



Global X NASDAQ-100 Covered Call ETF (QQCC)

Market Overview

During the second quarter of 2024, U.S. equities (as measured by the S&P 500 Index) were up 4.28%. Hotter-than-expected inflation data in April put pressure on markets, threatening the soft-landing narrative. Nonetheless, solid earnings in several sectors alongside big tech helped to recoup those losses to end the month and continued the rally into the end of the quarter.

In contrast with April, economic data released in May suggested that some progress is being made towards the U.S. Federal Reserve's (Fed's) goal of combatting inflation while the economy at large remains stable. Cooling inflation readings in both May and June were supported by easing labour markets and lower-than-anticipated Gross Domestic Product growth. This contributed to some of the dovish language in Fed Chair Jerome Powell's press conference in June, further driving equity markets upwards towards the end of the first half of 2024. Markets currently price in 1.77 rate cuts for the remainder of the year, but per the Fed's language, this may change depending on how price, labour, and spending data evolves during the year.

The theme for the second quarter was not significantly different from that seen in the first quarter. Economic data supported that a soft landing remains a possibility, boosting broad market optimism. Technology names continued to drive a significant portion of equity market growth on the back of the hype surrounding Artificial Intelligence (AI). What remains to be seen is a combination of whether the trend in optimistic economic data continues, and whether other sectors will be able to support the growth in broad equities currently dominated by the Technology sector.

Quarter in Review

During the second quarter of 2024, the top three performing stocks within the Global X NASDAQ-100 Index ETF (QQQX) which is held by QQCC were NVIDIA Corp 36.74%, ARM Holdings PLC 30.91%, and Apple Inc. 22.99%. The bottom three performing stocks were Walgreens Boots Alliance Inc -43.45%, MongoDB Inc -30.3%, and Intel Corp -29.6%.

QQCC benefited from broad market volatility as markets navigated the various risks that impacted equities during the second quarter. 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 NDX. In the second quarter of the year, the fund wrote slightly out-of-the-money (OTM) options on the NASDAQ Index, which yielded an average annual rate of 8.0%. 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.



Effective June 24, 2022, the investment objectives of the Global X NASDAQ-100 Covered Call ETF ("QQCC") (formerly Horizons NASDAQ-100 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 the largest domestic and international nonfinancial companies listed on the NASDAQ stock market (currently, the NASDAQ-100® 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.

Commissions, management fees and expenses all may be associated with an investment in Global X NASDAQ-100 Covered Call ETF ("QQCC" 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 Global X Funds. **Please read the relevant prospectus before investing.**

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