



Horizons Gold Producer Equity Covered Call ETF (GLCC)

Market Review

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, the North American Gold Producers took an upward turn towards the end of February. The Solactive North American Listed Gold Producers Index returned 12.90% over the period. Only six of the top gold producers posted solid first-quarter earnings; Gold Fields, Barrick, B2Gold, Endeavour, Equinox Gold, and Pan American Silver all failed to beat their respective consensus estimates.

Quarter in Review

During Q1, the top three performing stocks were IAMGOLD Corp. (35.33%), Harmony Gold Mining Co. Ltd. (32.85%), and Equinox Gold Corp (23.11%). The bottom three performing stocks were B2Gold Corp (-14.01%), Newmont Corp (-12.76%), and Barrick Gold Corp (-5.23%).

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 6.9% each month for Q1. The premiums generated from the option writing strategy have remained steady for the last 8 months and may continue for the next quarter.

The investment objectives of the Horizons Gold Producer Equity Covered Call ETF ("GLCC") (formerly Horizons Enhanced Income Gold Producers ETF ("HEP")) 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 Gold Producer Equity Covered Call ETF ("GLCC" 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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