

Horizons ETFs launches new ETF Model Portfolio Builder for advisors

Model Portfolio Builder offers advisors a free, online ETF portfolio-building solution that focuses on keeping risk levels constant.

TORONTO, Sept. 3, 2014 — Horizons ETFs Management (Canada) Inc. (“**Horizons ETFs**”) launched the Horizons ETFs’ Model Portfolio Builder (“**Model Portfolio Builder**” or the “**Tool**”), a customized ETF portfolio development solution for Canadian investment advisors that focuses on keeping client risk constant.

Developed by Toronto-based PÜR Investing Inc. (“**PÜR**”), the Model Portfolio Builder allows advisors to tailor ETF portfolios for their clients based on calculating each client’s unique ‘risk number’ — a metric that encompasses risk tolerance and Know-Your-Client requirements. Regardless of market conditions, the Tool uses PÜR’s technology to keep the Model Portfolio’s ‘risk number’ or risk tolerance constant, a technique used in institutional-caliber investing.

Horizons ETFs partnered with PÜR to launch the Model Portfolio Builder due to the firm’s reputation as a pioneer in risk optimization strategies for Canadian institutional investors. Mark Yamada, President and CEO of PÜR, has over 35 years of asset management experience, and oversaw the Tool’s development and implementation.

“When you have a family of 71 ETFs, a question you get asked a lot by clients is ‘What is the best combination of ETFs for my portfolio?’ Our Model Portfolio Builder helps provide advisors with answers,” said Howard Atkinson, President of Horizons ETFs. *“To build better ETF portfolios, clients need a stellar risk manager. No one is more qualified to provide this guidance than Mark Yamada and the team at PÜR Investing, the global innovators in how ETFs can be used to build institutional-caliber portfolios.”*

Horizons ETFs originally launched Model Portfolios in January 2013, a suite of modeled ETF portfolios that use the constant risk investment strategy originally developed by PÜR. Each of these ETF portfolios has an assigned risk number that suggests a maximum potential drawdown (or loss) over a 12-month period with a high degree of probability; it also includes the minimum return of capital plus inflation over the investment time horizon. These ETF portfolios dynamically reallocate assets on a quarterly basis to ensure that their risk profile remains constant, regardless of market conditions.

“We developed Horizons ETFs’ Model Portfolio Builder to provide advisors with a more customized approach to constant risk management for their clients, as well as better prepare them for the CRM 2 environment,” said Mark Yamada, founder and CEO of PÜR.

Phase two of Model Portfolios — Horizons ETFs’ Model Portfolio Builder — takes the initial launch of Model Portfolios to the next level. Rather than using pre-assigned risk numbers, Model Portfolio Builder allows advisors to calculate a unique risk number for each of their clients and develop a customized model portfolio of ETFs.

“Adjusting a portfolio’s asset mix according to risk levels is a dynamic asset allocation strategy that institutional managers have been applying to their portfolios for years,” said Mr. Atkinson. *“The advent of Horizons ETFs’ Model Portfolio Builder allows advisors to access this type of technology free of charge to help them and their clients achieve their investment goals.”*

Traditional Asset Allocation

Most model portfolio programs use strategic asset allocation, which usually assigns a static asset mix based on an investor’s risk tolerance level and investment objectives. For example, a popular portfolio allocation is the so-called ‘60/40 portfolio’, a combination of 60 per cent equities and 40 per cent bonds. This type of portfolio doesn’t adequately address the key component of investing that represents a major danger to investor portfolios: risk, based upon market conditions.

“Equity busts, like the technology bubble burst in 2001 and financial crisis in 2008, have caused significant damage to long-term portfolio returns,” said Mr. Atkinson. *“With interest rates at historical lows in bonds and stock valuations hitting new highs, the market today is fraught with risk, and as we’ve seen in the past, a static 60/40 portfolio would do little to protect investors from future crises, which is why a more dynamic approach to managing risk is necessary.”*

Dynamic Asset Allocation

Model Portfolio Builder uses an agnostic dynamic asset allocation strategy for each portfolio, which aims to maintain a constant risk level by rebalancing the assets in the portfolio on a quarterly basis. A dynamic allocation ensures the asset mix adjusts according to current risks in the market so that investors are better able to generate their target returns over time, while working within their investment parameters.

Advisors using the Tool can create customized online and printable reports for their clients, which include important data metrics such as asset allocation, ETF holdings, associated fees, back-tested performance and yield. Advisors can further personalize these reports by adding their business logos and addressing them to specific clients.

“At Horizons ETFs, we firmly believe that the majority of investors require portfolio management advice, and since advisors know their clients best, we wanted to provide a Tool that makes it easier for advisors to select and trade ETFs on their clients’ behalf,” said Mr.

Atkinson. *“We have made Model Portfolio Builder an advisor-only tool for this reason, since creating a customized investment portfolio should be done in conjunction with a financial expert that has a holistic view of a client’s overall financial situation.”*

Individual investors are still able to access Horizons ETFs’ existing suite of Model Portfolios, managed by PÜR Investing, each of which has a unique set of generic investment objectives and individual risk numbers. These model portfolios can be accessed at: <http://www.horizonsetfs.com/pub/en/howto/modelportfolios/Default.aspx>.

About PÜR Investing Inc. (www.PURinvesting.com)

PÜR Investing Inc. (PÜR) is a Toronto-based portfolio manager specializing in investment solutions for individual investors. In Canada, PÜR’s investment team has one of the longest track records of building ETF portfolios and remains at the vanguard of research in ETFs for individuals.

PÜR’s approach to designing Model Portfolios using ETFs is unique among private client managers. Each Model Portfolio is designed to manage risk in two ways. First, when market volatility is within a range of historical averages, diversification is used to control risk. Secondly, when volatility is historically high or low, PÜR uses its proprietary constant risk management strategy to tactically adjust the portfolio’s asset allocation to keep the portfolio’s risk exposure consistent with its specified risk rating.

About Horizons ETFs Management (Canada) Inc. (www.HorizonsETFs.com)

Horizons ETFs Management (Canada) Inc. and its affiliate AlphaPro Management Inc. are innovative financial services companies offering the Horizons ETFs family of exchange-traded funds. The Horizons ETFs family includes a broadly diversified range of investment tools with solutions for investors of all experience levels to meet their investment objectives in a variety of market conditions. Horizons ETFs has more than \$4.5 billion of assets under management and with 71 ETFs listed on the Toronto Stock Exchange (as at July 31, 2014), the Horizons ETFs family makes up one of the largest families of ETFs in Canada. Horizons ETFs Management (Canada) Inc. and AlphaPro Management Inc. are members of the Mirae Asset Financial Group.

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The Horizons Model Portfolios (the "Model Portfolios"), provided and updated by PÜR Investing Inc., are hypothetical and designed to illustrate how Horizons Exchange Traded Products could be combined to create solutions for different needs. The Model Portfolios have been categorized in general terms and not for specific investors. The Model Portfolios and the information related to them do not constitute, and are not to be construed as, investment advice. Any investment or allocation decisions should be made with the advice of a qualified investment professional with respect to individual circumstances, preferences, risk tolerance, and after reading the relevant prospectuses. AlphaPro Management Inc. and Horizons ETFs Management (Canada) Inc. (together, "Horizons") shall not have any liability, contingent or otherwise, to any person or entity for the quality, accuracy, timeliness and/or completeness of information in, or related to, the Model Portfolios, or for delays, omissions or interruptions in the delivery of such information. Horizons makes no warranty, express or implied, as to the results to be obtained by any person or entity in connection with any use of the Model Portfolios and any data related thereto, or any components thereof, and is not liable for any action or decision made by you in reliance on this Website or the information contained therein. Horizons is not an advisor as to legal, taxation, accounting, regulatory or financial matters in any jurisdiction, and is not providing any advice as to any such matter.