

Best Covered Call ETFs in Canada 2024: Earn High Yields With Call Options

Covered calls are a fairly advanced options strategy traders use to earn premiums from selling call option contracts.

A call option is a derivative contract that gives the option the right, but not the obligation, to purchase a stock at a certain price by a specific date.

The covered call strategy requires you to own at least 100 shares of a stock. You can then sell call options for the underlying stock to collect a premium from the contracts. Selling a call option means you are hoping that the underlying stock's price remains below the option's strike price.

They are called covered calls because if the price rises above the strike price, the call option buyer can exercise the contract. You would then have to sell that buyer your 100 shares at the option's strike price.

Covered calls have proven to be an excellent way to produce additional income for your [portfolio](#), especially if the strike price for the option is at the money.

Top Canadian Covered Call ETFs

This article covers ten Canadian covered call ETFs you can consider for your portfolio.

- BMO Covered Call Canadian Banks ETF (ZWB.TO)
- CI Energy Giants Covered Call ETF (NXF.TO)
- BMO Canadian High Dividend Covered Call ETF (ZWC.TO)
- Purpose Healthcare Innovation Yield Fund ETF (HEAL.TO)
- Horizons Equal Weight Canadian Bank Covered Call ETF (HEF.TO)
- CI HealthCare Giants Covered Call ETF (FHI.TO)
- BMO US High Dividend Covered Call ETF (ZWH.TO)
- Purpose Investments Tesla Yield Shares ETF (YTSL.TO)
- Horizons Canadian Large Cap Equity Covered Call ETF (HEX.TO)
- Horizons NASDAQ-100 Covered Call ETF (HEJ.TO)

BMO Covered Call Canadian Banks ETF (ZWB)

Here are some key facts for ZWB:

- Net Assets: \$2.88 billion
- Distribution Yield: 7.70%
- Distribution Frequency: Monthly
- 52-week Price Range: \$17.10 – \$20.03
- 5-Year Annual Average Return: 4.30%
- MER: 0.71%

ZWB is a BMO covered call ETF that sells covered calls against long positions in the [major Canadian banks](#).

As its name suggests, ZWB holds stock positions in the [major Canadian banks](#), including BMO, RBC, National Bank, Toronto Dominion, CIBC, and the Bank of Nova Scotia. It also

