



Horizons Equal Weight Canadian Bank Covered Call ETF (BKCC)

Market Overview

Canadian equities, as measured by the S&P/TSX Capped Composite Index, returned 6.76% in the first quarter (Q1) of 2024. The significant positive performing sectors were Industrials, Information Technology, and Energy, while the bottom 3 performing sectors were Real Estate, Consumer Staples and Consumer Discretionary.

The Bank of Canada (BoC) held its target overnight interest rate at 5% as it continued its quantitative tightening policy. In the fourth quarter (Q4) of 2023, the economy grew more than expected although still being below its long-run potential. Inflation as measured by the Consumer Price Index (CPI) eased to 2.9% in January, and the BoC expects inflation to remain at this level for the first half of the year before easing. It is seeking further easing in core inflation as it continues to work towards its goal of restoring price stability.

Although initially trending downwards, Canadian bank stocks took an upward turn toward the second part of the quarter; the Solactive Equal Weight Canada Banks Index returned 6.77% over the period. Most of Canada's big banks posted solid Q1 earnings except for BMO, which missed both revenue and earnings per share (EPS) expectations.

Quarter in Review

During (Q1), the top three performing stocks were the National Bank of Canada (12.93%), the Bank of Nova Scotia (10.45%), and the Canadian Imperial Bank of Commerce (9.11%). The bottom three performing stocks were Toronto-Dominion Bank (-3.35%), Bank of Montreal (-0.97%), and Royal Bank of Canada (-3.02%).

Outlook and Positioning

Into the next quarter, 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 Q1, the fund wrote slightly out-of-the-money (OTM) options on each of its underlying securities, which yielded roughly 8% each month for Q1. The premiums generated from the option writing strategy have remained steady for the last year and may continue for the next quarter.

The investment objectives of the Horizons Equal Weight Canadian Bank Covered Call ETF ("BKCC") (formerly Horizons Enhanced Income Financials ETF ("HEF") were changed following receipt of the required unitholder and regulatory approvals. The new ticker began trading on the TSX on June 27, 2022. 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 Horizons Equal Weight Canadian Bank Covered Call ETF ("BKCC" or the "ETF") managed by Horizons ETFs Management (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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