



Horizons Enhanced Canadian Large Cap Equity Covered Call ETF (CNCL)

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.

Quarter in Review

The fund targets 125% exposure to the Horizons Canadian Large Cap Equity Covered Call ETF (CNCC) (*currently known as Global X S&P/TSX 60 Covered Call ETF*) before funding fees and therefore, results in the same equity and option exposure as CNCC.

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

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 XIU or HXT. In Q1, the fund wrote slightly out-of-the-money (OTM) options on the iShares S&P/TSX 60 Index ETF and/or the Horizon S&P/TSX 60 Index ETF (*currently known as Global X S&P/TSX 60 Index Corporate Class ETF*), which yielded roughly 5.4% 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.

Commissions, management fees and expenses all may be associated with an investment in the Horizons Enhanced Canadian Large Cap Equity Covered Call ETF ("CNCL" 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. Certain Horizons Exchange Traded Products may have exposure to leveraged investment techniques that magnify gains and losses and which may result in greater volatility in value and could be subject to aggressive investment risk and price volatility risk. Such risks are described in the prospectus. The prospectus contains important detailed information about the Horizons Exchange Traded Products. **Please read the relevant prospectus before investing.**

CNCL (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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