



# Global X Gold Producer Equity Covered Call ETF (GLCC)

## Market Overview

Spot gold returned -1.96% for the second quarter. For the year to date, gold is still up 12.79%, trading at US\$2,326 per ounce at the end of the first half of 2024. Bullion rose on the back of elevated geopolitical risks in both the Middle East and Eastern Europe. U.S. 10-year Treasury yields finished the quarter near 4.4% after reaching a peak of 4.7% near the end of April. With the pending U.S. presidential election, the market has currently priced in multiple Federal Reserve rate cuts for 2024.

As with gold, commodities in general have experienced a volatile quarter, with the Bloomberg Commodity Index up 2.38%. Mixed monetary policy signals from global central banks have been curbed by hotter-than-expected inflation data so far in 2024. These broader market sentiments have made gold an attractive investment to hedge against upcoming uncertainties.

The gold stocks in GLCC shared with the Solactive North American Listed Gold Producers Index, returned 12.42% in the second quarter of 2024.

This period saw positive results with all the reporting index members beating their respective consensus estimates for quarterly earnings.

## Quarter in Review

During the second quarter of 2024, the top three performing stocks were Kinross Gold Corp 37.57%, Pan American Silver Corp 33.77%, and Newmont Corp 17.55%. The bottom three performing stocks were Equinox Gold Corp -13.12%, Gold Fields Ltd -6.23%, and Barrick Gold Corp 1.88%.

The portfolio benefited from broad market volatility as markets navigated the various risks that impacted equities during the second quarter of 2024. This benefited the fund as higher volatility allows the fund 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 the underlying stocks held by the ETF. In the second quarter of the year, the fund 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.



Effective June 24, 2022, the investment objectives of the Global X Gold Producer Equity Covered Call ETF ("GLCC") (formerly Horizons Gold Producer Equity Covered Call ETF), were changed following receipt of the required unitholder and regulatory approvals, to seek to provide exposure to the performance of an index of equal-weighted equity securities of diversified North American listed gold producers (currently, the Solactive North American Listed Gold Producers Index) 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 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 Gold Producer Equity Covered Call ETF ("GLCC" or the "ETF") (formerly Horizons Gold Producer Equity Covered Call 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.**

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