



# Global X Global X S&P/TSX 60 Covered Call ETF (CNCC)

## Market Overview

Canadian equities as measured by the S&P/TSX Capped Composite Index, returned -0.53% in the second quarter. The significant positive performing sectors were Materials and Consumer Staples; Health Care, Real Estate and Information Technology were the sectors that had significant negative performance.

In its most recent decision in June, 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 Canadian Consumer Price Index (CPI), came in at 2.9% on a year-over-year basis in May. While inflation remains above the 2% target set by the BoC, it has steadily declined from 3.4% in December.

The price of oil, as measured by West Texas Intermediate (WTI), returned -1.96% for the quarter trading at US\$81.54 per barrel by the end of June. Gold prices rose by 4.34% breaking the US\$2,400 level this quarter, ending at \$US2,326 per ounce at the end of June 2024. This was largely driven by central banks continuing to buy gold, increased inflows from Asia-Pacific asset owners, consumer demand and geopolitical uncertainty.

## Quarter in Review

During the second quarter of 2024, the top three performing stocks within the Global X S&P/TSX 60 Index ETF (CNDX) which is held by CNCC were Kinross Gold Corp 37.57%, First Quantum Minerals Ltd 23.01%, and Dollarama Inc 21.15%. The bottom three performing stocks were Magna International Inc. -21.52%, Open Text Corp -21.17%, and Shopify Inc -13.9%.

CNCC benefited from broad market volatility as markets navigated the various risks that impacted equities during the second quarter of 2024. This benefited the ETF as higher volatility allows the ETF to generate higher premiums on the options it sells, thereby increasing the distributions that the fund 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 and Positioning

For the remaining 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 XIU or CNDX. In the second quarter of the year, the fund wrote slightly out-of-the-money (OTM) options on the iShares S&P/TSX 60 Index ETF and/or the Global X S&P/TSX 60 Index ETF, which yielded an average annual rate of 5.9%. The premiums generated from the option writing strategy have declined slightly over the last 12 months and may remain at similar levels for the rest of the year.



Effective June 24, 2022, the investment objectives of the Global X S&P/TSX 60 Covered Call ETF (“CNCC”) (formerly Horizons Canadian Large Cap Equity Covered Call ETF), were changed following receipt of the required unitholder and regulatory approvals, to seek to provide exposure to the performance of the large-cap segment of the Canadian equity market and to employ a dynamic covered call option writing program. Previously, the ETF sought exposure to an underlying equal-weight equity portfolio and generally wrote covered call options on generally 100% of portfolio securities. For more information, please refer to the disclosure documents of the ETFs on [www.GlobalX.ca](http://www.GlobalX.ca).

Commissions, management fees and expenses all may be associated with an investment in Global X S&P/TSX 60 Covered Call ETF (“CNCC” or the “ETF”) managed by Global X Investments Canada Inc. The ETF is not guaranteed, its value changes frequently and past performance may not be repeated. The prospectus contains important detailed information about the ETF. **Please read the relevant prospectus before investing.**

Standard & Poor’s® and “S&P®” are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”) and have been licensed for use by Global X Investments Canada Inc. (“Global X”). The Global X ETFs are not sponsored, endorsed, sold or promoted by S&P, and S&P makes no representation, warranty or condition regarding the advisability of buying, selling or holding units/shares in the Global X ETFs.

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

This communication is intended for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to purchase investment products (the “Global X Funds”) managed by Global X Investments Canada Inc. and is not, and should not be construed as, investment, tax, legal or accounting advice, and should not be relied upon in that regard. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies. These investments may not be suitable to the circumstances of an investor.

All comments, opinions and views expressed are generally based on information available as of the date of publication and should not be considered as advice to purchase or to sell mentioned securities. **Before making any investment decision, please consult your investment advisor or advisors.**

Global X Investments Canada Inc. (“Global X”) is a wholly-owned subsidiary of Mirae Asset Global Investments Co., Ltd. (“Mirae Asset”), the Korea-based asset management entity of Mirae Asset Financial Group. Global X is a corporation existing under the laws of Canada and is the manager, investment manager and trustee of the Global X Funds.

Published August XX, 2024