

**GLOBAL X**

by Mirae Asset

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# **GLOBAL X GOLD PRODUCER EQUITY COVERED CALL ETF**

(FORMERLY HORIZONS GOLD PRODUCER EQUITY COVERED CALL ETF)

## **(GLCC:TSX)**

INTERIM REPORT | JUNE 30, 2024

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## **A Message from the CEO**

We are only halfway into 2024 and this year has already proven to be one of the most important and monumental in our company's history.

After publicly announcing our intention earlier in March, we successfully completed our rebrand from Horizons ETFs into Global X Investments Canada Inc. ("**Global X**") on May 1<sup>st</sup>, 2024.

With investors like you in mind, our decision to rebrand was rooted in a desire to offer Canadians the best of both worlds: the strength, extended reach and global network of experts that come with the internationally recognized Global X brand, alongside the continued local expertise and support we offer for navigating the Canadian investment landscape.

As part of the Global X platform, we are a part of something bigger: more than \$100 billion of ETF assets under management worldwide, backed by our parent company, Mirae Asset, which has more than \$800 billion in assets across 19 countries and markets.

Meanwhile, our suite of ETFs – one of Canada's largest and longest-running – continues to trade under their original ticker symbols and mandates, while the Horizons branded fund names were updated to the Global X brand. Another decision made with our investors' interests at heart.

Through this year and beyond, we remain committed to helping Canadians navigate and harness the emerging trends shaping markets while delivering exceptional investment solutions and client experiences.

I am proud to highlight other successes that Global X has achieved so far this year, within our business and for our investors.

In June, Global X was recognized as the ETF Provider of the Year at the 2024 Wealth Professional Awards. The award recognizes the outstanding asset management firm that specializes in exchange-traded funds (ETFs) which consistently delivers superior advisor service while pushing the boundaries with innovation and industry best practices over the last 12 months. This recognition reflects our commitment to delivering high-quality investment solutions and underscores Global X's position as a Canadian ETF industry leader.

In May, we launched the largest number of funds in our company's history, with 17 new ETFs.

In partnership with the world's leading index providers, including Nasdaq, S&P and MSCI, we expanded our Equity Essentials suite – strategies that offer low-cost, benchmark exposure – with 15 new ETFs, including innovative covered call and light leverage overlays. Our expanded Equity Essentials suite is designed to empower Canadians to invest the way they want, whether they're looking for greater income potential, amplified growth potential, or both.

On the thematic side, new launches included mandates focused on the emerging AI revolution, through Global X Artificial Intelligence & Technology Index ETF ("**AIGO**") and to today's top global giants, through the Global X Innovative Bluechip Top 10 Index ETF ("**TTTX**").

There are many more exciting launches in store for 2024 and I am excited to share additional details with you soon.

At Global X, we embrace innovation in everything that we do. From our roots as one of Canada's first ETF providers to our proud legacy of launching first-of-their-kind investment products, we are driven by boldness, vision, and a commitment to exceptional quality and client experience.

Under our new brand, our new motto is "Innovation meets Investing". We are committed to being there, alongside you, to help you explore a world of investment possibility and global opportunity.

Thank you for your continued support.

Sincerely,



Rohit Mehta  
President & CEO of Global X Investments Canada Inc.

## MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance for Global X Gold Producer Equity Covered Call ETF (*formerly Horizons Gold Producer Equity Covered Call ETF*) (“GLCC” or the “ETF”) contains financial highlights and is included with the unaudited interim financial statements for the investment fund. You may request a copy of the ETF’s unaudited interim or audited annual financial statements, interim or annual management report of fund performance, current proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosures, at no cost, from the ETF’s manager, Global X Investments Canada Inc. (“Global X” or the “Manager”), by calling toll free 1-866-641-5739, or locally (416) 933-5745, by writing to us at: 55 University Avenue, Suite 800, Toronto ON, M5J 2H7, or by visiting our website at [www.globalx.ca](http://www.globalx.ca) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance, or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements.

Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the ETF may invest and the risks detailed from time to time in the ETF’s prospectus. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. We caution that the foregoing list of factors is not exhaustive, and that when relying on forward-looking statements to make decisions with respect to investing in the ETF, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Manager does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

GLCC seeks to provide, to the extent possible and net of expenses: (a) exposure to the performance of an index of equity securities of diversified North American listed gold producers (currently, the Solactive North American Listed Gold Producers Index) and (b) monthly distributions of dividend and call option income. To mitigate downside risk and generate income, GLCC will employ a dynamic covered call option writing program.

To achieve its investment objective, GLCC invests in a portfolio of North American listed gold mining and exploration companies, which may include ETFs that provide exposure to such companies. Semi-annually, on the Constituent Reset Date, the Investment Manager will, based on GLCC’s reference index, identify the largest and most liquid North American listed issuers in the gold mining and exploration sector and will invest GLCC’s portfolio in each issuer. From time to time, GLCC may also invest in equity and equity related securities of North American listed companies that are primarily exposed to the mining and exploration of precious metals other than gold. GLCC will rebalance the portfolio of constituent securities on each Constituent Reset Date. The number of issuers included in the portfolio may change on a Constituent Reset Date. Between Constituent Reset Dates, the allocation between each of these constituent securities will change due to market movement and the Investment Manager will typically not re-allocate, include or exclude issuers from GLCC’s portfolio until its next rebalance date or Constituent Reset Date, other than when, in the opinion of the Investment Manager, circumstances necessitate a change (e.g. insufficient liquidity of an issuer’s options). To mitigate downside risk and generate income, the Investment Manager actively manages a covered call strategy that will generally write out of the money call options, at its discretion, on up to approximately 50% of the value of GLCC’s portfolio. Notwithstanding the foregoing, GLCC may write covered call options on a greater or lesser percentage of the portfolio, from time to time, at the discretion of the Investment Manager. GLCC will not seek to hedge its exposure to the U.S. dollar back to the Canadian dollar.

Please refer to the ETF’s most recent prospectus for a complete description of GLCC’s investment restrictions.

## Management Discussion of Fund Performance (continued)

### Risk

The Manager performs a review of the ETF's risk rating at least annually, as well as when there is a material change in the ETF's investment objective or investment strategies. During the period, there were no changes to the ETF that materially affected the overall risk level associated with an investment in the ETF. The current risk rating for the ETF is: high.

Risk ratings are determined based on the historical volatility of the ETF as measured by the standard deviation of its performance against its mean. The risk categorization of the ETF may change over time and historical volatility is not indicative of future volatility. Generally, a risk rating is assigned to the ETF based on a rolling 10-year standard deviation of its returns, the return of an underlying index, or of an applicable proxy. In cases where the Manager believes that this methodology produces a result that is not indicative of the ETF's future volatility, the risk rating may be determined by the ETF's category. Risk ratings are not intended for use as a substitute for undertaking a proper and complete suitability or financial assessment by an investment advisor.

The risks and the full description of each risk to which an investment in the ETF is subject are disclosed in the ETF's most recent prospectus. The most recent prospectus is available at [www.globalx.ca](http://www.globalx.ca) or from [www.sedarplus.ca](http://www.sedarplus.ca), or by contacting Global X Investments Canada Inc. directly via the contact information on the back page of this document.

**Prospective investors should read the ETF's most recent prospectus and consider the full description of the risks contained therein before purchasing units.**

### Results of Operations

For the period ended June 30, 2024, units of the ETF returned 13.47% when including distributions paid to unitholders. This compares to the Solactive North American Listed Gold Producers Index (the "Index"), which returned 16.63% for the same period on a total return basis.

#### **General Market Review**

Canadian equities, as measured by the S&P/TSX Capped Composite Index, returned 6.05% in the first half of 2024. The significant positive performing sectors were Energy and Materials; Communication Services showed significant negative performance.

At its June meeting, the Bank of Canada (BoC) reduced its target for the overnight rate by 25 basis points to 4.75% as it decided that monetary policy could be less restrictive. Inflation, as measured by the Consumer Price Index (CPI), came in at 2.9% on a year-over-year basis for May. While inflation remains above the BoC's 2% target, it has steadily declined from 3.4% in December 2023.

The price of oil, as measured by West Texas Intermediate (WTI), was up 13.8% for the year to date, trading at US\$81.54 per barrel. Gold prices rose 12.8% during the first half, breaking the US\$2,400 level and ending the period at US\$2,326 per ounce. This was largely driven by continued gold purchases from central banks, increased inflows from investors in the Asia-Pacific region, consumer demand, and geopolitical uncertainty.

Although initially trending downwards, North American Gold Producers took an upward turn towards the end of February. During the first quarter, 10 of the 14 gold companies in GLCC posted solid first-quarter earnings and beat consensus estimates. AngloGold Ashanti, Endeavor Mining, B2Gold, and Pan American Silver all failed to beat consensus estimates for quarterly earnings. The second quarter of 2024 saw positive results with all of the reporting index constituents beating earnings estimates.

## Management Discussion of Fund Performance (continued)

### **Portfolio Review**

During the first half of 2024, the top three performing stocks were IAMGOLD Corp. (53.89%), Harmony Gold Mining Co. Ltd. (50.36%), and Kinross Gold Corp. (43.37%). The bottom three performing stocks were B2Gold Corp. (-9.73%), Barrick Gold Corp. (-3.45%), and Endeavour Mining PLC. (-0.42%).

The portfolio benefited from broad volatility as markets navigated the various risks that impacted equities during the period. This volatility allowed the ETF to generate higher premiums on the options it sells, thereby increasing the distributions the ETF can pay to investors. Generally, the covered call overlay is expected to outperform when the market is flat or moving downwards and underperforms during sharp upward movements.

### **Outlook**

For the remainder of the year, the covered call strategy is favourably positioned to potentially provide value from a yield, hedging and upside capture perspective in the current environment. Each month, call options are dynamically written on the underlying stocks held by the ETF. In the first half of the year, the ETF wrote slightly out-of-the-money (OTM) options on each of its underlying securities, which yielded an average annual rate of 6.5%. The premiums generated from the option writing strategy have remained steady for the last 12 months and may remain at similar levels for the rest of the year.

### **Other Operating Items and Changes in Net Assets Attributable to Holders of Redeemable Units**

For the six-month period ended June 30, 2024, the ETF generated gross comprehensive income (loss) from investments and derivatives (which includes changes in the fair value of the ETF's portfolio) of \$21,471,044. This compares to \$6,931,879 for the six-month period ended June 30, 2023. The ETF incurred management, operating and transaction expenses of \$1,417,275 (2023 – \$1,575,211) of which \$9,012 (2023 – \$8,932) was either paid or absorbed by the Manager on behalf of the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.

The ETF distributed \$12,298,490 to unitholders during the period (2023 – \$13,156,233).

### **Presentation**

The attached financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets in the financial statements and/or management report of fund performance is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

### **Recent Developments**

Other than indicated below, there are no recent industry, management or ETF related developments that are pertinent to the present and future of the ETF.

### **Name Change**

On March 6, 2024, Horizons ETFs Management (Canada) Inc., the investment manager of the ETF, announced that it will rebrand as Global X Investments Canada Inc., in May 2024. The name change is not expected to change any of the day-to-day operations of the ETF. The operations, personnel and responsibilities of the Investment Manager remain unchanged.

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## Management Discussion of Fund Performance (continued)

### ***ETF Name Change***

Effective May 1, 2024, the name of the ETF changed from Horizons Gold Producer Equity Covered Call ETF to Global X Gold Producer Equity Covered Call ETF. The name of the ETF has been changed to reflect the Global X brand.

### **Related Party Transactions**

Certain services have been provided to the ETF by related parties and those relationships are described below.

#### ***Manager, Trustee and Investment Manager***

The manager, trustee and investment manager of the ETF is Global X Investments Canada Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, a corporation incorporated under the laws of Ontario.

If the ETF invests in other Global X ETFs, Global X may receive management fees in respect of the ETF's assets invested in such Global X ETFs. In addition, any management fees paid to the Manager (described in detail on page 11) are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statements of comprehensive income in the attached financial statements of the ETF. The management fees payable by the ETF as at June 30, 2024, and December 31, 2023, are disclosed in the statements of financial position.



## Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for the current interim reporting period and for the past five fiscal years. This information is derived from the ETF's audited annual financial statements and the current unaudited interim financial statements. Please see the front page for information on how you may obtain the ETF's annual or interim financial statements.

### The ETF's Net Assets per Unit

Period <sup>(1)</sup>		2024	2023	2022	2021	2020	2019
<b>Net assets, beginning of period</b>	\$	23.66	24.80	27.98	32.78	30.36	23.10
<b>Increase (decrease) from operations:</b>							
Total revenue		0.26	0.57	0.64	0.60	0.38	0.27
Total expenses		(0.15)	(0.32)	(0.33)	(0.30)	(0.38)	(0.36)
Realized gains (losses) for the period		(0.98)	0.37	(1.53)	0.39	3.57	2.12
Unrealized gains (losses) for the period		2.99	1.22	1.00	(3.35)	(1.27)	6.07
<b>Total increase (decrease) from operations <sup>(2)</sup></b>		2.12	1.84	(0.22)	(2.66)	2.30	8.10
<b>Distributions:</b>							
From net investment income (excluding dividends)		(1.32)	(0.04)	–	–	–	–
From dividends		–	(0.30)	(0.38)	(0.30)	–	–
From net realized capital gains		–	–	–	(0.63)	(2.12)	–
From return of capital		–	(2.30)	(2.12)	(0.84)	–	(1.39)
<b>Total distributions <sup>(3)</sup></b>		(1.32)	(2.64)	(2.50)	(1.77)	(2.12)	(1.39)
<b>Net assets, end of period <sup>(4)</sup></b>	\$	25.36	23.66	24.80	27.98	32.78	30.36

1. This information is derived from the ETF's unaudited interim financial statements and audited annual financial statements.
2. Net assets per unit and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
3. Income, dividend and/or return of capital distributions, if any, are paid in cash, reinvested in additional units of the ETF, or both. Capital gains distributions, if any, may or may not be paid in cash. Non-cash capital gains distributions are reinvested in additional units of the ETF and subsequently consolidated. They are reported as taxable distributions and increase each unitholder's adjusted cost base for their units. Neither the number of units held by the unitholder, nor the net asset per unit of the ETF change as a result of any non-cash capital gains distributions. Distributions classified as return of capital, if any, decrease each unitholder's adjusted cost base for their units. The characteristics of distributions, if any, are determined subsequent to the end of the ETF's tax year. Until such time, distributions are classified as from net investment income (excluding dividends) for reporting purposes.
4. The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per unit.

**Financial Highlights** (continued)

**Ratios and Supplemental Data**

Period <sup>(1)</sup>	2024	2023	2022	2021	2020	2019
Net asset value (000's)	\$ 216,907	265,284	223,621	144,168	135,086	83,246
Number of units outstanding (000's)	8,552	11,213	9,015	5,153	4,121	2,742
Management expense ratio <sup>(2)</sup>	0.78%	0.78%	0.79%	0.79%	0.81%	0.84%
Management expense ratio before waivers and absorptions <sup>(3)</sup>	0.79%	0.78%	0.84%	0.79%	0.81%	0.84%
Trading expense ratio <sup>(4)</sup>	0.40%	0.38%	0.38%	0.15%	0.27%	0.46%
Portfolio turnover rate <sup>(5)</sup>	33.89%	80.67%	107.30%	26.55%	75.60%	92.07%
Net asset value per unit, end of period	\$ 25.36	23.66	24.80	27.98	32.78	30.36
Closing market price	\$ 25.38	23.65	24.83	27.98	32.81	30.40

1. This information is provided as at June 30, 2024, and December 31 of the years shown.
2. Management expense ratio is based on total expenses, including sales tax, (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Out of its management fees, and waivers and absorptions, as applicable, the Manager pays for such services to the ETF as investment manager compensation and marketing.
3. The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. Transaction costs related to the purchase and/or sale of fixed income securities are typically embedded in the price of those transactions and are therefore not included in the trading expense ratio.
5. The ETF's portfolio turnover rate indicates how actively its portfolio investments are traded. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. Generally, the higher the ETF's portfolio turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.

**Financial Highlights** (continued)

**Management Fees**

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.65%, plus applicable sales taxes, of the net asset value of the ETF's units, calculated and accrued daily and payable monthly in arrears.

Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

The table below details, in percentage terms, the services received by the ETF from the Manager in consideration of the management fees paid during the period.

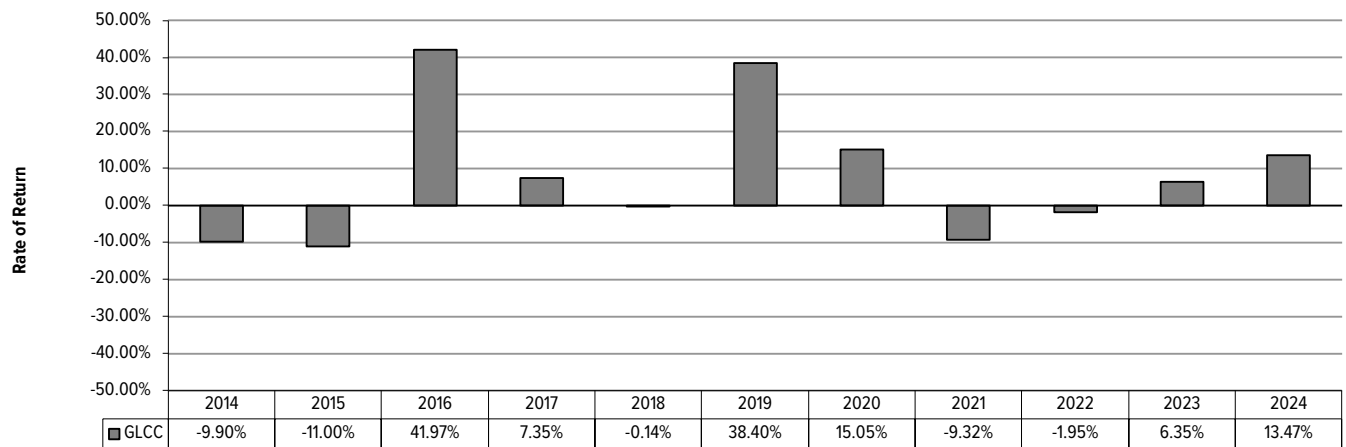
<b>Marketing</b>	<b>Portfolio management fees, general administrative costs and profit</b>	<b>Waived/absorbed expenses of the ETF</b>
8%	91%	1%

## Past Performance

Commissions, management fees, expenses and applicable sales taxes all may be associated with an investment in the ETF. Please read the prospectus before investing. The indicated rates of return are the historical total returns including changes in unit value and reinvestment of all distributions, and do not take into account sales, redemptions, distributions or optional charges or income taxes payable by any investor that would have reduced returns. An investment in the ETF is not guaranteed. Its value changes frequently and past performance may not be repeated. The ETF's performance numbers assume that all distributions, if any, are reinvested in additional units of the ETF. If you hold this ETF outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the ETF, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

### Year-by-Year Returns

The following chart presents the ETF's performance for the periods shown, and illustrates how the performance has changed from period to period. In percentage terms, the chart shows how much an investment made on the first day of the financial period would have grown or decreased by the last day of the financial period.



The ETF effectively began operations on April 11, 2011.

## Summary of Investment Portfolio

As at June 30, 2024

Asset Mix	Net Asset Value	% of ETF's Net Asset Value
<b>Long Positions</b>		
Canadian Equities	\$ 129,296,167	59.61%
Global Equities	66,511,382	30.66%
U.S. Equities	22,263,231	10.26%
Cash and Cash Equivalents	1,496,424	0.69%
Other Assets less Liabilities	(1,939,192)	-0.89%
<b>Short Positions</b>		
U.S. Equity Call Options	(31,294)	-0.01%
Canadian Equity Call Options	(356,017)	-0.16%
Global Equity Call Options	(333,401)	-0.16%
	<b>\$ 216,907,300</b>	<b>100.00%</b>

Sector Mix	Net Asset Value	% of ETF's Net Asset Value
<b>Long Positions</b>		
Materials	\$ 218,070,780	100.53%
Cash and Cash Equivalents	1,496,424	0.69%
Other Assets less Liabilities	(1,939,192)	-0.89%
<b>Short Positions</b>		
Equity Call Options	(720,712)	-0.33%
	<b>\$ 216,907,300</b>	<b>100.00%</b>

**Summary of Investment Portfolio** (continued)

As at June 30, 2024

<b>Top 25 Holdings</b>	<b>% of ETF's Net Asset Value</b>
<b>Long Positions</b>	
Kinross Gold Corp.	12.23%
Newmont Corp.	10.26%
Agnico Eagle Mines Ltd.	10.17%
AngloGold Ashanti PLC	9.51%
Barrick Gold Corp.	9.09%
Pan American Silver Corp.	8.67%
Gold Fields Ltd., ADR	8.16%
Alamos Gold Inc.	7.45%
Harmony Gold Mining Co. Ltd., ADR	6.80%
Endeavour Mining PLC	6.19%
B2Gold Corp.	4.17%
Eldorado Gold Corp.	3.59%
IAMGOLD Corp.	2.22%
Equinox Gold Corp.	2.02%
Cash and Cash Equivalents	0.69%
<b>Short Positions</b>	
IAMGOLD Corp., Call Options	-0.01%
Eldorado Gold Corp., Call Options	-0.01%
Barrick Gold Corp., Call Options	-0.01%
Newmont Corp., Call Options	-0.01%
Alamos Gold Inc., Call Options	-0.01%
Agnico Eagle Mines Ltd., Call Options	-0.02%
Endeavour Mining PLC, Call Options	-0.02%
Harmony Gold Mining Co. Ltd., ADR, Call Options	-0.02%
Pan American Silver Corp., Call Options	-0.02%
Gold Fields Ltd., ADR, Call Options	-0.03%

The summary of investment portfolio may change due to the ongoing portfolio transactions of the ETF. The most recent financial statements are available at no cost by calling 1-866-641-5739, or (416) 933-5745, by writing to us at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, by visiting our website at [www.globalx.ca](http://www.globalx.ca) or through SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

### **MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Global X Gold Producer Equity Covered Call ETF *(formerly Horizons Gold Producer Equity Covered Call ETF)* (the "ETF") are the responsibility of the manager and trustee to the ETF, Global X Investments Canada Inc. (the "Manager"). They have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board using information available and include certain amounts that are based on the Manager's best estimates and judgements.

The Manager has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

These financial statements have been approved by the Board of Directors of the Manager.



Rohit Mehta  
Director  
Global X Investments Canada Inc.



Thomas Park  
Director  
Global X Investments Canada Inc.

### **NOTICE TO UNITHOLDERS**

**The Auditor of the ETF has not reviewed these Financial Statements.**

Global X Investments Canada Inc., the Manager of the ETF, appoints an independent auditor to audit the ETF's annual financial statements.

The ETF's independent auditor has not performed a review of these interim financial statements in accordance with Canadian generally accepted auditing standards.

**Statements of Financial Position** (unaudited)

June 30, 2024 and December 31, 2023

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,496,424	\$ 2,918,453
Investments (note 6)	218,070,780	265,602,605
Amounts receivable relating to accrued income	82,089	73,487
Amounts receivable relating to portfolio assets sold	–	6,511,909
Amounts receivable relating to securities issued	–	592,797
<b>Total assets</b>	<b>219,649,293</b>	<b>275,699,251</b>
<b>Liabilities</b>		
Accrued management fees (note 9)	127,048	168,447
Accrued operating expenses	10,751	15,416
Amounts payable relating to securities redeemed	–	6,506,448
Amounts payable for portfolio assets purchased	2,052	–
Distribution payable	1,881,430	2,521,840
Derivative liabilities (note 3)	720,712	1,202,837
<b>Total liabilities</b>	<b>2,741,993</b>	<b>10,414,988</b>
<b>Net assets</b>	<b>\$ 216,907,300</b>	<b>\$ 265,284,263</b>
Number of redeemable units outstanding (note 8)	8,551,953	11,212,910
Net assets per unit	\$ 25.36	\$ 23.66

(See accompanying notes to financial statements)

Approved on behalf of the Board of Directors of the Manager:



Rohit Mehta  
Director



Thomas Park  
Director



**Statements of Comprehensive Income** (unaudited)

For the Periods Ended June 30,

	<b>2024</b>	<b>2023</b>
<b>Income</b>		
Dividend income	\$ 2,448,347	\$ 2,923,859
Securities lending income (note 7)	22,607	9,065
Net realized gain (loss) on sale of investments and derivatives	(9,316,077)	1,613,719
Net realized gain (loss) on foreign exchange	4,426	(46,014)
Net change in unrealized appreciation (depreciation) of investments and derivatives	28,311,379	2,432,053
Net change in unrealized appreciation (depreciation) of foreign exchange	362	(803)
	<b>21,471,044</b>	<b>6,931,879</b>
<b>Expenses (note 9)</b>		
Management fees	791,414	905,102
Audit fees	3,104	4,219
Independent Review Committee fees	373	127
Custodial and fund valuation fees	31,005	37,567
Legal fees	275	3,593
Securityholder reporting costs	17,026	13,563
Administration fees	26,080	25,655
Transaction costs	438,062	415,356
Withholding taxes	109,936	169,701
Other expenses	–	328
	<b>1,417,275</b>	<b>1,575,211</b>
Amounts that were payable by the investment fund that were paid or absorbed by the Manager	(9,012)	(8,932)
	<b>1,408,263</b>	<b>1,566,279</b>
<b>Increase (decrease) in net assets for the period</b>	<b>\$ 20,062,781</b>	<b>\$ 5,365,600</b>
Increase (decrease) in net assets per unit	\$ 2.12	\$ 0.55

(See accompanying notes to financial statements)

**Statements of Changes in Financial Position** (unaudited)

For the Periods Ended June 30,

	<b>2024</b>		<b>2023</b>	
<b>Net assets at the beginning of the period</b>	\$	265,284,263	\$	223,621,173
<b>Increase (decrease) in net assets</b>		20,062,781		5,365,600
<b>Redeemable unit transactions</b>				
Proceeds from the issuance of securities of the investment fund		50,796,312		78,974,463
Aggregate amounts paid on redemption of securities of the investment fund		(107,263,357)		(46,779,933)
Securities issued on reinvestment of distributions		325,791		256,990
Distributions:				
From net investment income		(12,298,490)		(13,156,233)
<b>Net assets at the end of the period</b>	<b>\$</b>	<b>216,907,300</b>	<b>\$</b>	<b>248,282,060</b>

(See accompanying notes to financial statements)

**Statements of Cash Flows** (unaudited)

For the Periods Ended June 30,

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets for the period	\$ 20,062,781	\$ 5,365,600
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	9,316,077	(1,613,719)
Net realized gain (loss) on currency forward contracts	–	–
Net change in unrealized (appreciation) depreciation of investments and derivatives	(28,311,379)	(2,432,053)
Net change in unrealized (appreciation) depreciation of foreign exchange	2,013	(207)
Purchase of investments	(34,614,858)	(103,656,409)
Proceeds from the sale of investments	38,997,250	67,651,129
Amounts receivable relating to accrued income	(8,602)	27,858
Accrued expenses	(46,064)	427
<b>Net cash from (used in) operating activities</b>	<b>5,397,218</b>	<b>(34,657,374)</b>
<b>Cash flows from financing activities:</b>		
Amount received from the issuance of units	9,579,288	56,769,941
Amount paid on redemptions of units	(3,783,413)	(9,940,606)
Distributions paid to unitholders	(12,613,109)	(12,594,566)
<b>Net cash from (used in) financing activities</b>	<b>(6,817,234)</b>	<b>34,234,769</b>
<b>Net increase (decrease) in cash and cash equivalents during the period</b>	<b>(1,420,016)</b>	<b>(422,605)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(2,013)	207
<b>Cash and cash equivalents at beginning of period</b>	<b>2,918,453</b>	<b>3,555,760</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,496,424</b>	<b>\$ 3,133,362</b>
Dividends received, net of withholding taxes	\$ 2,329,810	\$ 2,782,016

(See accompanying notes to financial statements)

**Schedule of Investments** (unaudited)

As at June 30, 2024

Security	Shares/ Contracts	Average Cost	Fair Value
<b>CANADIAN EQUITIES (59.61%)</b>			
<b>Materials (59.61%)</b>			
Agnico Eagle Mines Ltd.	246,455	\$ 17,159,652	\$ 22,052,794
Alamos Gold Inc., Class 'A'	752,719	11,390,085	16,153,350
B2Gold Corp.	2,466,702	10,924,062	9,052,796
Barrick Gold Corp.	863,577	20,200,108	19,706,827
Eldorado Gold Corp.	385,291	5,626,200	7,795,770
Equinox Gold Corp.	613,779	3,791,975	4,391,528
IAMGOLD Corp.	935,865	3,992,580	4,810,346
Kinross Gold Corp.	2,328,957	15,849,178	26,526,820
Pan American Silver Corp.	691,649	15,324,839	18,805,936
		<u>104,258,679</u>	<u>129,296,167</u>
<b>TOTAL CANADIAN EQUITIES</b>		<b><u>104,258,679</u></b>	<b><u>129,296,167</u></b>
<b>GLOBAL EQUITIES (30.66%)</b>			
<b>Materials (30.66%)</b>			
AngloGold Ashanti PLC	599,927	15,213,112	20,624,948
Endeavour Mining PLC	464,979	12,888,318	13,437,893
Gold Fields Ltd., ADR	868,165	13,853,696	17,696,628
Harmony Gold Mining Co. Ltd., ADR	1,175,918	7,869,047	14,751,913
		<u>49,824,173</u>	<u>66,511,382</u>
<b>TOTAL GLOBAL EQUITIES</b>		<b><u>49,824,173</u></b>	<b><u>66,511,382</u></b>
<b>U.S. EQUITIES (10.26%)</b>			
<b>Materials (10.26%)</b>			
Newmont Corp.	388,672	23,138,603	22,263,231
		<u>23,138,603</u>	<u>22,263,231</u>
<b>TOTAL U.S. EQUITIES</b>		<b><u>23,138,603</u></b>	<b><u>22,263,231</u></b>
<b>DERIVATIVES (-0.33%)</b>			
<b>SHORT POSITIONS (-0.33%)</b>			
<b>U.S. Equity Call Options (-0.01%)</b>			
Newmont Corp., July 2024, \$45.00 USD	(750)	(68,174)	(31,294)
		<u>(68,174)</u>	<u>(31,294)</u>

**Schedule of Investments** (unaudited) (continued)

As at June 30, 2024

Security	Shares/ Contracts	Average Cost	Fair Value
<b>Global Equity Call Options (-0.16%)</b>			
AngloGold Ashanti PLC, July 2024, \$25.00 USD	(900)	(68,963)	(129,281)
AngloGold Ashanti PLC, July 2024, \$26.00 USD	(600)	(29,586)	(49,250)
AngloGold Ashanti PLC, August 2024, \$27.00 USD	(150)	(14,338)	(18,982)
Endeavour Mining PLC, July 2024, \$30.00 CAD	(500)	(31,000)	(24,750)
Endeavour Mining PLC, July 2024, \$31.00 CAD	(500)	(21,000)	(12,000)
Endeavour Mining PLC, July 2024, \$32.00 CAD	(250)	(7,250)	(3,375)
Gold Fields Ltd., ADR, July 2024, \$16.00 USD	(2,000)	(69,118)	(54,722)
Harmony Gold Mining Co. Ltd., ADR, July 2024, \$9.00 USD	(500)	(28,079)	(17,100)
Harmony Gold Mining Co. Ltd., ADR, July 2024, \$10.00 USD	(1,750)	(35,918)	(23,941)
		<u>(305,252)</u>	<u>(333,401)</u>
<b>Canadian Equity Call Options (-0.16%)</b>			
Agnico Eagle Mines Ltd., July 2024, \$94.00 CAD	(300)	(47,400)	(23,400)
Agnico Eagle Mines Ltd., July 2024, \$96.00 CAD	(300)	(20,700)	(12,300)
Alamos Gold Inc., Class 'A', July 2024, \$22.50 CAD	(1,000)	(31,000)	(24,500)
Alamos Gold Inc., Class 'A', July 2024, \$23.00 CAD	(500)	(21,500)	(7,750)
Alamos Gold Inc., Class 'A', August 2024, \$23.50 CAD	(250)	(9,750)	(9,250)
Barrick Gold Corp., July 2024, \$24.00 CAD	(1,000)	(25,000)	(17,500)
Barrick Gold Corp., July 2024, \$24.50 CAD	(1,000)	(32,000)	(9,500)
Eldorado Gold Corp., July 2024, \$16.00 USD	(850)	(33,546)	(17,442)
IAMGOLD Corp., July 2024, \$5.50 CAD	(1,500)	(15,000)	(17,250)
Kinross Gold Corp., July 2024, \$11.00 CAD	(1,000)	(17,000)	(61,500)
Kinross Gold Corp., July 2024, \$11.50 CAD	(3,500)	(42,000)	(112,000)
Pan American Silver Corp., July 2024, \$30.00 CAD	(1,250)	(72,500)	(34,375)
Pan American Silver Corp., July 2024, \$31.00 CAD	(500)	(18,500)	(9,250)
		<u>(385,896)</u>	<u>(356,017)</u>
<b>TOTAL SHORT POSITIONS</b>		<b><u>(759,322)</u></b>	<b><u>(720,712)</u></b>
<b>TOTAL DERIVATIVES</b>		<b><u>(759,322)</u></b>	<b><u>(720,712)</u></b>
Transaction Costs		<u>(450,045)</u>	
<b>TOTAL INVESTMENT PORTFOLIO (100.20%)</b>		<b><u>\$ 176,012,088</u></b>	<b><u>\$ 217,350,068</u></b>
<b>Cash and cash equivalents (0.69%)</b>			1,496,424
<b>Other assets less liabilities (-0.89%)</b>			(1,939,192)
<b>NET ASSETS (100.00%)</b>			<b><u>\$ 216,907,300</u></b>

(See accompanying notes to financial statements)

## Notes to Financial Statements (unaudited)

June 30, 2024

### 1. REPORTING ENTITY

Global X Gold Producer Equity Covered Call ETF (formerly Horizons Gold Producer Equity Covered Call ETF) (“GLCC” or the “ETF”) is an investment trust established under the laws of the Province of Ontario by Declaration of Trust and effectively began operations on April 11, 2011. The address of the ETF’s registered office is: c/o Global X Investments Canada Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

The ETF is offered for sale on a continuous basis by its prospectus in Class E units (“Class E”) which trade on the Toronto Stock Exchange (“TSX”) under the symbol GLCC. An investor may buy or sell units of the ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors are able to trade units of the ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders and may incur customary brokerage commissions when buying or selling units.

GLCC seeks to provide, to the extent possible and net of expenses: (a) exposure to the performance of an index of equity securities of diversified North American listed gold producers (currently, the Solactive North American Listed Gold Producers Index) and (b) monthly distributions of dividend and call option income. To mitigate downside risk and generate income, GLCC will employ a dynamic covered call option writing program.

Global X Investments Canada Inc. is the manager, trustee and investment manager of the ETF (“Global X”, the “Manager” or the “Investment Manager”). The Investment Manager is responsible for implementing the ETF’s investment strategies.

### 2. BASIS OF PREPARATION

#### ***(i) Statement of compliance***

The financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board. Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

These financial statements were authorized for issue on August 9, 2024, by the Board of Directors of the Manager.

#### ***(ii) Basis of measurement***

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

#### ***(iii) Functional and presentation currency***

The financial statements are presented in Canadian dollars, which is the ETF’s functional currency.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

**(a) Financial instruments**

**(i) Recognition, initial measurement and classification**

The ETF is subject to IFRS 9, Financial Instruments (“IFRS 9”) for the classification and measurement requirements for financial instruments, including impairment of financial assets and hedge accounting.

IFRS 9 requires financial assets to be classified based on the ETF’s business model for managing the financial assets and contractual cash flow characteristics of the financial assets. The standard includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss (“FVTPL”). IFRS 9 requires classification of debt instruments, if any, based solely on payments of principal and interests, and business model tests.

The ETF’s financial assets and financial liabilities are managed and its performance is evaluated on a fair value basis. The contractual cash flows of the ETF’s debt securities, if any, consist solely of principal and interest, however, these securities are neither held in held-to-collect, or held-to-collect-and-sell business models in IFRS 9.

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, at fair value (see below), with transaction costs recognized in the statements of comprehensive income. Other financial assets and financial liabilities are recognized on the date on which they are originated at fair value.

The ETF classifies financial assets and financial liabilities into the following categories:

- Financial assets mandatorily classified at FVTPL: debt securities, equity investments and derivative financial instruments
- Financial assets at amortized cost: all other financial assets
- Financial liabilities classified at FVTPL: derivative financial instruments and securities sold short, if any
- Financial liabilities at amortized cost: all other financial liabilities

**(ii) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the ETF has access at that date. The fair value of a liability reflects its non-performance risk.

Investments are valued at fair value as of the close of business on each day upon which a session of the TSX is held (“Valuation Date”) and based on external pricing sources to the extent possible. Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets, or through recognized investment dealers, are valued at their closing sale price. However, such prices may be adjusted if a more accurate value can be obtained from recent trading activity or by incorporating other relevant information that may not have been reflected in pricing obtained from external sources. Short-term investments, including notes and money market instruments, are valued at amortized cost which approximates fair value.

Investments held that are not traded in an active market, including some derivative financial instruments, are valued using observable market inputs where possible, on such basis and in such manner as established by the Manager. Derivative financial instruments are recorded in the statements of financial position according to the gain or loss that would be realized if the contracts were closed out on the Valuation Date. Margin deposits, if any, are included in the schedule of investments as margin deposits. See also, the summary of fair value measurements in note 6.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

Fair value policies used for financial reporting purposes are the same as those used to measure the net asset value (“NAV”) for transactions with unitholders.

The fair value of other financial assets and liabilities approximates their carrying values due to the short-term nature of these instruments.

**(iii) Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

**(iv) Specific instruments**

**Cash and cash equivalents**

Cash and cash equivalents consist of cash on deposit and short-term, interest bearing notes with a term to maturity of less than three months from the date of purchase.

**Forward foreign exchange contracts**

Forward foreign exchange contracts, if any, are valued at the current market value thereof on the Valuation Date. The value of these forward contracts is the gain or loss that would be realized if, on the Valuation Date, the positions were to be closed out and recorded as derivative assets and/or liabilities in the statements of financial position and as a net change in unrealized appreciation (depreciation) of investments and derivatives in the statements of comprehensive income. When the forward contracts are closed out or mature, realized gains or losses on forward contracts are recognized and are included in the statements of comprehensive income in net realized gain (loss) on sale of investments and derivatives. The Canadian dollar value of forward foreign exchange contracts is determined using forward currency exchange rates supplied by an independent service provider.

**Options**

As part of the ETF’s investment strategy, call options are written on the equities in the ETF’s portfolio. The premium received from writing a call option is recorded as a derivative liability in the statements of financial position. These call options are valued at the current market value thereof on the Valuation Date. The difference between the premium received when the option was written and its current market value is recorded as a net change in unrealized appreciation (depreciation) of investments and derivatives in the statements of comprehensive income.

When a written call option expires, the ETF will realize a gain equal to the premium received. When a written option is bought back, the ETF will realize a gain or loss equal to the difference between the cost at which the contract was re-purchased and the premium received. When a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. In all three cases, the gains or losses realized on call option premiums written is recorded as a net realized gain (loss) on sale of investments and derivatives in the statements of comprehensive income.



**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

**Redeemable units**

The redeemable units are measured at the present value of the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units. They are classified as financial liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders.

**(b) Investment income**

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on a weighted average cost basis. The difference between fair value and average cost, as recorded in the financial statements, is included in the statements of comprehensive income as part of the net change in unrealized appreciation (depreciation) of investments and derivatives. Interest income for distribution purposes from investments in bonds and short-term investments represents the coupon interest received by the ETF accounted for on an accrual basis. Dividend income is recognized on the ex-dividend date. Distribution income from investments in other funds or ETFs is recognized when earned.

Income from derivatives is shown in the statements of comprehensive income as net realized gain (loss) on sale of investments and derivatives; net change in unrealized appreciation (depreciation) of investments and derivatives; and, interest income for distribution purposes, in accordance with its nature.

Income from securities lending, if any, is included in "Securities lending income" on the statements of comprehensive income and is recognized when earned. Any securities on loan continue to be displayed in the schedule of investments and the market value of the securities loaned and collateral held is determined daily (see note 7).

If the ETF incurs withholding taxes imposed by certain countries on investment income and capital gains, such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statements of comprehensive income.

**(c) Foreign currency**

Transactions in foreign currencies are translated into the ETF's reporting currency using the exchange rate prevailing on the trade date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the period-end exchange rate. Foreign exchange gains and losses are presented as "Net realized gain (loss) on foreign exchange", except for those arising from financial instruments at fair value through profit or loss, which are recognized as a component within "Net realized gain (loss) on sale of investments and derivatives" and "Net change in unrealized appreciation (depreciation) of investments and derivatives" in the statements of comprehensive income.

**(d) Cost basis**

The cost of portfolio investments is determined on an average cost basis.

**(e) Increase (decrease) in net assets attributable to holders of redeemable units per unit**

The increase (decrease) in net assets per unit in the statements of comprehensive income represents the change in net assets attributable to holders of redeemable units from operations divided by the weighted average number of units of the ETF outstanding during the reporting period.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

**(f) Unitholder transactions**

The value at which units are issued or redeemed is determined by dividing the net asset value of the ETF by the total number of units outstanding of the ETF on the applicable Valuation Date. Amounts received on the issuance of units and amounts paid on the redemption of units are included in the statements of changes in financial position. Orders for subscriptions or redemptions are only permissible on valid trading days, as defined in the ETF's prospectus.

**(g) Amounts receivable (payable) relating to portfolio assets sold (purchased)**

In accordance with the ETF's policy of trade date accounting for sale and purchase transactions, sales/purchase transactions awaiting settlement represent amounts receivable/payable for securities sold/purchased, but not yet settled as at the reporting date.

**(h) Net assets attributable to holders of redeemable units per unit**

Net assets attributable to holders of redeemable units per unit is calculated by dividing the ETF's net assets attributable to holders of redeemable units by the number of units of the ETF outstanding on the Valuation Date.

**(i) Transaction costs**

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and any applicable transfer taxes and duties. Transaction costs are expensed and are included in "Transaction costs" in the statements of comprehensive income.

**(j) Changes in accounting policies**

The Fund adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Manager reviewed the accounting policies and amended the information disclosed in Note 3 as applicable.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In preparing these financial statements, the Manager has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The ETF may hold financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgements and estimates that the ETF has made in preparing the financial statements. See note 6 for more information on the fair value measurement of the ETF's financial instruments.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

**5. FINANCIAL INSTRUMENTS RISK**

In the normal course of business, the ETF's investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks for the ETF's performance by employing professional, experienced portfolio advisors, by daily monitoring of the ETF's positions and market events, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Manager maintains a governance structure that oversees the ETF's investment activities and monitors compliance with the ETF's stated investment strategies, internal guidelines and securities regulations.

Please refer to the most recent prospectus for a complete discussion of the risks attributed to an investment in the units of the ETF. Significant financial instrument risks that are relevant to the ETF, and analysis thereof, are presented below.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the ETF's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**(i) Currency risk**

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF's reporting currency, the Canadian dollar, will fluctuate due to changes in exchange rates and adversely impact the ETF's income, cash flows or fair values of its investment holdings. The ETF may reduce its foreign currency exposure through the use of derivative arrangements such as foreign exchange forward contracts or futures contracts. The following tables indicate the foreign currencies to which the ETF had significant exposure as at June 30, 2024 and December 31, 2023, in Canadian dollar terms and the potential impact on the ETF's net assets (including the underlying principal amount of future or forward currency contracts, if any), as a result of a 1% change in these currencies relative to the Canadian dollar:

<b>June 30, 2024</b>	<b>Financial Instruments</b>	<b>Currency Forward and/or Futures Contracts</b>	<b>Total</b>	<b>Impact on Net Asset Value</b>
<b>Currency</b>	<b>(\$000's)</b>	<b>(\$000's)</b>	<b>(\$000's)</b>	<b>(\$000's)</b>
U.S. Dollar	88,239	–	88,239	882
Total	88,239	–	88,239	882
As % of Net Asset Value	40.7%	0.0%	40.7%	0.4%

<b>December 31, 2023</b>	<b>Financial Instruments</b>	<b>Currency Forward and/or Futures Contracts</b>	<b>Total</b>	<b>Impact on Net Asset Value</b>
<b>Currency</b>	<b>(\$000's)</b>	<b>(\$000's)</b>	<b>(\$000's)</b>	<b>(\$000's)</b>
U.S. Dollar	108,084	–	108,084	1,081
Total	108,084	–	108,084	1,081
As % of Net Asset Value	40.7%	0.0%	40.7%	0.4%

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

**(ii) Interest rate risk**

The ETF may be exposed to the risk that the fair value of future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In general, the value of interest-bearing financial instruments will rise if interest rates fall, and conversely, will generally fall if interest rates rise. There is minimal sensitivity to interest rate fluctuation on cash and cash equivalents invested at short-term market rates since those securities are usually held to maturity and are short term in nature.

As at June 30 2024 and December 31, 2023, the ETF did not hold any long-term debt instruments and did not have any exposure to interest rate risk.

**(iii) Other market risk**

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The Manager has implemented internal risk management controls on the ETF which are intended to limit the loss on its trading activities.

The table below shows the estimated impact on the ETF of a 1% increase or decrease in a broad-based market index, based on historical correlation, with all other factors remaining constant, as at the dates shown. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The historical correlation may not be representative of future correlation.

Comparative Index	June 30, 2024	December 31, 2023
S&P/TSX Composite Index™	\$701,712	\$843,163

**(b) Credit risk**

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the ETF. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, and other receivables. The ETF's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the statements of financial position. The ETF's credit risk policy is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out in the ETF's prospectus and, when necessary, receiving acceptable collateral.

As at June 30, 2024 and December 31, 2023, due to the nature of its portfolio investments, the ETF did not have any material credit risk exposure.

**(c) Liquidity risk**

Liquidity risk is the risk that the ETF will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The ETF's policy and the Investment Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the ETF's reputation. Generally, liabilities of the ETF are due within 90 days. Liquidity risk is managed by investing the majority of the ETF's assets in investments that are traded in an active market and can be readily disposed. The ETF aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the ETF is considered minimal.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

**6. FAIR VALUE MEASUREMENT**

Below is a classification of fair value measurements of the ETF's investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

- Level 1: securities that are valued based on quoted prices in active markets.
- Level 2: securities that are valued based on inputs other than quoted prices that are observable, either directly as prices, or indirectly as derived from prices.
- Level 3: securities that are valued with significant unobservable market data.

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The following is a summary of the inputs used as at June 30, 2024, and December 31, 2023, in valuing the ETF's investments and derivatives carried at fair values:

	June 30, 2024			December 31, 2023		
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)
<b>Financial Assets</b>						
Equities	218,070,780	–	–	265,602,605	–	–
<b>Total Financial Assets</b>	<b>218,070,780</b>	–	–	<b>265,602,605</b>	–	–
<b>Financial Liabilities</b>						
Options	(720,712)	–	–	(1,202,837)	–	–
<b>Total Financial Liabilities</b>	<b>(720,712)</b>	–	–	<b>(1,202,837)</b>	–	–
<b>Net Financial Assets and Liabilities</b>	<b>217,350,068</b>	–	–	<b>264,399,768</b>	–	–

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the period or year shown. In addition, there were no investments or transactions classified in Level 3 for the period ended June 30, 2024, and for the year ended December 31, 2023.

**7. SECURITIES LENDING**

In order to generate additional returns, the ETF is authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with National Instrument 81-102 – *Investment Funds* ("NI 81-102"). Under a securities lending agreement, the borrower must pay the ETF a negotiated securities lending fee, provide compensation to the ETF equal to any distributions received by the borrower on the securities borrowed, and the ETF must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, the ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities. Revenue, if any, earned on securities lending transactions during the year is disclosed in the ETF's statements of comprehensive income.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

The aggregate closing market value of securities loaned and collateral received as at June 30, 2024 and December 31, 2023, was as follows:

As at	Securities Loaned	Collateral Received
June 30, 2024	\$15,779,688	\$16,670,207
December 31, 2023	\$17,986,856	\$19,062,819

Collateral may comprise, but is not limited to, cash and obligations of or guaranteed by the Government of Canada or a province thereof; by the United States government or its agencies; by some sovereign states; by permitted supranational agencies; and short-term debt of Canadian financial institutions, if, in each case, the evidence of indebtedness has a designated rating as defined by NI 81-102.

The table below presents a reconciliation of the securities lending income as presented in the statements of comprehensive income for the periods ended June 30, 2024 and 2023. It shows the gross amount of securities lending revenues generated from the securities lending transactions of the ETF, less any taxes withheld and amounts earned by parties entitled to receive payments out of the gross amount as part of any securities lending agreements.

For the periods ended	June 30, 2024	% of Gross Income	June 30, 2023	% of Gross Income
Gross securities lending income	\$38,266		\$18,636	
Withholding taxes	(591)	1.54%	(3,529)	18.94%
Lending Agents' fees:				
Canadian Imperial Bank of Commerce	(15,068)	39.38%	(6,042)	32.42%
<b>Net securities lending income paid to the ETF</b>	<b>\$22,607</b>	<b>59.08%</b>	<b>\$9,065</b>	<b>48.64%</b>

**8. REDEEMABLE UNITS**

The ETF is authorized to issue an unlimited number of redeemable, transferable Class E units each of which represents an equal, undivided interest in the net assets of the ETF. Each unit entitles the owner to one vote at meetings of unitholders. Each unit is entitled to participate equally with all other units with respect to all payments made to unitholders, other than management fee distributions, whether by way of income or capital distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to units of that class of the ETF. All units will be fully paid and non-assessable, with no liability for future assessments, when issued and will not be transferable except by operation of law.

The redeemable units issued by the ETF provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the ETF's net assets at each redemption date. They are classified as liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders. The ETF's objectives in managing the redeemable units are to meet the ETF's investment objective, and to manage liquidity risk arising from redemptions. The ETF's management of liquidity risk arising from redeemable units is discussed in note 5.

On any valid trading day, as defined in the ETF's prospectus, unitholders of the ETF may (i) redeem units of the ETF for cash at a redemption price per unit equal to 95% of the closing price for units of the ETF on the TSX on the effective day of the redemption, where the units being redeemed are not equal to a prescribed number of units ("PNU") or a multiple PNU; or (ii) redeem, less any applicable redemption charge as determined by the Manager in its sole discretion from time to time, a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of units.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

Units of the ETF are issued or redeemed on a daily basis at the net asset value per security that is determined as at 4:00 p.m. (Eastern Time) each business day. Purchase and redemption orders are subject to a 9:30 a.m. (Eastern Time) cut-off time.

The ETF is required to distribute any net income and capital gains that it has earned in the period. Income earned by the ETF is distributed to unitholders at least once per year, if necessary, and these distributions are either paid in cash or reinvested by unitholders into additional units of the ETF. Net realized capital gains, if any, are typically distributed in December of each year to unitholders. The annual capital gains distributions are not paid in cash but rather, are reinvested and reported as taxable distributions and used to increase each unitholder's adjusted cost base for the ETF. Distributions paid to holders of redeemable units are recognized in the statements of changes in financial position.

Please consult the ETF's most recent prospectus for a full description of the subscription and redemption features of the ETF's units.

For the periods ended June 30, 2024 and 2023, the number of units issued by subscription and/or distribution reinvestment, the number of units redeemed, the total and average number of units outstanding was as follows:

Period	Beginning Units Outstanding	Units Issued	Units Redeemed	Ending Units Outstanding	Average Units Outstanding
2024	11,212,910	2,314,043	(4,975,000)	8,551,953	9,466,556
2023	9,015,303	3,134,899	(1,725,000)	10,425,202	9,837,141

**9. EXPENSES**

**Management fees**

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.65%, plus applicable sales taxes, of the net asset value of the ETF's units, calculated and accrued daily and payable monthly in arrears. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

**Other expenses**

Unless otherwise waived or reimbursed by the Manager, the ETF pays all of its operating expenses, including but not limited to: audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; fees payable to CDS Clearing and Depository Services Inc.; bank related fees and interest charges; extraordinary expenses; unitholder reports and servicing costs; registrar and transfer agent fees; costs associated with the Independent Review Committee; income taxes; sales taxes; brokerage expenses and commissions; withholding taxes; and fees payable to service providers in connection with regulatory compliance and tax matters in foreign jurisdictions.

The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.

**10. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS**

Brokerage commissions paid on securities transactions may include amounts paid to related parties of the Manager for brokerage services provided to the ETF.

Research and system usage related services received in return for commissions generated with specific dealers are generally referred to as soft dollars.

Brokerage commissions paid to dealers in connection with investment portfolio transactions, soft dollar transactions incurred and amounts paid to related parties of the Manager, if any, for the periods ended June 30, 2024 and 2023, were as follows:

Period Ended	Brokerage Commissions Paid	Soft Dollar Transactions	Amount Paid to Related Parties
June 30, 2024	\$412,004	\$nil	\$nil
June 30, 2023	\$398,337	\$nil	\$nil

In addition to the information contained in the table above, the management fees paid to the Manager described in note 9 are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statements of comprehensive income. The management fees payable by the ETF as at June 30, 2024, and December 31, 2023 are disclosed in the statements of financial position.

The ETF may invest in other ETFs managed by the Manager or its affiliates, in accordance with the ETF's investment objectives and strategies. Such investments, if any, are disclosed in the schedule of investments.

**11. INCOME TAX**

The ETF has qualified as a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act") and accordingly, is not taxed on the portion of taxable income that is paid or allocated to unitholders. As well, tax refunds (based on redemptions and realized and unrealized gains during the year) may be available that would make it possible to retain some net capital gains in the ETF without incurring any income taxes.



**Notes to Financial Statements** (unaudited) (continued)

June 30, 2024

**12. TAX LOSSES CARRIED FORWARD**

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Non-capital losses carried forward may be applied against future years' taxable income. Non-capital losses that are realized in the current taxation year may be carried forward for 20 years. As at December 31, 2023, the ETF had net capital losses and/or non-capital losses, with the year of expiry of the non-capital losses as follows:

Net Capital Losses	Non-Capital Losses	Year of Expiry of the Non-Capital Losses
\$17,000,746	–	–

**13. OFFSETTING OF FINANCIAL INSTRUMENTS**

In the normal course of business, the ETF may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. As at June 30, 2024, and December 31, 2023, the ETF did not have any financial instruments eligible for offsetting.

**14. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES**

The ETF may invest in units of other ETFs as part of its investment strategies ("Investee ETF(s)"). The nature and purpose of these Investee ETFs generally, is to manage assets on behalf of third party investors in accordance with their investment objectives, and are financed through the issue of units to investors.

In determining whether the ETF has control or significant influence over an Investee ETF, the ETF assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. In instances where the ETF has control over an Investee ETF, the ETF qualifies as an investment entity under IFRS 10 - *Consolidated Financial Statements*, and therefore accounts for investments it controls at fair value through profit and loss. The ETF's primary purpose is defined by its investment objectives and uses the investment strategies available to it as defined in the ETF's prospectus to meet those objectives. The ETF also measures and evaluates the performance of any Investee ETFs on a fair value basis.

Investee ETFs over which the ETF has control or significant influence are categorized as subsidiaries and associates, respectively. All other Investee ETFs are categorized as unconsolidated structured entities. Investee ETFs may be managed by the Manager, its affiliates, or by third-party managers.

Investments in Investee ETFs are susceptible to market price risk arising from uncertainty about future values of those Investee ETFs. The maximum exposure to loss from interests in Investee ETFs is equal to the total fair value of the investment in those respective Investee ETFs at any given point in time. The fair value of Investee ETFs, if any, are disclosed in investments in the statements of financial position and listed in the schedule of investments. As at June 30, 2024 and December 31, 2023, the ETF had no exposure to subsidiaries, associates or unconsolidated structured entities.

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