

# HORIZON FUNDS

## Information Regarding 2018 Estimated Year-End Distributions As of December 5, 2018

Estimated Record Date: December 21, 2018

Estimated Ex-Date, Reinvestment and Payable Date: December 24, 2018

Fund Name	Short-Term Capital Gain (per share)	Long-Term Capital Gain (per share)	Income (per share)
Horizon Active Asset Allocation Fund	All Classes – \$0.5534	All Classes - \$0.1149	Advisor Class – \$0.0614 Institutional Class – \$0.0931 Investor Class – \$0.0812
Horizon Active Dividend Fund	All Classes – \$2.5547	All Classes - None	Advisor Class – \$0.1447 Investor Class – \$0.2425
Horizon Active Income Fund	All Classes – None	All Classes - None	Advisor Class – \$0.0835 Institutional Class – \$0.1023 Investor Class – \$0.0936
Horizon Active Risk Assist Fund	All Classes – \$0.4627	All Classes - \$0.2163	Advisor Class – \$0.0905 Institutional Class – \$0.1483 Investor Class – \$0.1300
Horizon Defined Risk Fund	All Classes – None	All Classes - None	Advisor Class – \$0.2327 Investor Class – \$0.3044

## Year End Distribution FAQs

### What is a Capital Gain?

When an investor sells a capital asset — such as a stock or a bond — for more than the purchase price, the investor experiences a capital gain, or, in other words, makes a profit. For example, if a stock is purchased for \$100 and later sold for \$120, the capital gain is \$20.

When a mutual fund sells securities at a profit, the sale also creates a capital gain. There are two types of capital gains — short-term and long-term. Net short-term capital gains are distributed to investors as income dividends and are subject to ordinary income taxes. The maximum tax rate on long-term capital gain distributions is 20%. This rate does not include the 3.8% surtax applicable to net investment income for higher income taxpayers.

### Why do mutual funds pay capital gain distributions?

Mutual funds are required by law to distribute virtually all gains to their shareholders in capital gain distributions. These distributions, which often occur once or twice a year, are made primarily for tax reasons.

### If distributions are reinvested, are they still subject to taxes?

Yes, mutual fund distributions are considered taxable income, and shareholders must pay taxes on their gains even if they reinvest them into the mutual fund for more shares.

## Why does the fund value drop when a capital gain distribution is paid?

Fund managers buy and sell securities throughout the year, sometimes at a profit, sometimes at a loss. When profits outweigh losses, they accumulate and contribute to the rise of the net asset value (NAV), or share price, of the fund's shares. When that profit is paid out to shareholders as a capital gain distribution, its NAV will be reduced by the amount of the distribution.

However, this doesn't mean that investors are losing money. Investors can either take capital gain distributions in cash or reinvest them, as most investors do. If capital gains are reinvested, the number of shares in the account will increase, leaving the total value of the account unaffected by the distribution.

## If a mutual fund's Net Asset Value (NAV), or share price, has fallen this year, why would it distribute a capital gain?

Even if a mutual fund's NAV has fallen during the year, it is still possible that securities sold by the mutual fund within the year resulted in a capital gain. For example, if a stock is purchased for \$100 and later sold for \$120, the capital gain is \$20.

## Does a fund's dividend or capital gain distribution affect its total return?

Total return includes distributions (capital gains and dividends) as well as capital appreciation (rise or fall in Net Asset Value NAV) or share price). Positive dividend and capital gain distributions will have a positive effect on the total return. An investor's total return will also vary depending on whether the distributions are reinvested or kept as cash.

INVESTMENT PRODUCTS: NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

**Past performance does not guarantee future results.** This table provides estimates of the Funds' distribution sources at the time of payment and should not be relied upon or used for tax planning or tax reporting purposes. The above information represents estimated distributions only, and may change prior to the final 2018 payment date.

Shareholders with tax-advantaged accounts such as IRAs, 401(k) plans and other retirement vehicles may not be required to report distributions on their tax returns. Please contact your tax advisor for specific instructions.

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

Future distributions may be different.

*Mutual fund investing involves risk. Principal loss is possible. In addition to the costs, fees, and expenses involved in investing in ETFs, ETFs are subject to additional risks including the risks that the market price of the shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a Fund's ability to sell its shares. A Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater in emerging markets. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by a Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Small and Medium capitalization companies tend to have limited liquidity and greater price volatility than large capitalization companies. Investments in Real Estate Investment Trusts (REITs) involve additional risks such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments. A Fund may also use options, which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. The investment in options is not suitable for all investors. Diversification does not assure a profit or protect against loss in a declining market.*

**INVESTORS SHOULD CONSIDER THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES CAREFULLY BEFORE INVESTING. THE PROSPECTUS OR THE SUMMARY PROSPECTUS CONTAIN THIS AND OTHER INFORMATION ABOUT A FUND. TO OBTAIN A FREE PROSPECTUS, PLEASE CONTACT YOUR FINANCIAL ADVISOR OR VIEW THE PRODUCT SPECIFIC PAGE ON [WWW.HORIZONMUTUALFUNDS.COM](http://WWW.HORIZONMUTUALFUNDS.COM). AN INVESTOR SHOULD READ THE PROSPECTUS CAREFULLY BEFORE INVESTING.**

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