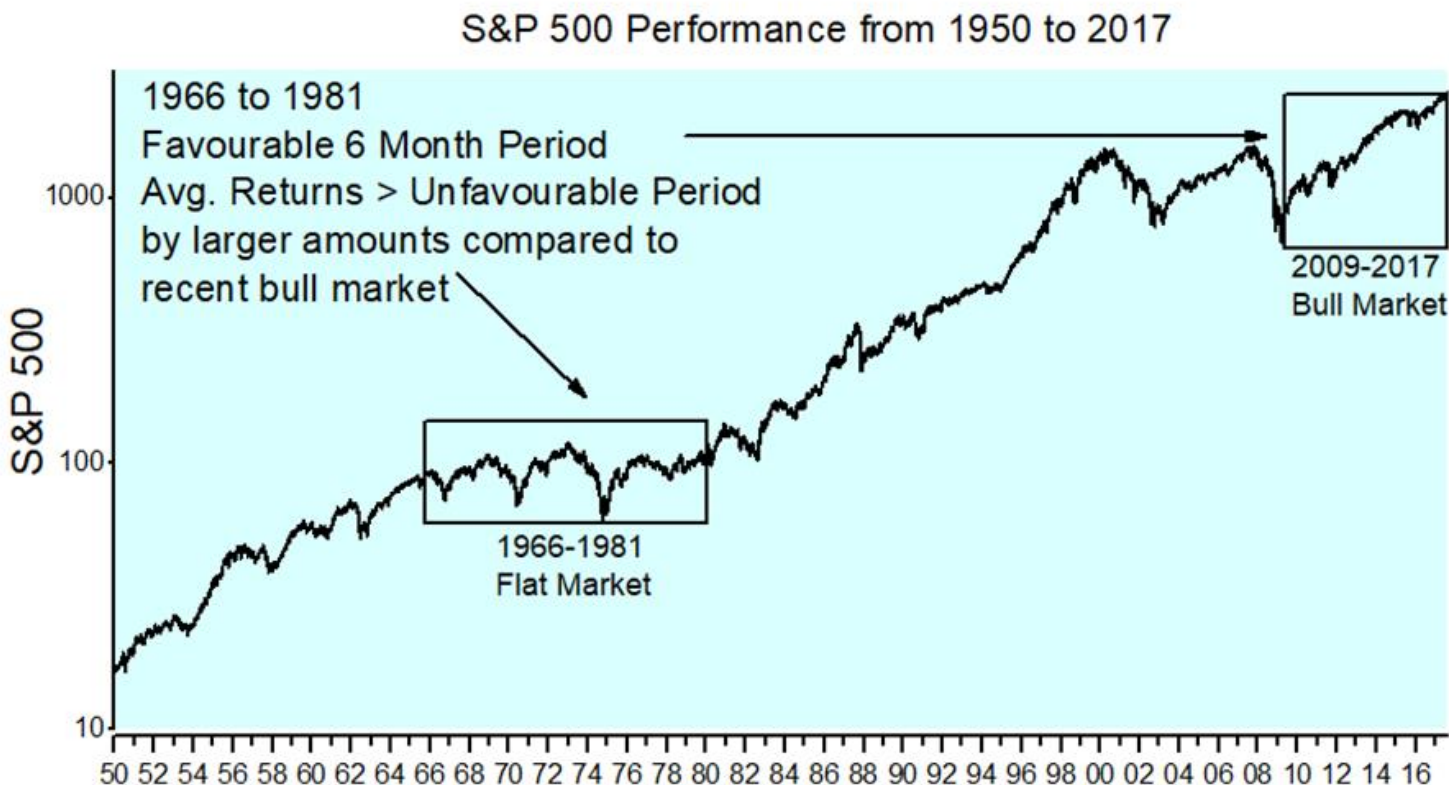
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THE UPCOMING DECADE IS PROBABLY DIFFERENT COMPARED TO LAST DECADE

- Increasing probability that the S&P 500[®] is in the late stage of the bull market; moving into low-growth/flat/down part of the cycle
- Low probability of similar large stock market gains compared to the period since 2009
- Seasonal investing typically works well in flat/low growth/down market environments

S&P 500® FAVOURABLE 6 MONTH SEASONAL PERFORMANCE BETTER IN FLAT MARKETS

- In down markets, seasonal cycles tend to become more pronounced (profitable) relative to the S&P 500®



SEASONAL STRATEGY ADJUSTS RISK THROUGHOUT YEAR

- Buy-and-hold has a constant risk level assigned to equities as a class, during the full year
- Seasonal strategy adjusts risks throughout the year based upon historical trends for the broad market and for sectors of the market
 - Reduced broad market exposure when the stock market has historically performed poorly in the year
 - Increase emphasis on defensive sectors when market is “riskier” on a seasonal basis

SEASONALITY FOR DOWN MARKETS

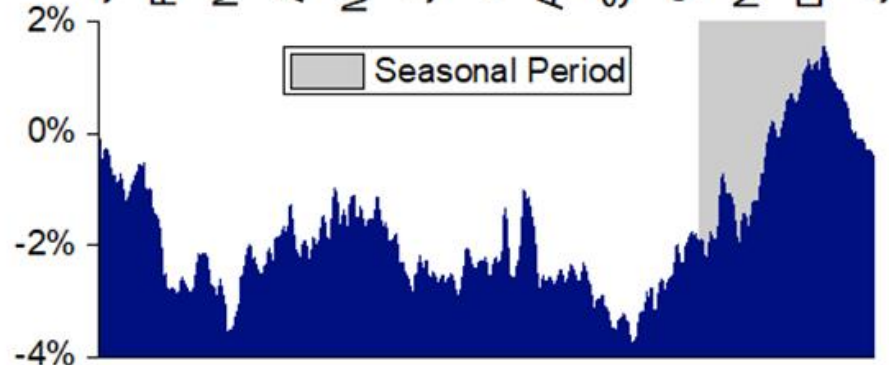
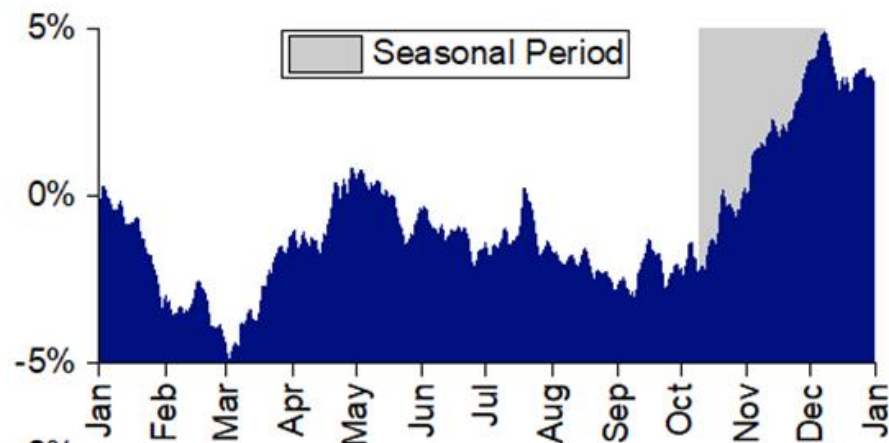
- Sectors tend to have less correlation compared to bull markets
- Sector rotation increases
- Sector momentum can run longer but turn down sharply when finished
- Cyclical and high beta sectors tend to have shorter periods of seasonal outperformance

CURRENT & UPCOMING INVESTMENT OPPORTUNITIES



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UPS Avg. % Gain 2000 to 2015



UPS / S&P 500 Rel Strength 2000-2015

Seasonal Period – Oct 10th to Dec 8th

- From 2000 to 2015, UPS produced an average gain of 7.8% and was positive 88% of the time
- UPS benefits from increased investor interest during the holiday season

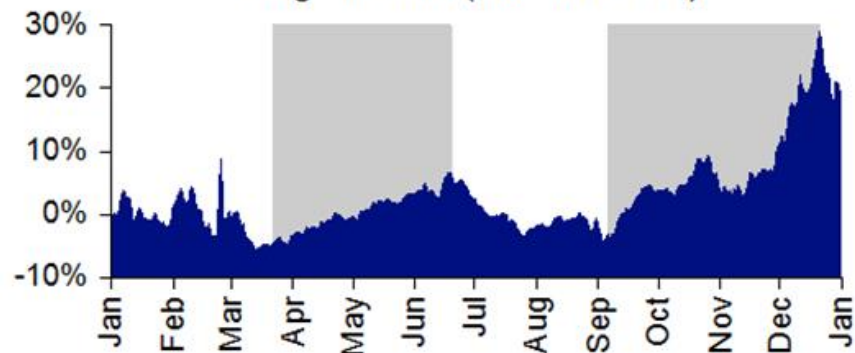
UPS



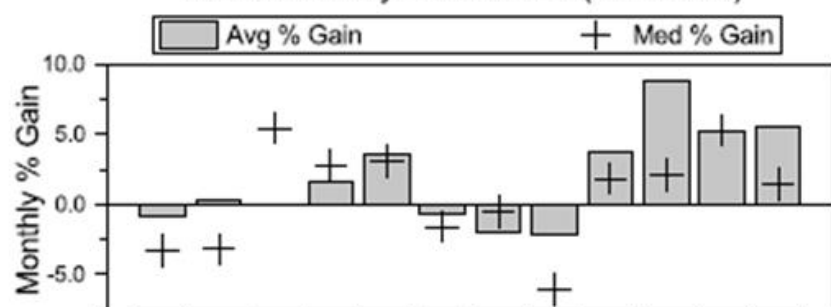
- UPS has performed well in its seasonal period over the last few years
- In 2016/17, UPS rallied in its seasonal period and then dropped sharply in January

NATURAL GAS (HENRY HUB SPOT PRICE)

Natural Gas (Henry Hub Spot Price)
Avg. % Gain (1995 to 2015)



NatGas Monthly Performance (1995-2015)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Avg. % Gain	-0.8	0.3	-0.1	1.7	3.6	-0.7	-2.1	-2.1	3.8	8.7	5.2	5.5
Med. % Gain	-3.2	-3.2	5.4	2.8	3.1	-1.6	-0.5	-6.1	1.8	2.1	5.3	1.4
Fq %>0	43	43	67	67	67	43	38	43	57	52	62	52
Fq %>S&P 500	43	33	62	48	62	38	43	52	48	48	62	48

Seasonal periods:

- **March 22nd to June 19th &**
- **September 5th to December 21st**
- From 1995 to 2015, Natural Gas (Henry Hub Spot Price) has produced an average gain of 39.1% in its September to December seasonal period
- Spring seasonal period is driven by demand for electricity for air conditioning
- Autumn seasonal period is driven by demand for heating

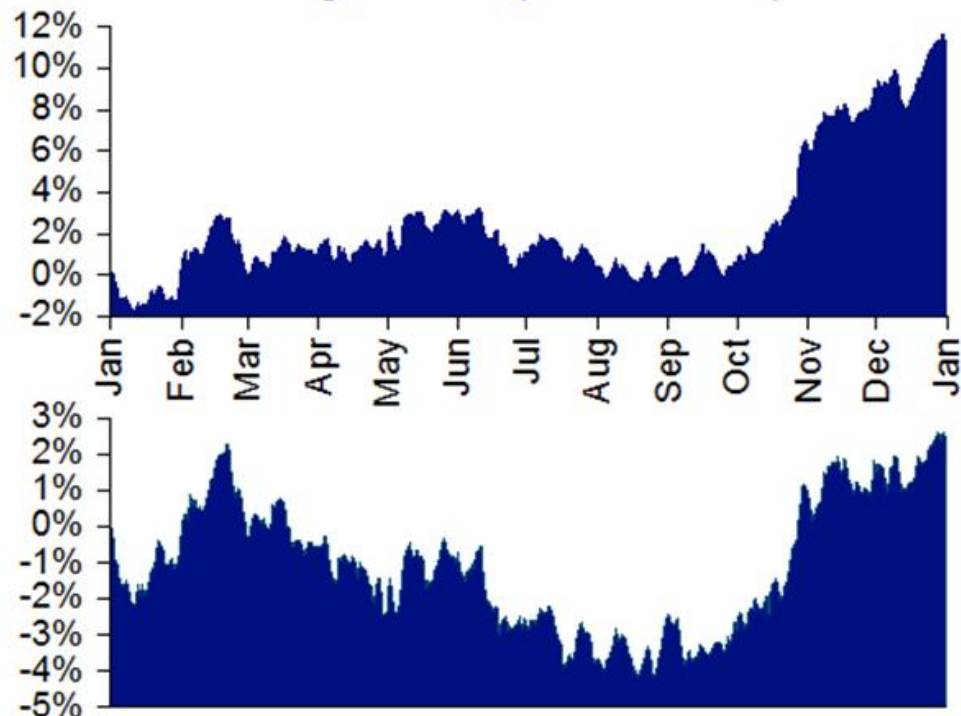
NATURAL GAS (HENRY HUB SPOT PRICE)



- Natural gas bottomed in early 2016 right before the start of the spring seasonal period and peaked at the end of 2016
- In 2017, natural gas declined in price after its spring seasonal period

AGRICULTURE

Agriculture Sector
Avg. % Gain (1994 to 2015)

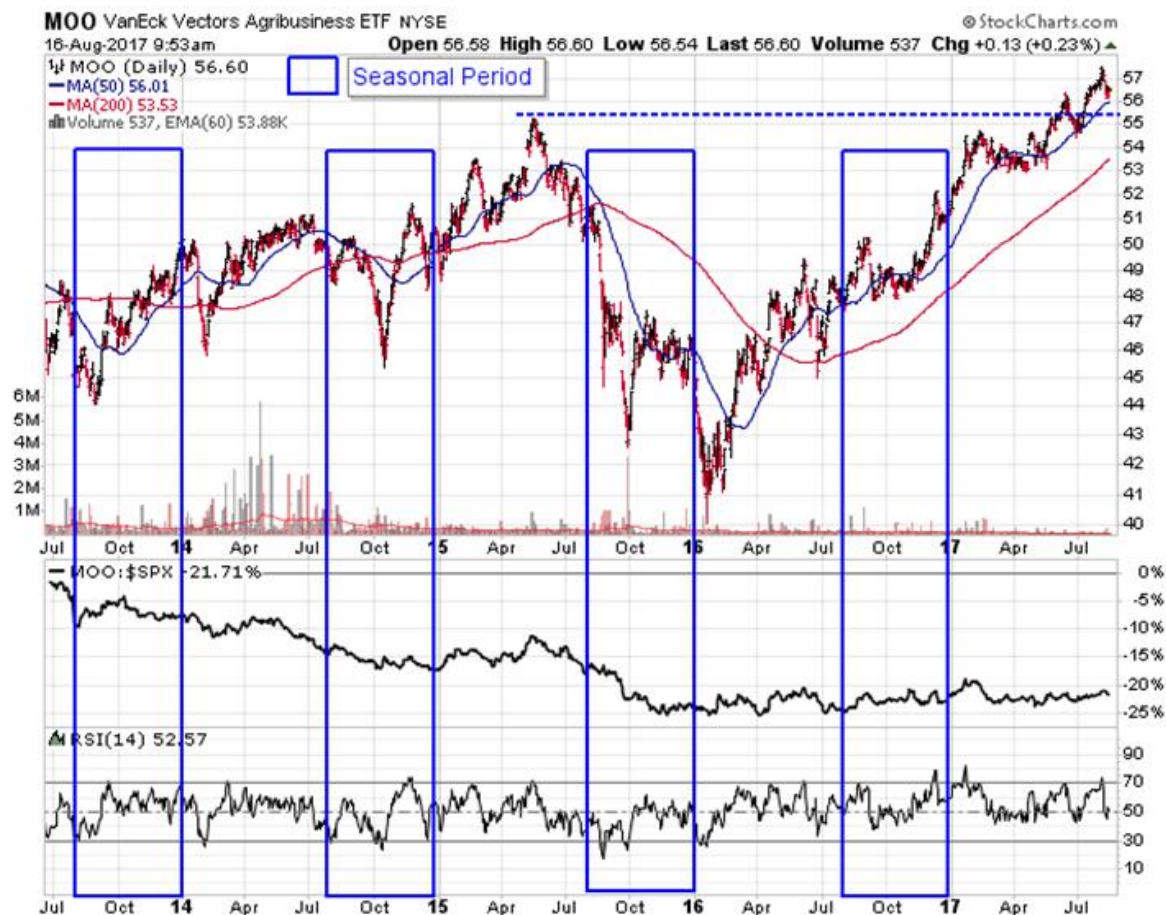


Agriculture / S&P 500 Rel Str. Avg. Year 1994 to 2015

Seasonal Period – Aug 1st to Dec 31st

- From 1994 to 2015, the agriculture sector produced an average gain of 12.1% and was positive 77% of the time
- Cash flow for farmers increases in the second half of the year with the harvest, which allows for purchases of fertilizer and equipment

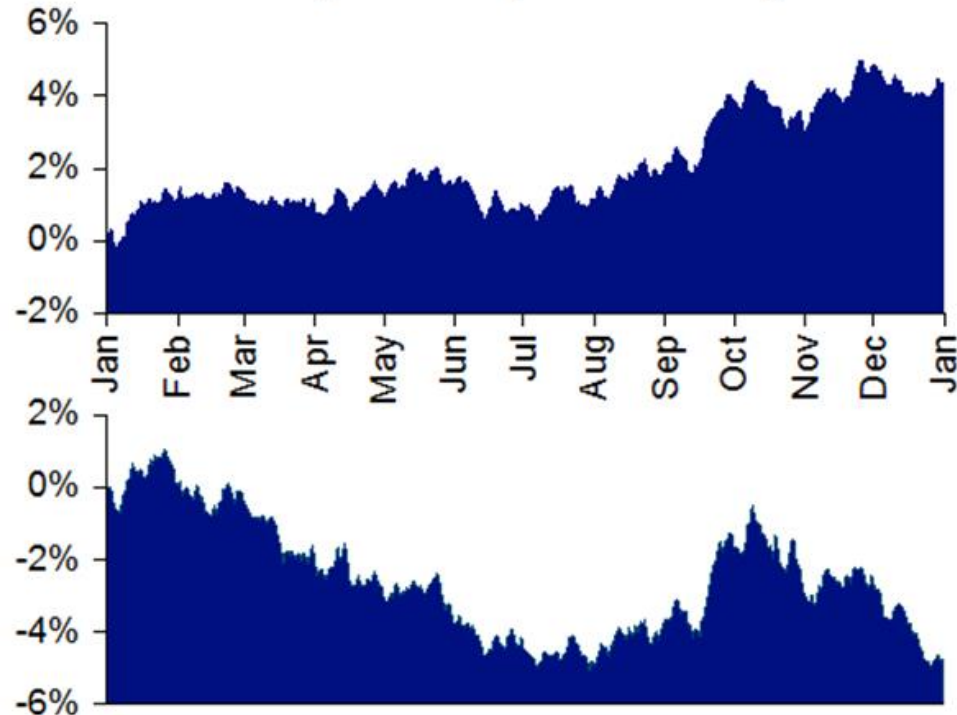
AGRICULTURE



- The agriculture sector lost ground in 2015 and then was positive in 2016
- Generally, the agriculture sector has been performing at market in 2016 and 2017

GOLD BULLION

Gold Bullion
Avg. % Gain (1984 to 2015)



Gold Bullion / S&P 500 Rel Str. Avg. Year 1984 to 2015

Seasonal Period – July 12th to October 9th

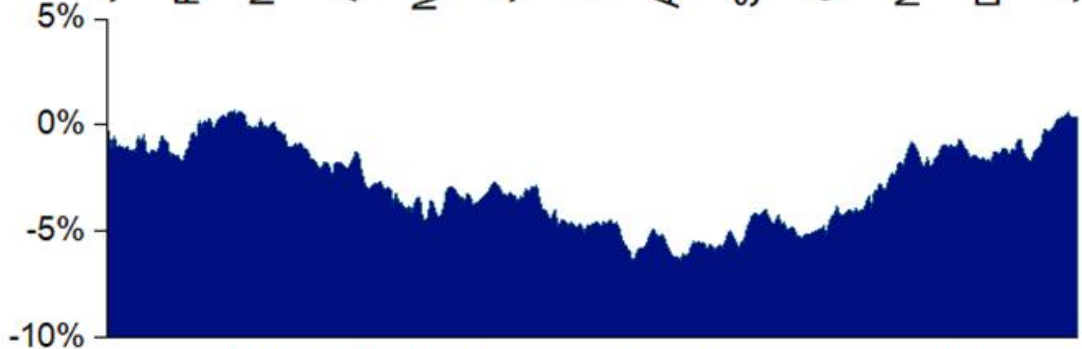
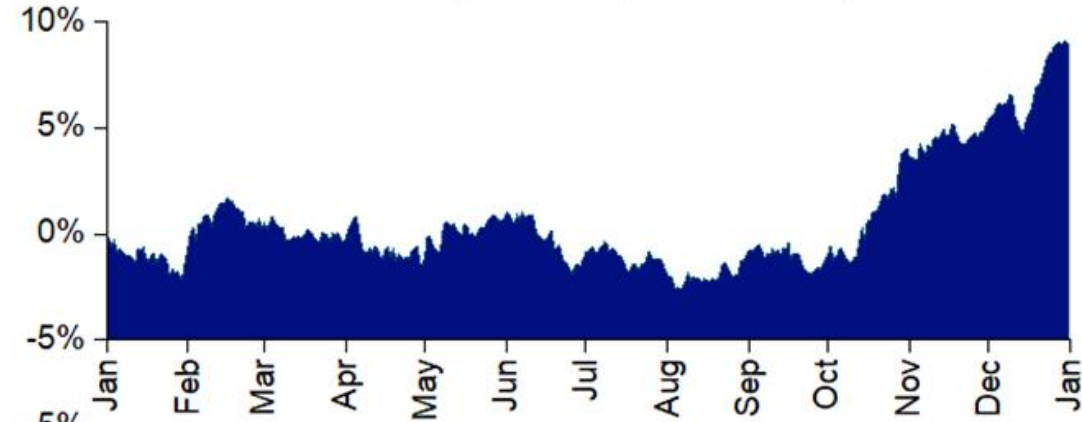
- From 1984 to 2015, gold bullion has produced an average gain of 3.7% and positive 66% of the time
- Sector benefits from increased demand for gold in October and November

GOLD BULLION



- In 2016, gold bullion produced a strong rally at the beginning of the year into July
- In 2017, gold bullion had a strong rally at the beginning of the year but has been recently consolidating

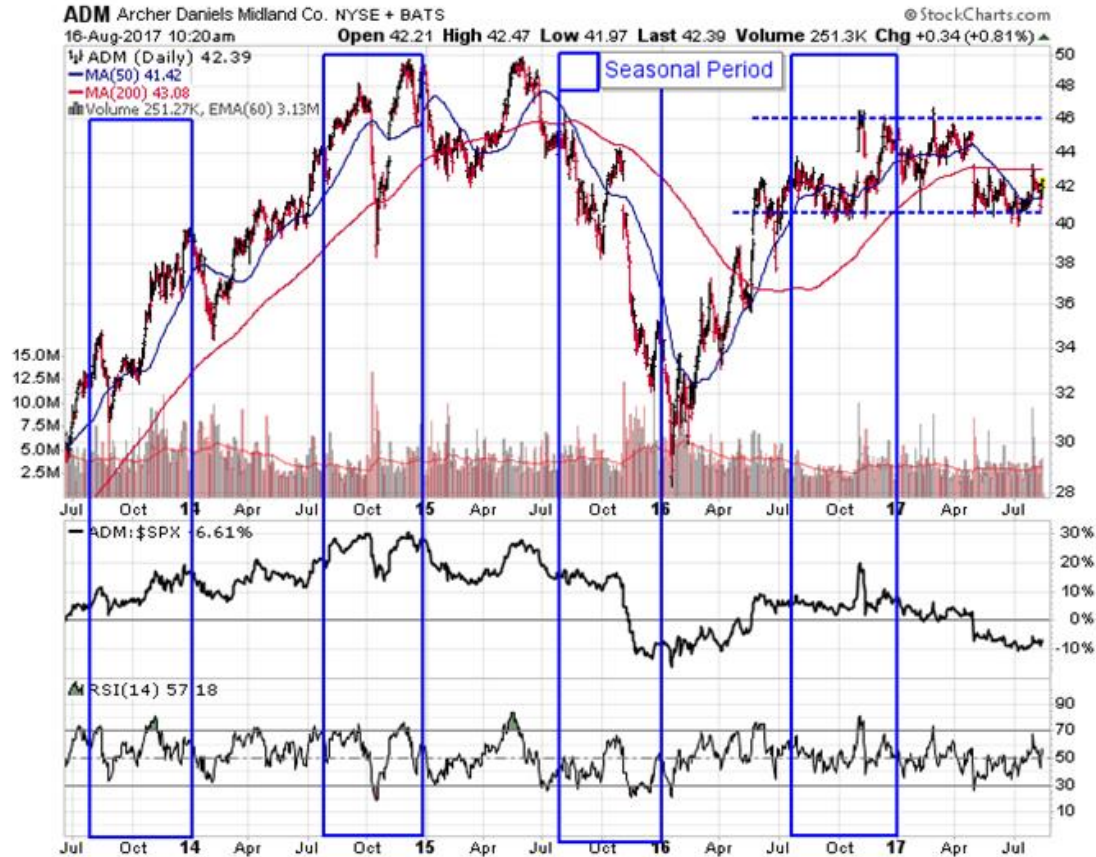
ADM Avg. % Gain (1990 to 2015)



ADM / S&P 500 Rel Str. Avg. Year 1990 to 2015

Seasonal Period Aug 7th to Dec 31st

- From 1990 to 2015, ADM has produced an average gain of 12.3% and has been positive 81% of the time
- ADM benefits from increased spending in the agriculture sector in the second half of the year



- ADM has been underperforming the S&P 500[®] over the last few years
- ADM has managed to outperform the S&P 500[®] in three out of its last four seasonal periods

HORIZONS SEASONAL ROTATION ETF

HAC



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HAC PERFORMANCE

**Horizons Seasonal Rotation ETF, S&P/TSX 60™ Index, S&P/TSX Composite Index and S&P 500® Index
Performance Comparison Since HAC Inception: November 19, 2009**



Source: Bloomberg, between November 19, 2009, the inception date of HAC, and July 31, 2017.

The rates of return shown in the chart are used only to illustrate the effects of the compound growth rate and are not intended to reflect future values of the Horizons Seasonal Rotation ETF or the indices shown, or returns on investment in the Horizons Seasonal Rotation ETF. The Indices are not directly investable.

PERFORMANCE ANALYSIS

Product Name	1 Month	3 Month	6 Month	YTD	1 Year	3 Year	5 Year	Since Inception	St. Dev (%)	Sharpe Ratio	HAC Correlation	Max Drawdown
Horizons Seasonal Rotation ETF	0.07%	-1.24%	0.16%	1.58%	5.14%	8.30%	8.37%	8.33%	8.41%	0.90	1.0000	-11.48%
S&P/TSX 60™ Index	0.05%	-2.29%	-0.55%	0.67%	8.22%	3.29%	9.26%	6.42%	13.15%	0.43	0.5624	-21.04%
S&P 500® Index ¹	-1.90%	-4.75%	4.89%	3.61%	10.87%	16.02%	19.92%	15.88%	13.65%	1.11	0.4917	-15.50%
S&P/TSX Composite Index™	-0.06%	-2.13%	-0.17%	0.67%	6.81%	2.58%	8.55%	6.58%	12.80%	0.46	0.5645	-21.53%

¹Performance in CAD.

Source: Bloomberg, as at July 31, 2017.

*Since inception returns, standard deviation, Sharpe ratio, and max drawdown are from November 19, 2009, the inception date of HAC.

The indicated rates of return in the Performance Table are the historical annual compounded total returns including changes in per unit value and reinvestment of all dividends and distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. The rates of return shown in the table are not intended to reflect future values of the ETF or returns on investment in the ETF. The Indices are not directly investable.

HAC: PERFORMANCE¹

- Annualized return since inception*: 8.33%
- Standard deviation since inception*: 10.27% versus 15.89% for S&P/TSX 60™ Index and 17.46% for S&P 500®
- Sharpe Ratio since inception*: 0.90
- Maximum drawdown*: -11.48% versus -21.04% for S&P/TSX 60™ Index and -15.31% for S&P 500®

¹Performance in CAD.

Source: Bloomberg, as at July 31, 2017.

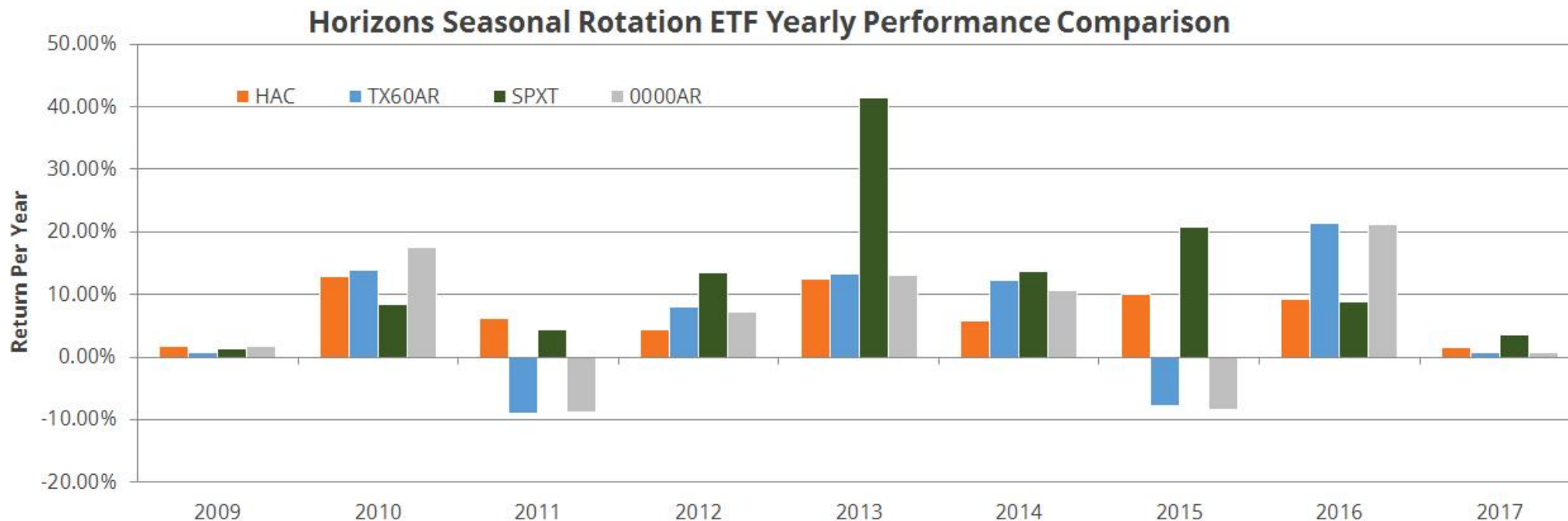
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The indicated rates of return are based on the historical annual compounded total returns including changes in per unit value and reinvestment of all dividends and distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns.

The rates of return are not intended to reflect future values of the ETF or returns on investment in the ETF.

YEARLY BREAKDOWN OF PERFORMANCE¹

- The following chart shows the cumulative historical yearly performance versus the S&P 500[®] Index and the S&P/TSX 60[™] Index



¹Performance in CAD.

Source: Bloomberg, between November 19, 2009, the inception date of HAC, and July 31, 2017.

The rates of return shown in the chart are yearly cumulative total returns including changes in per unit value and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. These returns are not intended to reflect future values of the Horizons Seasonal Rotation ETF or the indices shown, or returns on investment in the Seasonal Rotation ETF. The Indices are not directly investable.

HORIZONS SEASONAL ROTATION ETF (HAC)

Key Details:

- **Management Fee:** 0.75%¹
- **Performance Fee:** 20% of outperformance over High Water Mark plus Benchmark of annualized return of 5%*
- **Investment Manager:** Horizons ETFs Management (Canada) Inc.
- **Research Analyst:** Brooke Thackray
- **Distribution Frequency:** Annually, if any
- **Eligibility:** All registered and non-registered investment accounts

*Please see prospectus for more information.

¹Plus applicable sales tax

BENEFITS OF HAC

- Seeks to profit from seasonal periods which have historically generated positive returns for certain sectors
- Historically low correlation to broad equity markets
- Low-cost, actively managed solution
- Seasoned research analysts with more than 17 years of seasonal and technical analysis experience

Please see prospectus for more information.



WHERE DOES HAC FIT IN YOUR PORTFOLIO?

- The Horizons Seasonal Rotation ETF (HAC) is a versatile ETF that can be used in a variety of portfolio strategies



Core Equity:

- Primarily Large Cap Equity
- Tactical Sector Rotation
- Four-Year Track Record
- Low Standard Deviation

Alternatives:

- Opportunistic
- Low Standard Deviation
- Defensive Stance
- Low Correlation to Equities

SUMMARY

- Recognize that Markets are Affected by Seasonal Tendencies
- Be Aware of Seasonal Investment Opportunities
- Consider the Advantages of HAC

DISCLAIMER

Horizons ETFs is a member of Mirae Asset Global Investments. Commissions, trailing commissions, management fees and expenses all may be associated with an investment in the Horizons Seasonal Rotation 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 ETF may have exposure to leveraged investment techniques that magnify gains and losses and which may result in greater volatility in value and could be subject to aggressive investment risk and price volatility risk. Such risks are described in the ETF's prospectus. The prospectus contains important detailed information about the ETF. **Please read the prospectus before investing.**

The views/opinions expressed herein may not necessarily be the views of Horizons ETFs Management (Canada) Inc. All comments, opinions and views expressed are of a general nature and should not be considered as advice to purchase or to sell mentioned securities. Before making any investment decision, please consult your investment advisor or advisors. **The investment manager has a direct interest in the management and performance fees of the ETF, and may, at any given time, have a direct or indirect interest in the ETF or its holdings.**

Certain statements may constitute a forward looking statement, including those identified by the expression "expect" and similar expressions (including grammatical variations thereof). The forward-looking statements are not historical facts but reflect the author's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These and other factors should be considered carefully and readers should not place undue reliance on such forward looking statements. These forward-looking statements are made as of the date hereof and the authors do not undertake to update any forward-looking statement that is contained herein, whether as a result of new information, future events or otherwise, unless required by applicable law.

CONTACT US!

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