

## IMPORTANT

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this notice, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

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## Horizons Hang Seng High Dividend Yield ETF (the "Sub-Fund") (Stock Code: 3110) a sub-fund of Horizons Exchange Traded Funds Series (the "Trust")

*(A Hong Kong unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)*<sup>1</sup>

### Notice to Unitholders

Dear Unitholders,

Capitalised terms used in this notice shall have the same meaning as defined in the Prospectus of the Trust dated 30 May 2016.

With effect from 29 September 2016 (the "**Effective Date**"), the distribution policy of the Sub-Fund will be revised so that the Manager may, at its discretion, pay dividend (i) out of capital, or (ii) out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital (the "**Change**"). The reason for the Change is to provide flexibility in the distribution policy of the Sub-Fund and to bring the distribution policy of the Sub-Fund in line with the distribution policy of the ETFs under the Mirae group globally.

Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of the Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Unit.

Where distributions are paid out of capital or effectively out of capital, the compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12-month period will be available from the Manager on request and also on the Manager's website <http://www.horizonsetfs.com.hk> (this website has not been reviewed by the SFC).

The frequency of distributions of the Sub-Fund will also be revised with effect from the Effective Date. Currently, distributions are paid, at the Manager's discretion, annually in May each year. The disclosure will be revised such that distributions will be paid, at the Manager's discretion, semi-annually in March and September each year.

For the avoidance of doubt, subsequent amendments to the distribution policy of the Sub-Fund and the distribution policy of the other Investment Funds under the Trust will be subject to the prior approval of the SFC and one month's prior notice will be given to investors.

The Trust Deed of the Trust and the Sub-Fund will also be updated by way of a Supplemental Deed on the Effective Date to facilitate the implementation of the Change. In particular, changes will be made to Clause 15 of the Trust Deed. The Trust Deed (as amended by the Supplemental Deed) will be available for inspection free of

<sup>1</sup> SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

charge at any time during normal business hours at the offices of the Manager at Level 15, Three Pacific Place, 1 Queen's Road East, Hong Kong.

There will be no changes to the fee level or the cost in managing the Sub-Fund. The costs and expenses incurred in connection with the above changes will be borne by the Sub-Fund and are estimated to be approximately HKD95,000.

The Prospectus will be updated (by way of addendum). The updated Prospectus and the Product Key Facts Statement of the Sub-Fund will be available on or around the Effective Date on the Manager's website <http://www.horizonsetfs.com.hk> (this website has not been reviewed by the SFC).

If you have any questions concerning the above, please contact us at (852) 2295 1500 during office hours.

The Manager accepts full responsibility for the accuracy of the information contained in this notice and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

Mirae Asset Global Investments (Hong Kong) Limited

29 August 2016