



Global X Enhanced Canadian Oil And Gas Equity Covered Call ETF (ENCL)

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.

The energy stocks in ENCC shared with the Solactive Equal Weight Canada Oil & Gas Index, continued their positive performance for the year by returning 1.13% in the second quarter. This has been a strong first half in 2024 returning 15.73% year-to-date.

The second quarter saw mixed results with half of the index constituents down. Only ARC Resources, Cenovus Energy, Enbridge, Imperial Oil, Suncor Energy, and TC Energy beat their respective consensus estimates for quarterly earnings.

Quarter in Review

The fund targets 125% exposure to the Global X Canadian Oil and Gas Equity Covered Call ETF (ENCC) before funding fees and therefore, results in the same equity and option exposure as ENCC.

Please reference the ENCC Management Report of Fund Performance for its Portfolio Review.

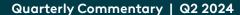
Outlook and Positioning

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 the underlying stocks held by the ETF. In the second quarter of the year, the underlying fund (ENCC) wrote slightly out-of-the-money (OTM) options on each of its underlying securities, which yielded an average annual rate of 4.2%. Given the fund's 1.25x exposure to the underlying fund, it generated an annualized yield of approximately 5.2% on average before expenses. The premiums generated from the option writing strategy have declined over the last 12 months and may remain at similar levels for the rest of the year.



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ENCL (or the "Enhanced ETF") is an alternative mutual fund within the meaning of NI 81-102 and is permitted to use strategies generally prohibited by conventional mutual funds, such as the ability to invest more than 10% of the Enhanced ETF's net asset value in securities of a single issuer, the ability to borrow cash and to employ leverage. While these strategies will only be used in accordance with the applicable investment objectives and strategies of the Enhanced ETFs, during certain market conditions they may accelerate the risk that an investment in units of such Enhanced ETF decreases in value.

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