CNCC

Horizons Canadian Large Cap Equity Covered Call ETF

ETF Snapshot

Generate Monthly Income From Canada's Largest Companies

The Horizons Canadian Large Cap Equity Covered Call ETF ("CNCC") is a covered call ETF that gives investors exposure to a portfolio of the largest and most liquid Canadian equity market stocks listed and then uses a covered call strategy to help generate additional income on the portfolio.

Canada's largest and most liquid companies typically trade on the Toronto Stock Exchange, with many offering some level of income through dividend yield. A covered call strategy is a way to potentially further increase that income stream substantially through the use of covered calls that can help generate an income premium.

CNCC seeks to provide: (a) exposure to the performance of the large-cap segment of the Canadian equity market; and (b) monthly distributions of dividend and call option income. To mitigate downside risk and generate income, CNCC will employ a dynamic covered call option writing program.

‡Annual management fee reduced from 0.65% to 0.39%, effective July 6, 2023

Effective June 24, 2022, the investment objectives of the Horizons Canadian Large Cap Equity Covered Call ETF ("CNCC"), (formerly Horizons Enhanced Income Equity ETF ("HEX")) were changed following receipt of the required unitholder and regulatory approvals. The ETF began trading under its new ticker symbol on June 27, 2022. For more information, please refer to the disclosure documents of CNCC on www.HorizonsETFs.com.

Name:
Horizons Canadian Large Cap Equity Covered Call ETF

Launch Date:
March 16, 2011

Ticker:
CNCC

Management Fee: ‡
0.39% (Plus applicable Sales Tax)

Investment Manager:
Horizons ETFs Management (Canada) Inc.

Currency:
CAD

Currency Hedged:
No

Distributions:
Monthly, if any

Eligibility:
All registered and non-registered investment accounts

DRIP Eligibility:
Yes

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Key Features

Generating Income from Covered Calls

For stock investors, using a covered call writing strategy can be an effective way to create monthly income from a stock portfolio and potentially mitigate downside risk in their portfolio relative to large cap Canadian equities.

An investor who chooses to utilize a covered call strategy limits some of the upside potential gains that could be generated from the underlying stock portfolio in exchange for earning a higher income – in the form of call premium – earned from selling call options on those stocks.

This strategy effectively allows investors to earn immediate income from the underlying portfolio that should be relatively higher than what would've been generated by simply holding the stocks. It does not mean that a higher return will necessarily be generated through the covered call strategy, but the investor can use this strategy to generate monthly income from a stock portfolio either to meet a potential income target or to diversify sources of income in their broader asset allocation.

It is important to note that CNCC invests in its own portfolio of equity securities, which means if the value of the underlying securities held by CNCC declines, the price value of CNCC would also be expected to decline.

A covered call ETF investor can expect to participate in some, but not all, of the prospective growth of the underlying stocks while potentially earning an attractive monthly distribution from call option premiums and dividends.

Key Features:

- Direct exposure to some of the largest and most liquid stocks listed in Canada
- Uses a dynamic call writing approach, which seeks to generate income and reduce downside risk.
- Options are written out-of-the-money in order to preserve more of the upside potential growth of the underlying stocks
- Call premiums are taxed as capital gains

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Covered Call Strategy

How a Covered Call Strategy Can Typically Be Expected to Perform in the Following Markets

Historically, during bear markets and range-bound markets, a covered call strategy generally tends to outperform its underlying securities. During powerful bull markets, when the underlying securities may rise more frequently through their strike prices, covered call strategies historically have lagged. Even during these bull market periods, however, investors would still generally have earned moderate capital appreciation, plus any dividends and call premiums.

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To learn more, please visit **www.HorizonsETFs.com/ETF/CNCC**

HORIZONS ETFs by Mirae Asset