

### General Market Review

Spot gold price demonstrated weakness in Q3 2023. After breaking the USD1,900 key level, the bullion closed at USD1,848.63 on September 29<sup>th</sup>.

Considered another safe haven asset, US treasuries also encountered headwinds. The 10-year treasury yield has risen from 3.84% on June 30<sup>th</sup> to 4.57% on September 29<sup>th</sup>, pushing it to the highest level since 2007.

While the demand for gold has softened, the USD gained 3.17% from other currencies as measured by the DXY U.S. Dollar Index.

Gold Stocks were under pressure in Q3 2023; Solactive North American Listed Gold Producers Index gave up more than 10% during the quarter, despite maintaining a relatively flat position in the first half of 2023. Gold miners' performance struggled with the strengthening USD and continued U.S. treasuries sell-off. The broader markets in both the U.S. and Canada also posted negative returns, with the S&P 500, and S&P TSX60 losing 2.55% and 3.65% respectively.

Shortly after the end of Q3 2023, the military conflict that started between Israel and Hamas increased tensions around the world alongside the ongoing Russia-Ukraine war. Gold bullion is expected to become more popular with investors seeking a hedge for global geopolitical risk.

### Portfolio Review

Although historically viewed as an inflation hedge, spot gold performance has been inconsistent in the current environment partially due to the strong U.S. dollar and rising U.S. treasury yields. However, the covered call strategy of HGY provides investors with an additional layer of income and serves as an attractive choice to hedge geopolitical risk.

### Outlook and Positioning

With the U.S. Federal Reserve coming to a hawkish pause in its interest rate hike cycle, markets have priced in rate cuts starting from the first half of 2024. When U.S. treasury yields begin to cool down, investors might find a favourable position in gold to bet against a potentially weakening U.S. dollar. As intensive geopolitical risk still persists in both the Middle East and Eastern Europe, gold will continue to provide diversification benefits in the near future.

# HGY Quarterly Commentary

Horizons Gold Yield ETF (HGY)

Q3 2023



Commissions, management fees and expenses all may be associated with an investment in Horizons Gold Yield ETF (“HGY” 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.**

Certain statements may constitute a forward-looking statement, including those identified by the expression “expect” and similar expressions (including grammatical variations thereof). The forward-looking statements are not historical facts but reflect the author’s current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking statements. These forward-looking statements are made as of the date hereof and the authors do not undertake to update any forward-looking statement that is contained herein, whether as a result of new information, future events or otherwise, unless required by applicable law.

This communication is intended for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to purchase exchange traded products (the “Horizons Exchange Traded Products”) managed by Horizons ETFs Management (Canada) Inc. and is not, and should not be construed as, investment, tax, legal or accounting advice, and should not be relied upon in that regard. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies. These investments may not be suitable to the circumstances of an investor.

All comments, opinions and views expressed are generally based on information available as of the date of publication and should not be considered as advice to purchase or to sell mentioned securities. Before making any investment decision, please consult your investment advisor or advisors.