# Global X ETFs

# Income Suite

Q3 2022

# About Us

*"Global X was founded in 2008 with the mission of listening to and empowering clients to invest wisely in unexplored and intelligent solutions. It's a mission and responsibility that has endured for more than a decade, and one we carry forward each day through…"*

-Luis Berruga, CEO

**Our Business**

- Exchange-Traded Funds (ETFs)
- Research & Insights
- ETF Model Portfolios
- Practice Management Tools

**Our Team**

A diverse collection of more than 100 financial professionals, representing more than five native languages and ten nationalities, bringing together hundreds of years of industry experience

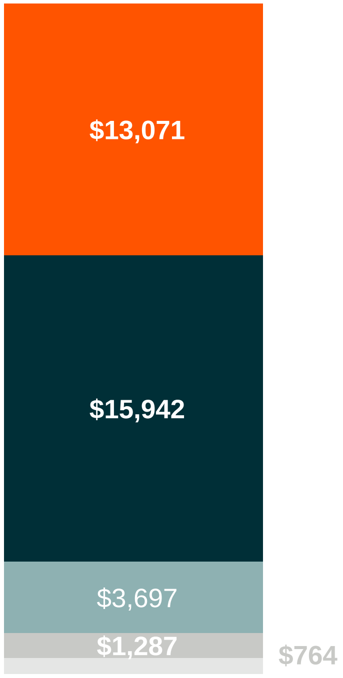
**Our Partners**

- Global Perspective & Reach
- World-renowned Index Providers & Exchanges

GLOBAL X by Mirae Asset

# Global X Overview: ~$34.84bn in AUM across 96 ETFs

**AUM ($mil) by Fund Family as of 09/30/2022**




| | | |
|---|---|---|
| **Thematic Growth**<br>36 ETFs | Targeting companies that may be poised to benefit from structural shifts in technology, people and demographics, and infrastructure development. |
| **Income**<br>21 ETFs | Offering solutions for investors seeking to increase or diversify the yield potential of their portfolio. |
| **Commodities**<br>4 ETFs | Seeking to align opportunities for exposure to natural resources across a variety of areas, but chiefly in metals, mining, and agriculture. |
| **Other Strategies**<br>6 ETFs | Includes strategies that have a goal of delivering market-beating total returns, strategies that seek to invest in well-managed companies, and strategies that seek to invest in companies aligned with faith-based values. |
| **International Access**<br>22 ETFs | Including targeted sector exposure to China, along with single-country and regional strategies. |
| **Risk Management**<br>7 ETFs | Aiming to lessen volatility or mitigate the extent of market drawdowns. |

GLOBAL X by Mirae Asset

# Why Investors Should Consider Alternative Income Sources

# Three challenges to constructing income portfolios

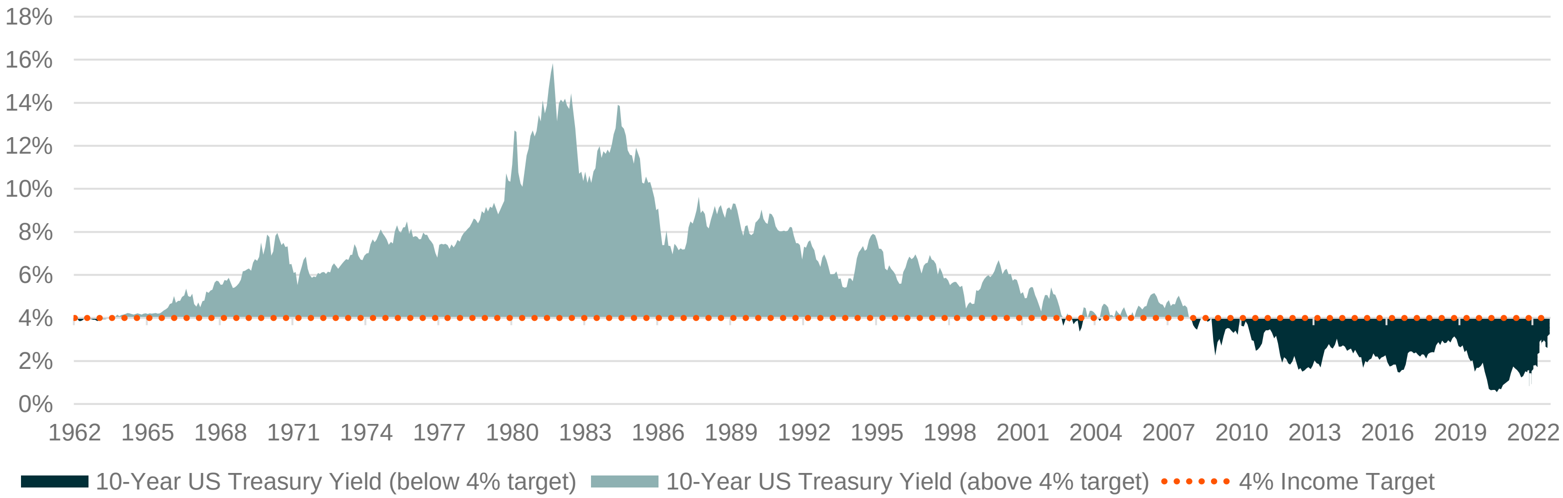
| Challenges | Potential Solutions |
|---|---|
| 1 Rising interest rates can affect investor portfolios that are sensitive to duration risk. | Targeted exposure to higher yielding asset classes/strategies |
| 2 Increased longevity requires retirement assets to generate both income and growth | Equity-like investments that pay distributions and allow for growth of principal |
| 3 Concentration risk with portfolios allocating to just a handful of higher-yielding strategies/asset classes | Differentiated exposures that present unique sources of risk & return |

# Traditional fixed income investments are producing historically low yields

- Since 1962, 10-year US Treasuries have averaged a yield of 3.31%
- 10-year Treasuries have failed to deliver >4% yield for more than a decade
- Low government bond yields reduce yields across the fixed income landscape, forcing investors to take greater risks in an attempt to achieve their yield targets

## 10 Year US Treasury Yield vs. 4% Income Target (Jan 1962 –Sep 2022)

*Source: Federal Reserve Economic Data*

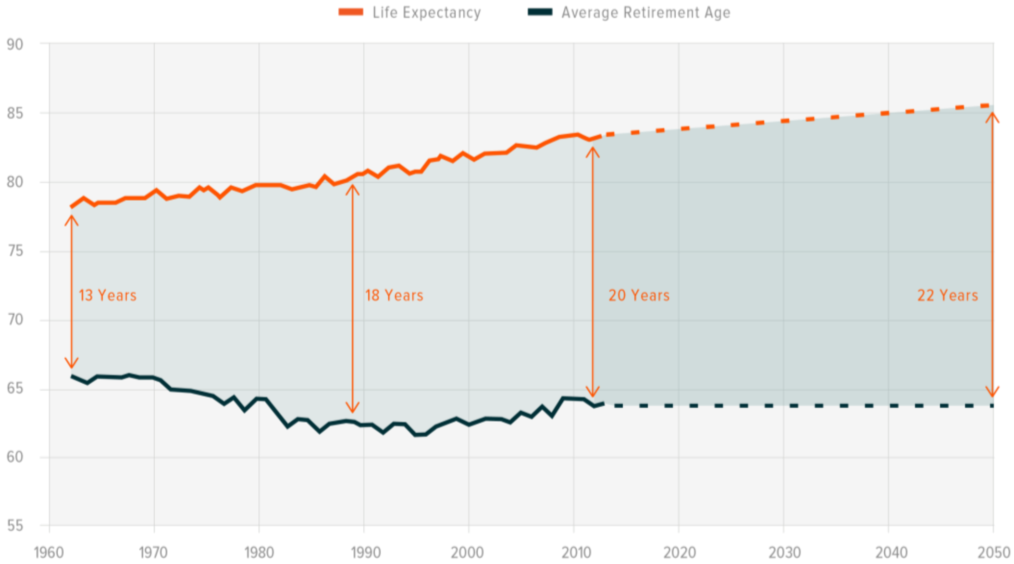


# An ageing population makes growth an important piece of an income portfolio

- With life expectancy rising, retirees may need to depend on their savings for over 20 years. This increases longevity risk – the chance that seniors outlive their savings
- To mitigate this risk, investors will increasingly look to incorporate investments with both income *and growth* characteristics in retirement portfolios

## Average Years in Retirement for Men, 1962 – 2050

*Source: Boston College Magazine, Spring 2015. Projected data is illustrated for the period 2014 – 2050.*



# Diversification across asset classes remains key, despite seemingly few sources of high yield

- Simple diversification between traditional fixed income and equities (such as a 60/40 portfolio) may not be effective under various economic scenarios
- In an attempt to reduce risk, investors may need to consider further sources of diversification by utilizing uncorrelated asset classes and strategies

| | Economy Expanding | Economy Slowing | Economy Contracting |
|---|---|---|---|
| Rates Rising | Equities, particularly cyclicals and higher beta names, would likely perform well due to expanding corporate profits.<br><br>Fixed income performance would be more mixed. Corporates and other risk assets could perform well as credit spreads contract, but long duration fixed income would face headwinds. | Equities can still benefit from economic growth, but with potential for higher volatility as the market prices in a slowdown.<br><br>Spreads could start widening, potentially detracting from credit. Duration-focused fixed income would likely face headwinds. | This scenario is bad for equities and fixed income, particularly in the current environment.<br><br>If the global economy falls into recession with interest rates so low globally, questions would arise about whether central banks have sufficient levers to support their economies. |
| Interest Rates on Hold | Equities would likely perform well due to expanding corporate profits as the economy grows.<br><br>Fixed income credit would likely be strong, and long duration more subdued. | Equities are likely to benefit from some economic growth, particularly defensives.<br><br>With rates on hold, there's little tailwind for government securities, while corporate bonds may suffer due to widening credit spreads | Lower economic growth and profits are bad for equities. Fixed income performance would likely be more mixed.<br><br>Demand for Treasuries and other risk-off assets should increase. Risk assets typically have a higher correlation with equities, especially during market turmoil. |
| Rates Declining | This is excellent for equities and fixed income in the near term, but could create long term concerns around rising inflation risk. | Slowing growth is a concern. However, growth and the potential for lower interest rates are supportive for equities and fixed income.<br><br>Defensive, quality and dividend-focused equities can benefit the most from the macroeconomic environment. | Lower economic growth and profits are bad for equities. This type of environment can be good to mixed for fixed income.<br><br>Duration assets and Treasuries should do well. Risk assets typically have a higher correlation with equities, especially during market turmoil. |



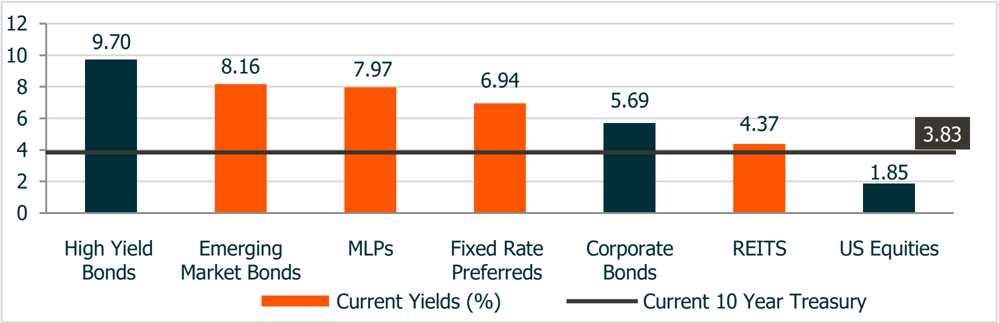

Diversification does not ensure a profit or guarantee against a loss.

# Alternative income may be a viable solution to mitigate today's challenges facing income portfolios

Sourcing yield outside of traditional income sources like Treasuries, corporate bonds, and blue chip dividend stocks, alternative income can help increase a portfolio's yield, diversify exposures, and in many cases also offer growth potential.

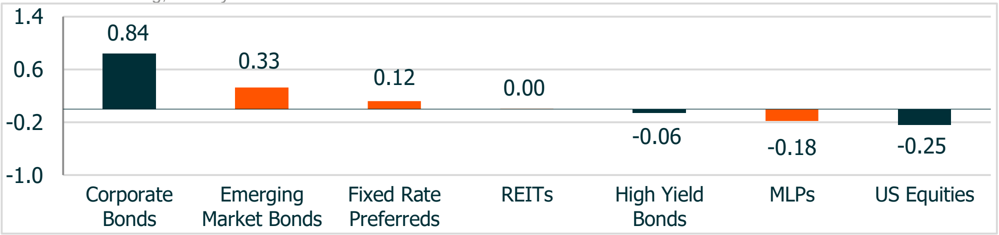

**YIELD BY ASSET CLASS[1] (%)**

Source: Bloomberg, as of 9/30/2022




**LONG TERM (10-YEAR) CORRELATION TO 7-10 YEAR U.S. TREASURY INDEX[1]**

Source: Bloomberg, weekly data from 10/01/2012 to 9/30/2022




1. Asset class representations are as follows, MLPs, S&P MLP Index, High Yield Bonds, Bloomberg US Corporate High Yield Index; Emerging Market Bonds, Bloomberg EM USD Aggregate Total Return Index; Preferreds, ICE BofA Fixed Rate Preferred Securities Index; REITs, FTSE NAREIT All Equity REITS Index; Corporate Bonds, Bloomberg US Corporate Total Return Index Equities, S&P 500 Index. Data as of 9/30/2022.

# Global X Income Suite product map

The Global X Income Family consists of a variety of ETFs designed for investors seeking to increase yield potential, diversify exposures, and participate in growth opportunities

## Dividend

| | |
|---|---|
| SDIV | SuperDividend® ETF |
| DIV | SuperDividend® U.S. ETF |
| SRET | SuperDividend® REIT ETF |
| SDEM | MSCI SuperDividend® Emerging Markets ETF |
| ALTY | Alternative Income ETF |
| EFAS | MSCI SuperDividend® EAFE ETF |
| QDIV | S&P 500® Quality Dividend ETF |

## Fixed Income

| | |
|---|---|
| EMBD | Emerging Markets Bond ETF |

## Preferreds

| | |
|---|---|
| PFFD | U.S. Preferred ETF |
| SPFF | SuperIncome™ Preferred ETF |
| PFFV | Variable Rate Preferred ETF |

## MLPs & Energy

| | |
|---|---|
| MLPA | MLP ETF |
| MLPX | MLP & Energy Infrastructure ETF |

## Covered Call

| | |
|---|---|
| QYLD | Nasdaq 100 Covered Call ETF |
| XYLD | S&P 500 Covered Call ETF |
| RYLD | Russell 2000 Covered Call ETF |
| QYLG | Nasdaq 100 Covered Call & Growth ETF |
| XYLG | S&P 500 Covered Call & Growth ETF |
| DJIA | Dow 30 Covered Call ETF |

## Option Strategies

| | |
|---|---|
| QRMI | Nasdaq 100 Risk Managed Income ETF |
| XRMI | S&P 500 Risk Managed Income ETF |

# SuperDividend® Family

# The SuperDividend approach

SuperDividend accesses just the highest tier of dividend payers, resulting in yields that have historically exceeded broader high dividend strategies.

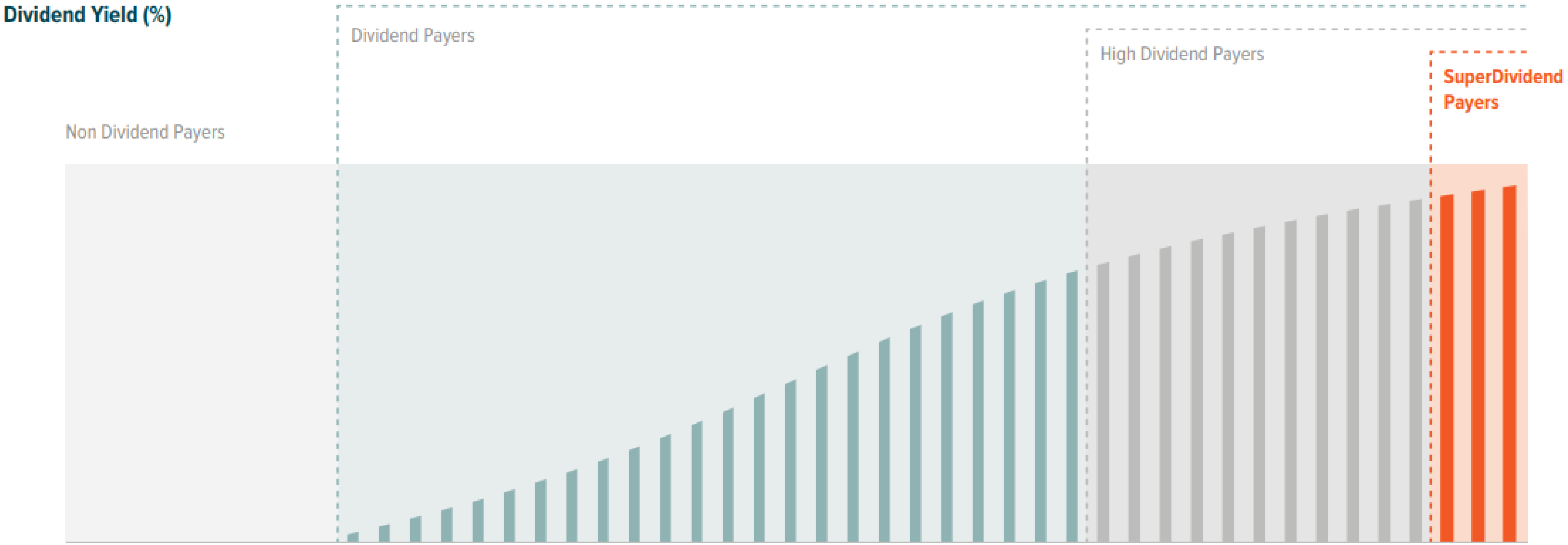
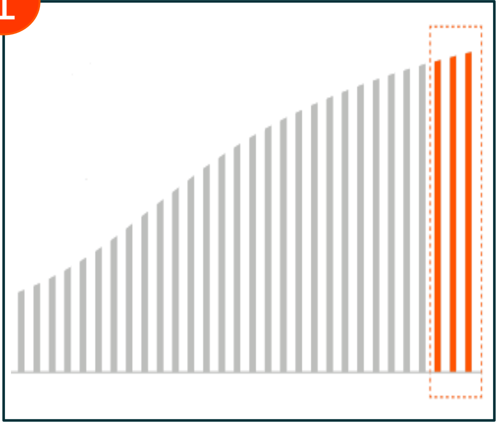



Chart is for illustration purpose only

# The SuperDividend approach

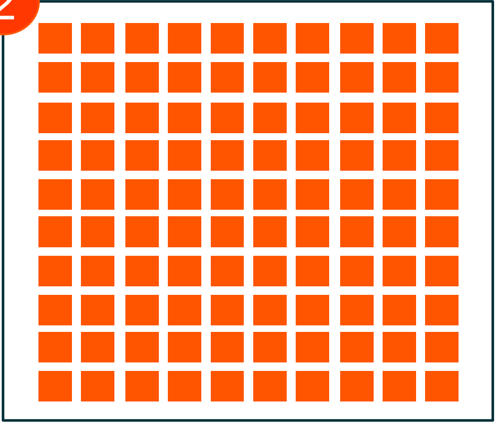
SuperDividend accesses just the highest tier of dividend payers, resulting in yields that have historically exceeded broader high dividend strategies.

1



Stocks are ranked by yield, and the top decile are selected for inclusion in the index

2



Stocks are equally weighted to minimize idiosyncratic risks

3

Stocks are screened quarterly for a dividend cut or negative outlook on their dividend policy

# The SuperDividend suite of ETFs are for investors seeking to increase or diversify portfolio income, while maintaining the growth potential of equity markets

| As of 9/30/22 | EXPOSURE[1] | 30 Day Sec Yield[2] | 12-MONTH DIVIDEND YIELD COMPARISON |
|---|---|---|---|
| **SDIV** SuperDividend® ETF | 100 of the Highest Dividend Yielding Equities Globally | 14.84% | SuperDividend ETF 15.90%; MSCI ACWI Index 2.48% |
| **DIV** SuperDividend® U.S. ETF | 50 of the Highest Dividend Yielding U.S. Equities | 7.62% | SuperDividend U.S. ETF 7.00%; S&P 500 Index 1.85% |
| **EFAS** MSCI SuperDividend® EAFE ETF | 50 of the Highest Dividend Yielding securities across Europe, Australasia, and the Far East | 6.09% | MSCI SuperDividend EAFE ETF 8.38%; MSCI EAFE High Dividend Yield Index 6.50%; MSCI EAFE Index 3.61% |
| **SDEM** MSCI SuperDividend® Emerging Markets ETF | 50 of the Highest Dividend Yielding Emerging Market Equities | 8.19% | MSCI SuperDividend Emerging Markets ETF 13.31%; MSCI Emerging Markets Index 3.43% |
| **SRET** SuperDividend® REIT | 30 of the Highest Dividend Yielding REITs Globally | 9.79% | SuperDividend REIT ETF 9.09%; MSCI World REIT 4.26% |
| **ALTY** Alternative Income ETF[3] | Designed to target categories that have historically offered high yield potential. | 7.66% | Alternative Income ETF 8.99%; MSCI ACWI Index 2.48% |
| **QDIV** Quality Dividend | Invests in companies that score in the top 200 of the S&P 500® based on a variety of quality metrics | 3.37% | S&P 500® Quality Dividend ETF 3.19%; S&P 500 Index 1.85% |
| | | | 10- Year Treasuries 3.83% |

1. Funds seek investment results that correspond generally to the price and yield performance of their underlying indexes. Index components are determined by the Funds' index providers
2. 30-Day SEC Yield as of September 30, 2022. To read the Prospectus for more information, please visit globalxetfs.com/SDIV, globalxetfs.com/DIV, globalxetfs.com/SDEM, globalxetfs.com/SRET, globalxetfs.com/ALTY, globalxetfs.com/EFAS, and globalxetfs.com/QDIV
3. Formerly the Global X SuperDividend® Alternatives ETF

# The SuperDividend suite of ETFs are for investors seeking to increase or diversify portfolio income, while maintaining the growth potential of equity markets

| As of 9/30/2022 | Total Expense Ratio | Performance | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Since Fund Inception | 1 Year | 5 Years | 10 Years | Annualized Since Fund Inception |
| **SuperDividend® ETF** Inception Date 06/08/2011 | 0.58% | NAV | -26.32% | -36.12% | -11.81% | -2.79% | -2.66% |
| | | Market Price | -26.90% | -36.37% | -11.95% | -2.89% | -2.73% |
| | | SOLSDIV Index | -30.27% | -38.49% | -12.39% | -3.20% | -3.13% |
| **SuperDividend® U.S. ETF** Inception Date 03/11/2013 | 0.45% | NAV | 32.04% | -3.84% | -0.61% | - | 2.95% |
| | | Market Price | 32.93% | -3.79% | -0.59% | - | 3.02% |
| | | IDIVT Index | 39.08% | -3.19% | -0.27% | - | 3.51% |
| **MSCI SuperDividend® EAFE ETF** Inception Date 11/14/2016 | 0.55% | NAV | 7.12% | -20.18% | -3.39% | - | 1.18% |
| | | Market Price | 5.64% | -20.38% | -3.54% | - | 0.94% |
| | | M1CXGXC Index | 10.32% | -19.80% | -2.89% | - | 1.68% |
| **MSCI SuperDividend® Emerging Markets ETF** Inception Date 03/16/2015 | 0.67% | NAV | -21.09% | -32.82% | -8.66% | - | -3.09% |
| | | Market Price | -21.56% | -33.08% | -8.89% | - | -3.17% |
| | | Hybrid SuperDividend Index[1] | -14.19% | -33.31% | -7.98% | - | -2.01% |
| **SuperDividend® REIT ETF** Inception Date 03/16/2015 | 0.58% | NAV | -17.45% | -22.40% | -8.10% | - | -2.51% |
| | | Market Price | -17.53% | -22.73% | -8.14% | - | -2.52% |
| | | SRET Index | -14.22% | -22.13% | -7.74% | - | -2.01% |
| **Alternative Income ETF[2]** Inception Date 07/13/2015 | 0.50% | NAV | 25.89% | -14.17% | 0.24% | - | 3.24% |
| | | Market Price | 25.53% | -14.53% | 0.14% | - | 3.20% |
| | | IALTYT Index | 29.75% | -14.01% | 0.48% | - | 3.67% |
| **S&P 500® Quality Dividend ETF** Inception Date 07/13/2018 | 0.20% | NAV | 26.62% | -6.53% | - | - | 5.75% |
| | | Market Price | 26.53% | -6.81% | - | - | 5.73% |
| | | SPXQHDUT Index | 28.26% | -6.30% | - | - | 6.08% |

1. The Hybrid SuperDividend Index consists of the INDXX SuperDividend Emerging Markets Index from the inception of the Fund through November 15, 2016, and the MSCI Emerging Markets Top 50 Dividend Index going forward.
2. Formerly the Global X SuperDividend® Alternatives ETF.

*The Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than their original cost and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 1-888-493-8631, or visit globalxetfs.com.*

# SDIV: Global X SuperDividend® ETF

## SDIV accesses 100 of the highest dividend yielding equities **globally.**

**High Income Potential**
SDIV accesses 100 of the highest dividend paying equities around the world, potentially increasing a portfolio's yield.

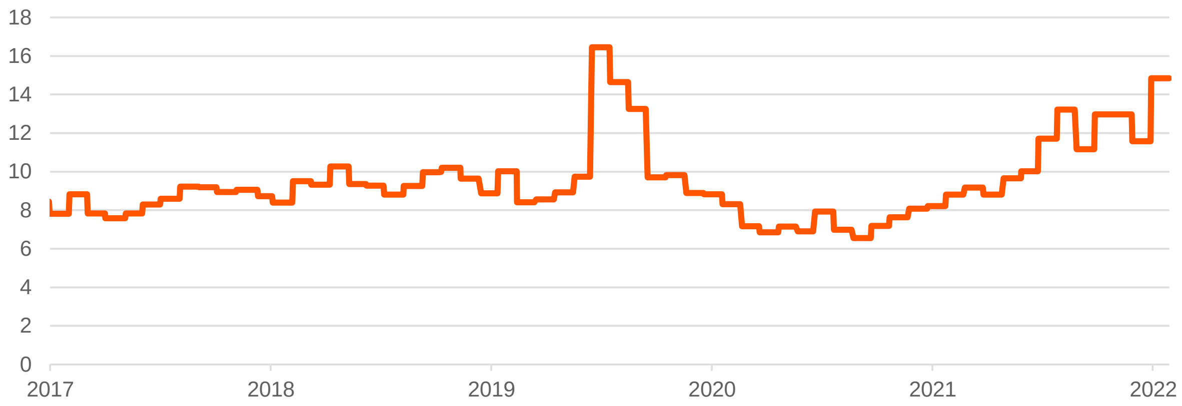
**Monthly Distributions**
SDIV has made monthly distributions 11 years running.

**Global Exposure**
Investing in equities from around the globe can help diversify both geographic and interest rate exposure.

## Additional Selection Criteria

- Market Cap > $500 million
- 3-month Average Daily Traded Volume > $1MM
- Stable Dividend Forecast (ex: no cut announcement)
- No Closed-End Funds, Business Development Companies (BDCs), Partnerships/MLPs, Trusts
- No sector or geographic limits

## Historical 30-Day SEC Yield (%)




Data from 9/30/2017 to 9/30/2022

# DIV: Global X SuperDividend® U.S. ETF

## DIV invests in 50 of the highest dividend yielding equity securities in the **United States**.

**High Income Potential**
DIV accesses 50 of the highest dividend paying equities in the United States, potentially increasing a portfolio's yield.

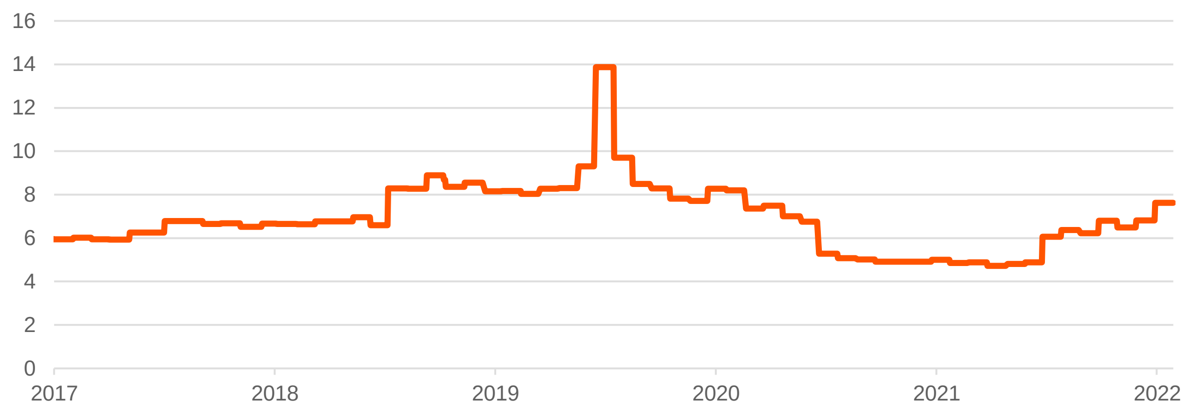
**Monthly Distributions**
DIV has made monthly distributions 8 years running.

**Low Volatility**
DIV's index methodology screens for equities that have exhibited low betas relative to the S&P 500 in an effort to produce low volatility returns.

## Additional Selection Criteria

- Beta less than 0.85 to broad US benchmark
- Market Cap > $500 million
- 6-month Average Daily Traded Volume > $1MM
- Stable Dividend Forecast (ex: no dividend cut announcement)
- MLPs & REITs are eligible
- 25% sector cap

## Historical 30-Day SEC Yield (%)




Data from 9/30/2017 to 9/30/2022

# SRET: Global X SuperDividend® REIT ETF

## SRET invests in 30 of the highest dividend yielding **REITs globally**.

**High Income Potential**
SRET accesses 30 of the highest yielding REITs in the world, potentially increasing a portfolio's yield.

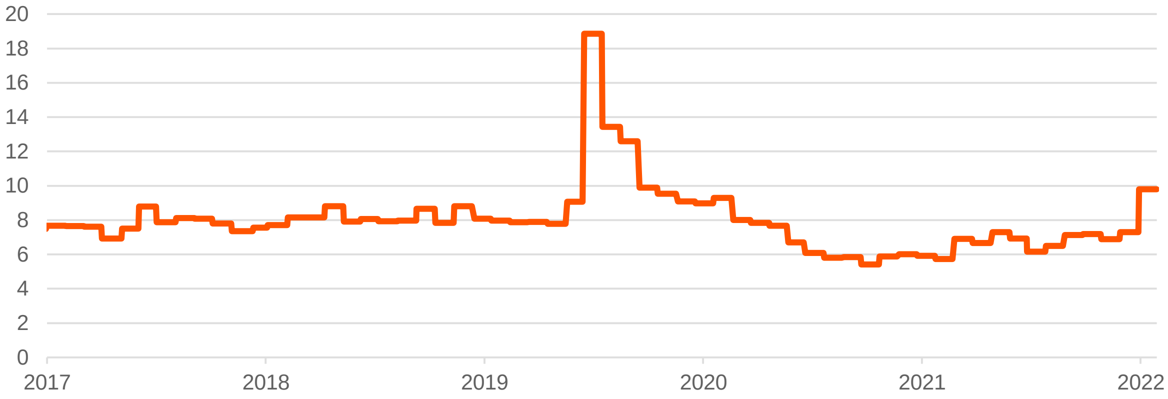
**Monthly Distributions**
SRET has made monthly distributions 7 years running.

**Global Exposure**
SRET invests in REITs from around the globe, which can help diversify both geographic and interest rate exposure.

## Additional Selection Criteria

- Equity and mortgage REITs eligible
- Of the 60 highest yielding REITs the 30 with lowest volatility are selected
- Market Cap > $100 million
- 3-month Average Daily Traded Volume > $5 million
- Stable dividend forecast (ex: no cut announcement)

## Historical 30-Day SEC Yield (%)




Data from 9/30/2017 to 9/30/2022

# SDEM: Global X MSCI SuperDividend® Emerging Markets ETF

## SDEM invests in 50 of the highest dividend yielding **Emerging Market** equities.

**High Income Potential**
SDEM accesses 50 of the highest yielding stocks in the emerging markets, potentially increasing a portfolio's yield.

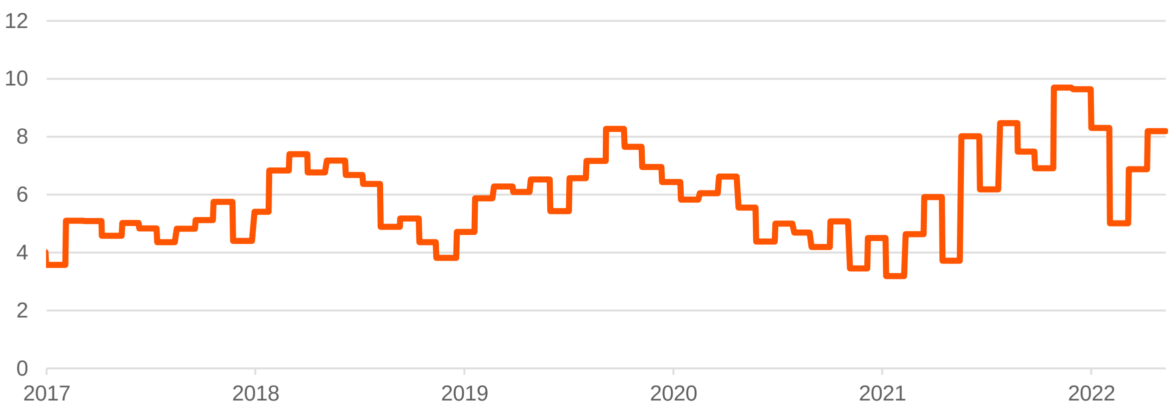
**Monthly Distributions**
SDEM has made monthly distributions 7 years running.

**Value with Growth**
Investing in high dividend yielding securities in the emerging market space combines a value-oriented investment approach with exposure to markets that are expected to grow at a faster pace than developed markets.

## Additional Selection Criteria

- Selection universe is based on the MSCI Emerging Markets Index (Parent index)
- A minimum dividend yield of 5% and a maximum yield of 20%
- 1-year dividend per share (DPS) growth greater than or equal to 0
- Country and sector exposure are each capped at 35%

## Historical 30-Day SEC Yield (%)




Data from 9/30/2017 to 9/30/2022

# EFAS: Global X MSCI SuperDividend® EAFE ETF

**EFAS invests in 50 of the highest dividend yielding securities across Europe, Australasia, and the Far East.**

### High Income Potential
EFAS accesses 50 of the highest dividend paying equities present in the MSCI EAFE Index.

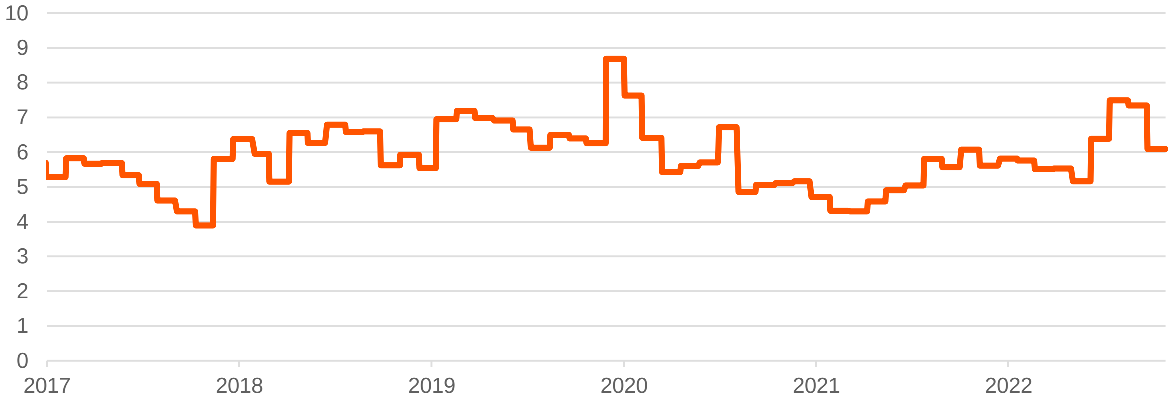
### Monthly Distributions
EFAS has made monthly distributions 5 years running.

### International Exposure
Investing in international equities from Europe, Australasia, and the Far East can help diversify geographic, currency, and interest rate exposures.

## Additional Selection Criteria

- Selection universe is based on the MSCI EAFE Index (Parent index)
- A minimum dividend yield of 5% and a maximum yield of 20%
- 1-year dividend per share (DPS) growth greater than or equal to 0
- Country and sector exposure are each capped at 35%

## Historical 30-Day SEC Yield (%)




Data from 9/30/2017 to 9/30/2022

# ALTY: Global X Alternative Income ETF

## ALTY provides exposure to a variety of alternative income-generating categories.

**High Income Potential**
ALTY is designed to target categories that have historically offered high yield potential.

**Monthly Distributions**
ALTY has made monthly distribution 7 years running.

**Alternative Solution**
ALTY invests in five distinct income segments, potentially serving as a portfolio's entire alternatives allocation.

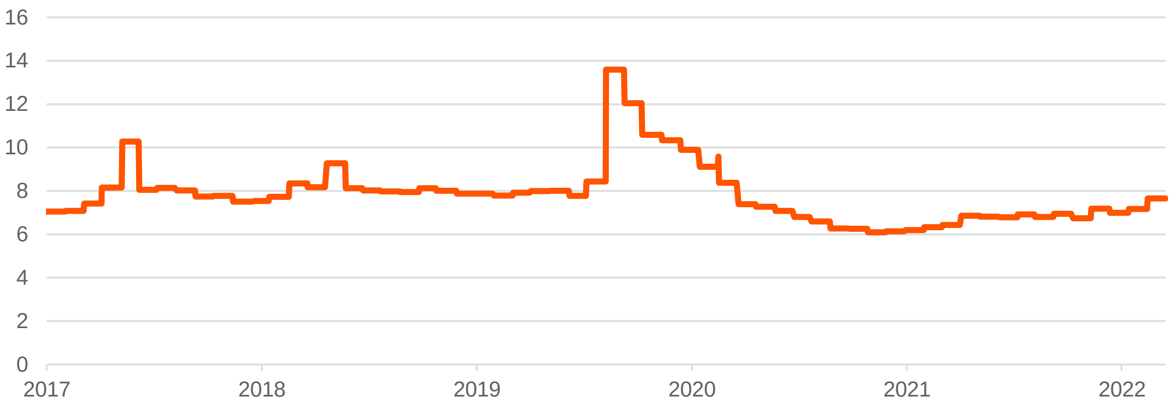
## Additional Selection Criteria

Five asset classes included:
-MLPs and Infrastructure
-Real Estate
-Preferreds
-Emerging Market Bond
-Covered Calls

At the annual reconstitution, each of the five categories is equally weighted at 20%.

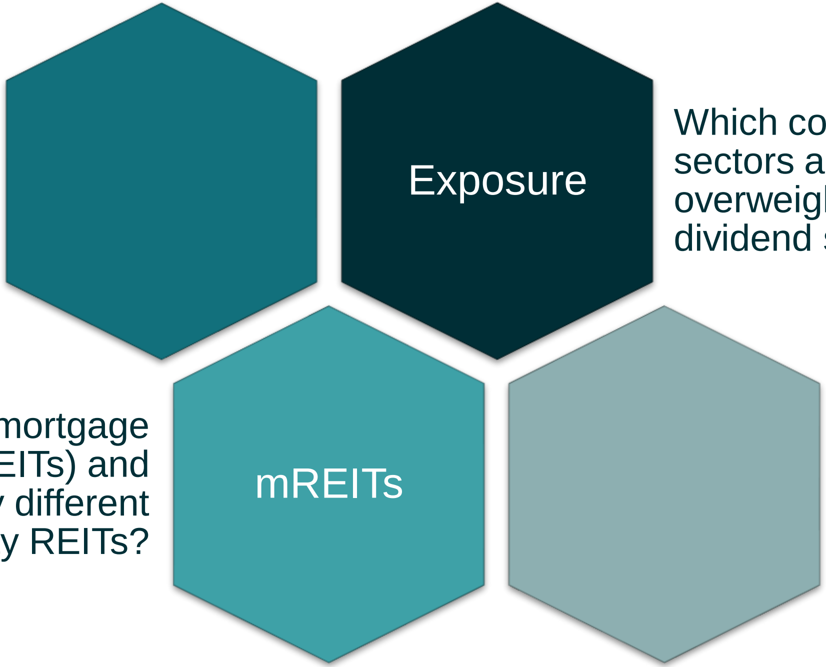
Rebalances are made quarterly on the last three trading days of March, June and December.

## Historical 30-Day SEC Yield (%)




Data from 9/30/2017 to 9/30/2022

# SuperDividend Family FAQs




Which countries and sectors are overweighted in high dividend strategies?

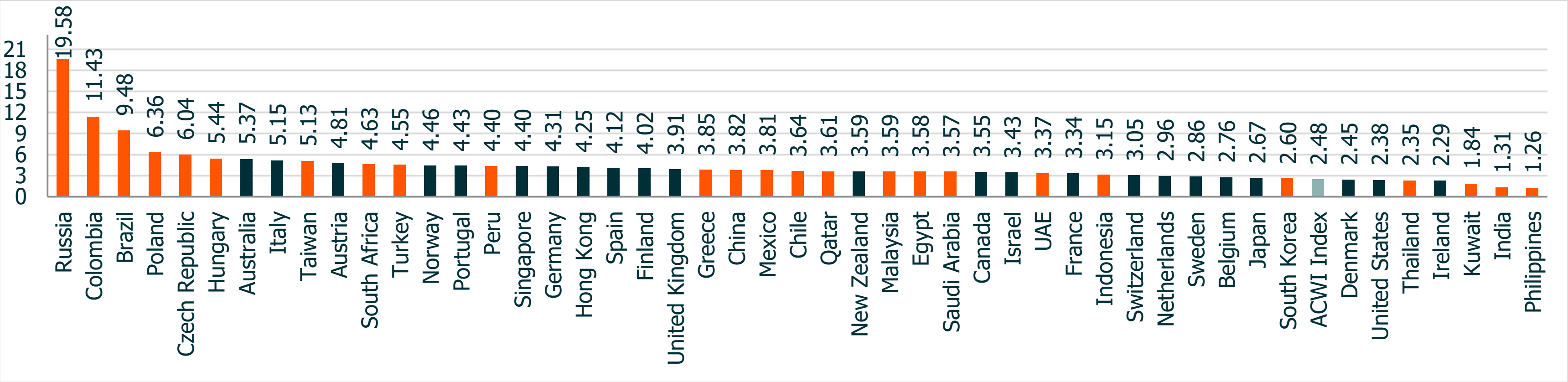
What are mortgage REITs (mREITs) and how are they different from equity REITs?

# SuperDividend: Biases towards certain countries in hunt for yield

At the broad index level, certain countries tend to have higher dividend yields than others, resulting in potential overweighting towards stocks from those countries in SDIV's portfolio.

## Dividend Yield by Country (%)

*Source: MSCI, Bloomberg as of 9/30/2022 (individual countries are represented by the sub-set of the MSCI ACWI Index constituents corresponding to each country)*




| | Emerging Markets Countries | EAFE Countries | MSCI ACWI Index |
|---|---|---|---|
| **Avg. Yield:** | **4.90%** | **3.68%** | **2.48%** |

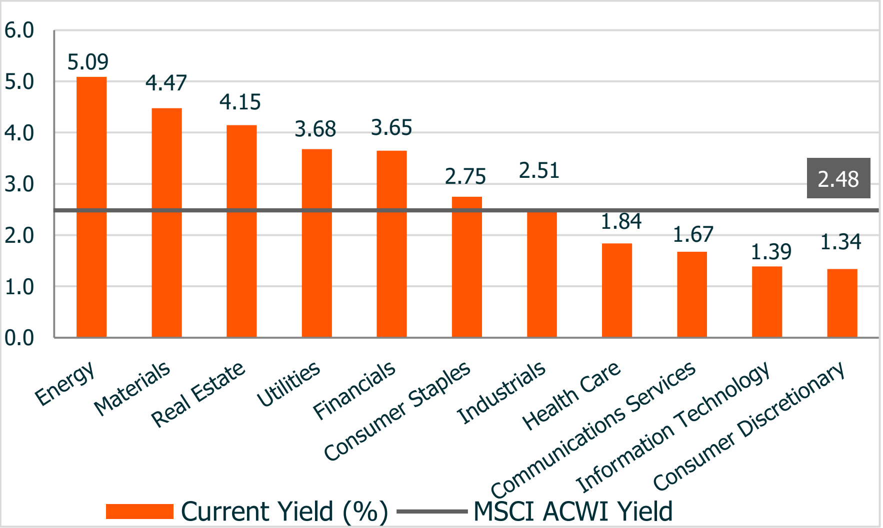
Data represents past performance. Past performance is not indicative of future results. Indices are unmanaged and do not include the effect of fees. One cannot invest directly in an index.

# SuperDividend: Biases towards certain sectors and factors in hunt for yield

Energy, Materials, and Real Estate are currently the top global sectors by dividend yield. Stocks with a high yield also tend to have high exposures to Small Size and Value factors, while possessing little Momentum or Quality.

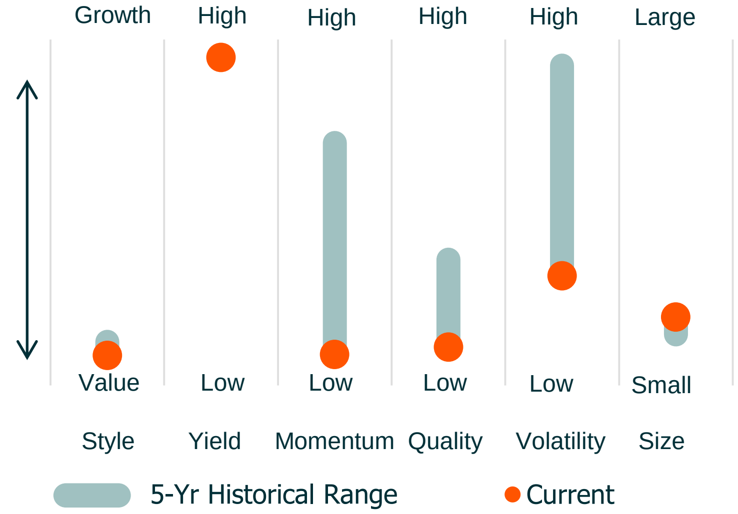
## MSCI ACWI Dividend Yield by Sector (%)

*Source: Bloomberg as of 9/30/2022*




## SDIV Factor Profile: Small Size and Value Tilts

*Source: Morningstar Factor Profile, as of 9/30/2022*




Source: Morningstar Factor Profile as of 9/30/2022 | Category: World Small/Mid Stock. Orange dot for each factor represents the position of a fund's ranking among all funds in the global universe. Shaded area shows the range (minimum and maximum) of the fund's ranking over the past five years.

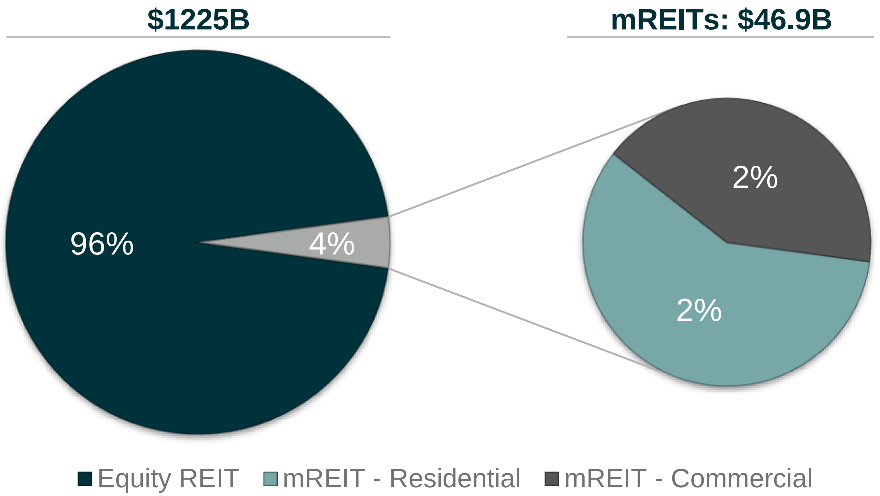
Data represents past performance. Past performance is not indicative of future results. Indices are unmanaged and do not include the effect of fees. One cannot invest directly in an index.

# Within the REIT asset class, there are two broad types: Mortgage REITs (mREITs) and Equity REITs

- mREITs are a relatively small portion of the overall REIT market, making up just 4% of the asset class with $46.9B in total market cap.
- Despite both falling under the REIT umbrella, mREITs are often analyzed separately from equity REITs due to distinct characteristics in asset bases, business models, and funding profiles.

## U.S. REITs Market Capitalization

*Source: NAREIT, as of 9/30/2022*





All numbers are approximate

# The typical mREIT business model

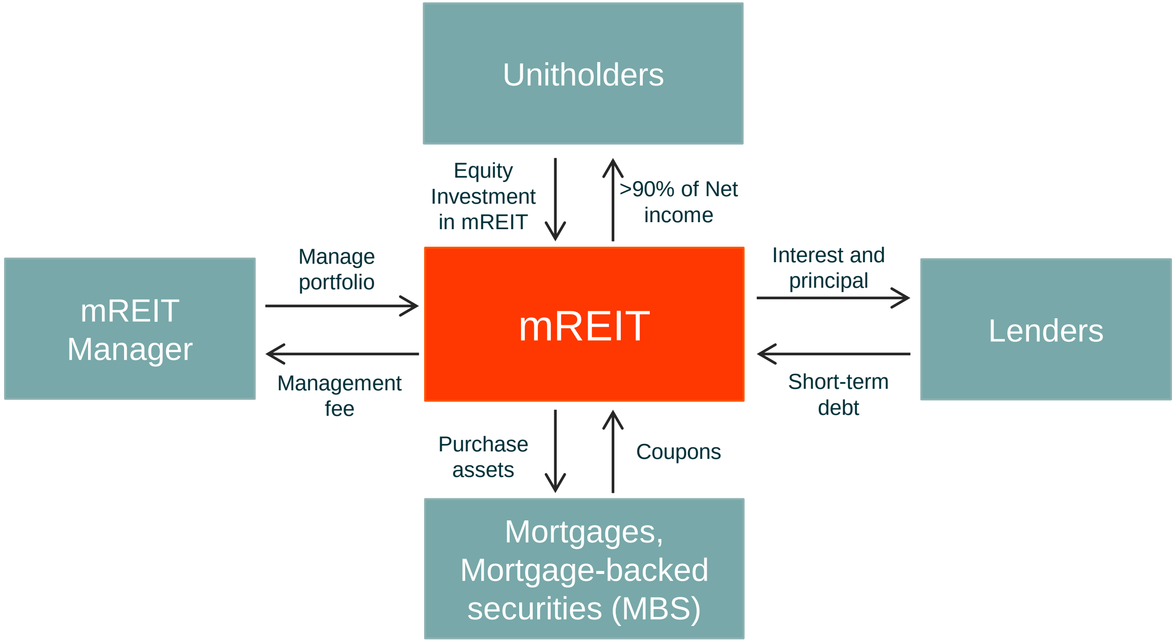
While equity REITs invest in physical properties, mREITs invest in mortgages or mortgage backed securities (MBS), making them real estate debt investments.

## Manage portfolio of MBS

- Mortgages tend to be much more liquid than physical properties.
- Given the flexibility, many mREITs operate more like a bond fund manager than a property owner, actively turning over their portfolio of mortgages and exposures to respond to changing market conditions and expectations.

## Use of leverage & hedging

- To finance the purchase of mortgages, mREITs borrow via short-term debt securities, like repurchase agreements, (repos) or raise equity from shareholders.
- mREITs focus on the spread between their cost of debt and the income received from their MBS holdings. The wider this spread, generally the more profitable it is for the mREIT.
- Managers often use derivatives to hedge interest rate exposure



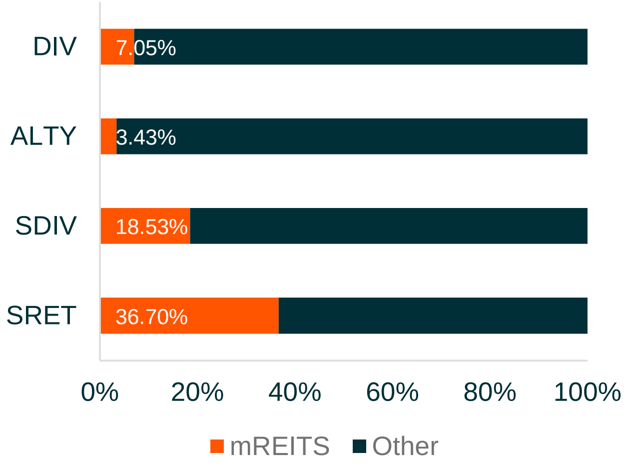

* Source: NAREIT.

# The SuperDividend Family often has significant exposure to mREITs due to their high yielding nature

- The index methodology behind SDIV and SRET does not explicitly designate a minimum or maximum weight in mREITs versus equity REITs. In DIV, they are capped indirectly through a maximum of 25% weight of any one particular sector.
- Theoretically, the proportion can shift depending on market environment and yield characteristics.

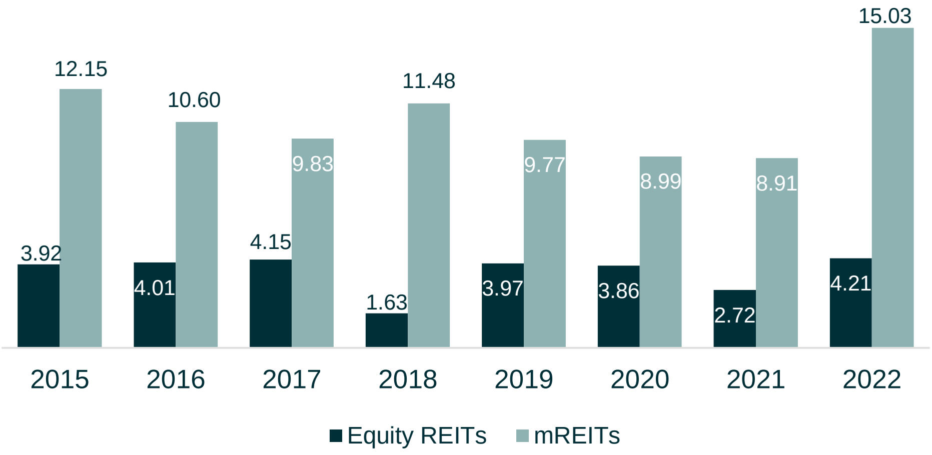
## Weight of mREITs in SuperDividend® Funds

*Data as of 9/30/2022*




## REIT Dividend Yield by Year[1] (%)

*Data as of 9/30/2022*




Past performance is not indicative of future results. Indices are unmanaged and do not include the effect of fees. One cannot invest directly in an index.

1. Based on FTSE Nareit Equity REITs index and FTSE Nareit Mortgage REITs index.

# Quality Dividend

# Why Quality Dividend?

Dividend strategies largely fall into one of three categories – high dividend, dividend growth, and quality dividend – each with their own characteristics and objectives.

| Category | Primary Outcome | Explanation | Potential Measures |
|---|---|---|---|
| High Dividend | Yield Oriented | Stocks with high dividend yields can potentially increase a portfolio’s yield while maintaining the opportunity for capital appreciation | • Dividend Yield |
| Dividend Growth | Total Return Oriented | Stocks that are likely to increase their dividends can potentially appreciate in value while increasing a portfolio’s cash flow over time | • High expected earnings growth<br>• History of dividend increases |
| Quality Dividend | Defensive Oriented | Stocks that are likely to maintain their dividend payments across a variety of economic climates may provide more defensive characteristics to a portfolio | • High profitability (return on equity)<br>• High dividend coverage ratio<br>• Low leverage (debt) |

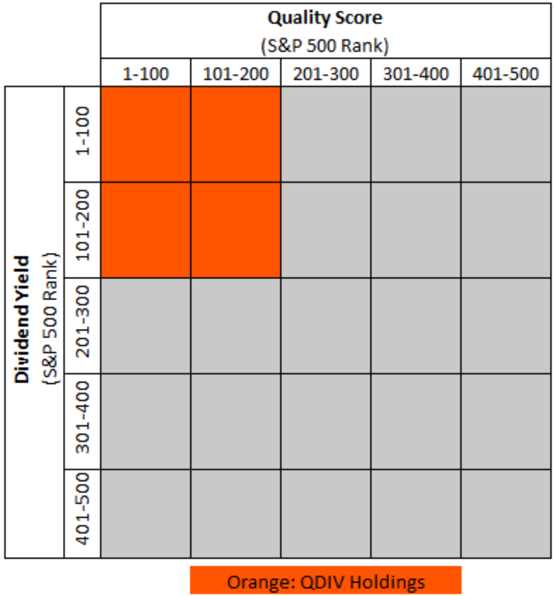
**Defensive Dividends**

- Dividends are not an obligation for a company, so during weak economic periods, dividends can be at risk.
- Quality dividend payers tend to have better balance sheets, which helps stabilize dividend payments across economic regimes compared to other dividend strategies, adding an element of defensive positioning to a portfolio.

# QDIV: S&P 500 Quality Dividend ETF

The Global X S&P 500 Quality Dividend ETF (QDIV) looks for US large cap companies that rank highly in both dividend yield and quality metrics.

To qualify, a company must rank in the top 200 (top 40%) of the S&P 500 in both **dividend yield** and **quality score**.




Quality Score: A composite metric based on a firm's profitability (return on equity), leverage, and accruals ratio.

# QDIV: Global X S&P 500 Quality Dividend ETF

## QDIV accesses the stocks in the S&P 500 exhibiting both high dividend yields and quality metrics.

**Focus on Quality**
QDIV invests in companies that score in the top 200 of the S&P 500 based on a variety of quality metrics including return-on-equity, accruals, and financial leverage.

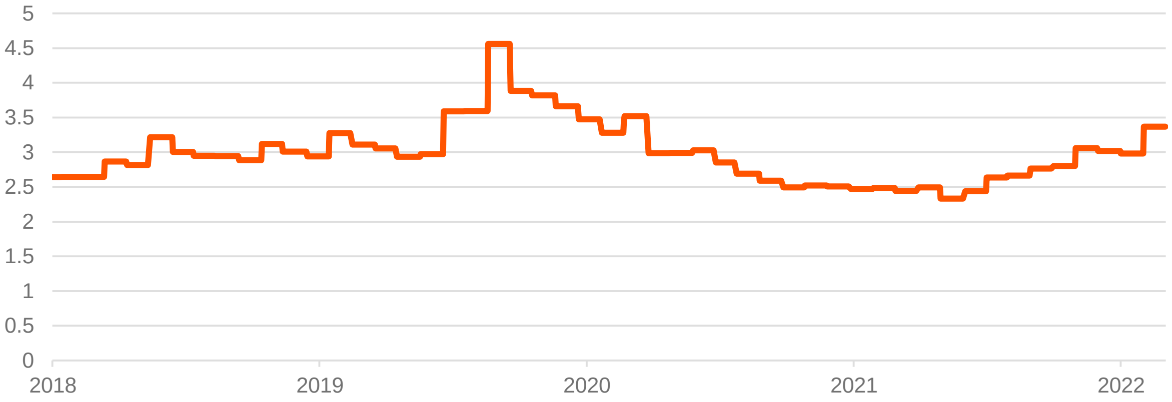
**High Income Potential**
To qualify for QDIV, a company must score in the top 200 of the S&P 500 in dividend yield.

**Monthly Distributions**
QYLD has made monthly distributions 4 years running.

## Additional Selection Criteria

- Among top 200 by dividend yield
- Among top 200 by quality (return on equity (ROE), accruals, and financial leverage)
- Equal weighted
- Sectors capped at 25%

## Historical 30-Day SEC Yield (%)




~~* Covered call writing can limit the upside potential of the underlying security~~ Data from 8/22/2018 to 9/30/2022

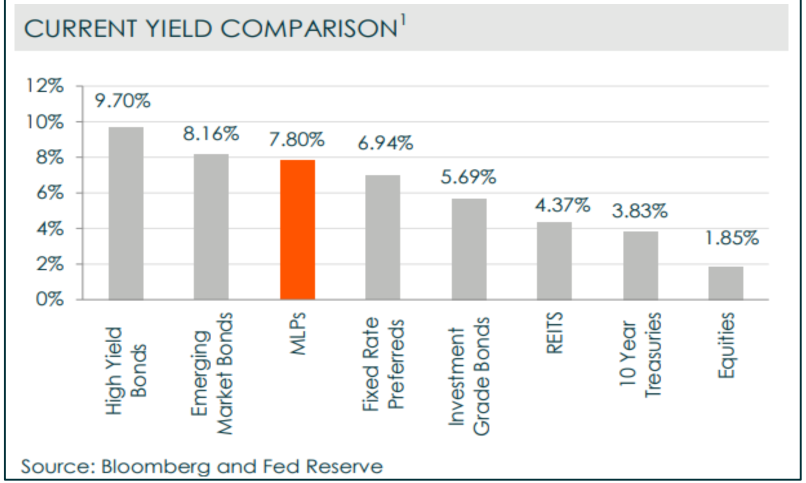
GLOBAL X
by Mirae Asset

# Master Limited Partnerships (MLPs) & Energy Infrastructure Corporations

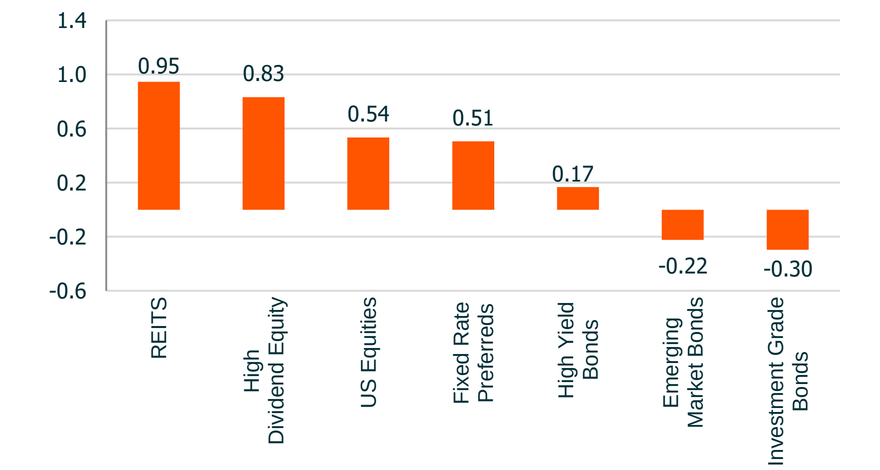
# MLPs as an asset class offer the potential for high yield, diversification and growth

- Energy MLPs are owners and operators of key pieces of infrastructure involved in transportation, storage, and processing of natural resources. MLPs often generate income comparable to other asset classes like high yield bonds, EM bonds, preferreds, and REITs.
- MLPs & Energy Infrastructure correlations with broad asset classes and fixed income alternatives remains fairly low, making the asset class a strong potential diversifier.
- MLP distributions are often treated as return of capital (ROC) rather than dividends, deferring taxes for investors

## Current Yield Comparison




## 5-Year Correlation between MLPs and Other Asset Classes[1,2]



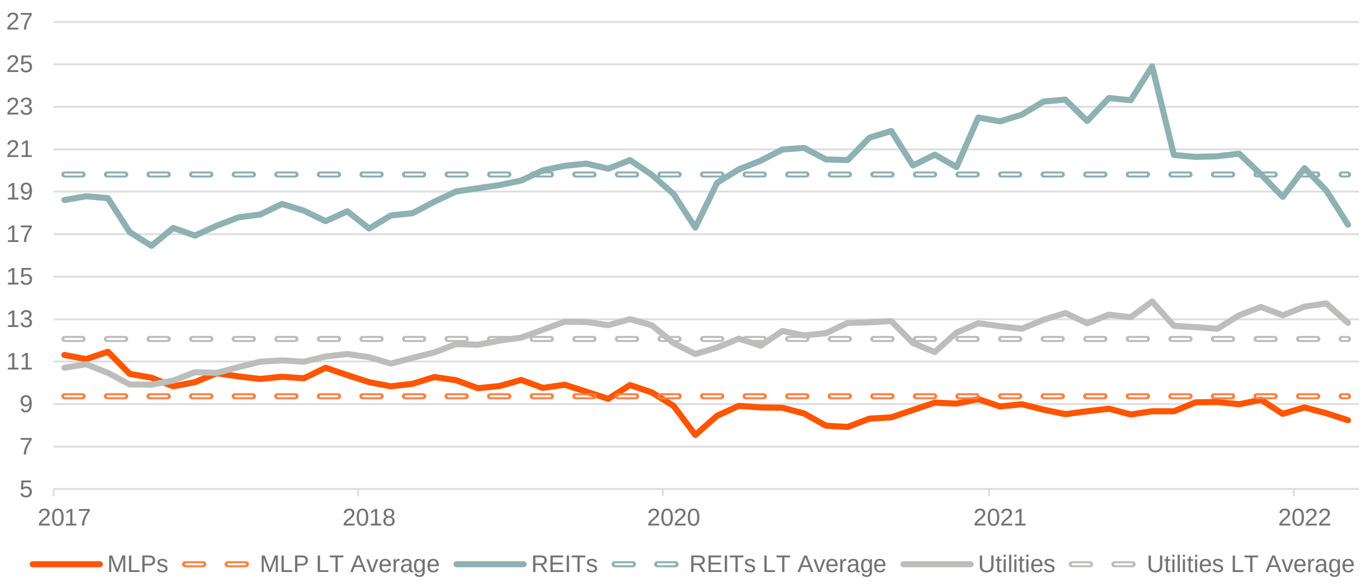

1. Asset class representations are as follows, MLPs, Solactive MLP Infrastructure Index; High Yield Bonds, Bloomberg US Corporate High Yield Total Return Index; Preferreds, ICE BofA Fixed Rate Preferred Securities Index; Emerging Market Bonds, Bloomberg EM USD Aggregate Total Return Index; REITs, FTSE NAREIT All Equity REITS Index; Investment Grade Bonds, Bloomberg US Corporate Total Return Index; Equities, S&P 500 Index. Data as of 9/30/2022.
2. Source: Bloomberg. weekly data from 9/30/2017 to 9/30/2022. Asset class representation, High Dividend Equity, MSCI USA High Dividend Yield Index (USD).




Diversification does not ensure a profit or guarantee against a loss.

# MLP valuation multiples have fallen to historically low levels, indicating a potentially attractive entry point

## Enterprise Value to EBITDA Valuations (5-Years)[1]




"LT Average" means long-term average for the 5-Year period. Data quoted represents performance of the indices and does not reflect the performance of the funds.

1. Asset class representations are as follows, REITs, FTSE NAREIT All Equity REITS Index; Utilities, Utilities Select Sector Index. MLPs, S&P MLP Index. Source: Bloomberg, data as of 9/30/2022.

# MLPA: Global X MLP ETF

## MLPA invests in some of the largest, most liquid midstream MLPs

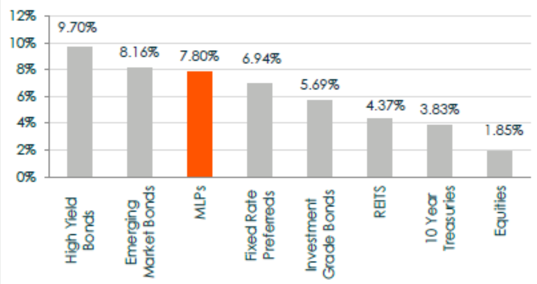
**High Income Potential**
MLPs typically pay high yields to investors because they do not pay corporate income taxes.

**Low Expense Ratio**
MLPA's expense ratio is more than15% below the competitor average.*

**Midstream Exposure**
MLPA invests in midstream pipelines and storage facilities that have less sensitivity to energy prices.

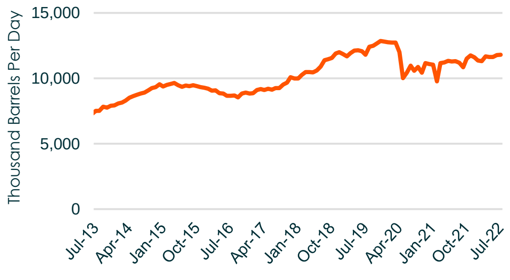
## MLP Characteristics

CURRENT YIELD COMPARISON[1]



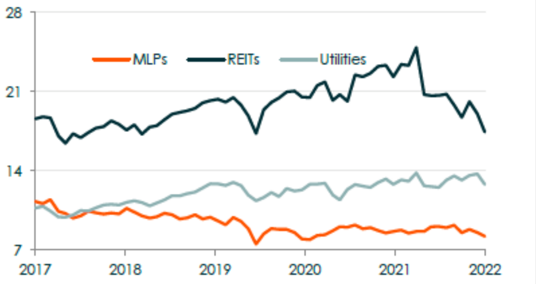

Source: Bloomberg and Fed Reserve

US FIELD PRODUCTION OF CRUDE OIL (10-YEAR)




Source: EIA, monthly data from Jul-2013 to Jul-2022

ENTERPRISE VALUE TO EBITDA VALUATIONS (5-Years)[2]




Source: Bloomberg As of 9/30/2022

* Expense ratio was 16.7% lower than the competitor average net expense ratio as of 10/1/22, per ETF.com (category: "Equity: U.S. MLPs")
1. Data as of 9/30/2022. Asset class representations are as follows, MLPs, Solactive MLP Infrastructure Index; High Yield Bonds, Bloomberg US Corporate High Yield Total Return Index; Preferreds, ICE BofA Fixed Rate Preferred Securities Index; Emerging Market Bonds, Bloomberg EM USD Aggregate Total Return Index; REITs, FTSE NAREIT All Equity REITS Index; Investment Grade Bonds, Bloomberg US Corporate Total Return Index; Equities, S&P 500 Index and Crude Oil, Generic 1st 'CL' Future.
2. Asset class representations are as follows, MLPs, S&P MLP Index; REITs, FTSE NAREIT All Equity REITS Index; and Utilities, Utilities Select Sector Index.

# MLPX: Global X MLP & Energy Infrastructure ETF

## MLPX is a tax-efficient vehicle for gaining access to MLPs and similar entities

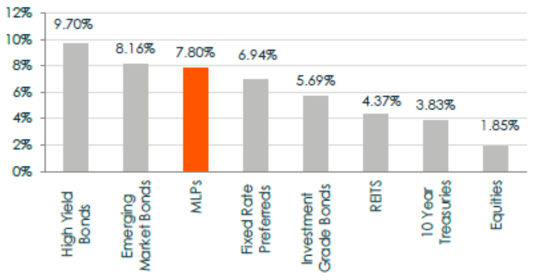
**Tax Efficient**
Unlike traditional MLP funds, MLPX avoids fund level taxes by limiting direct MLP exposure and investing in similar entities, such as the General Partners of MLPs and other energy infrastructure corporations.

**High Income Potential**
MLPX invests in MLPs and other energy infrastructure companies, which may result in above-average yields.

**Midstream Exposure**
MLPX invests in midstream infrastructure entities such as pipelines and storage facilities that have less sensitivity to energy prices.

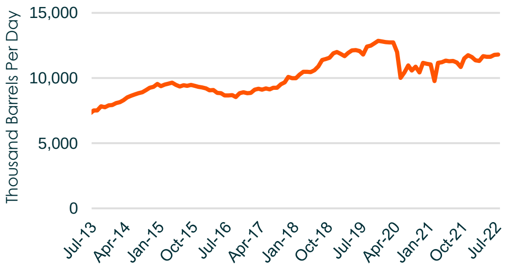
## MLP Characteristics

CURRENT YIELD COMPARISON[1]



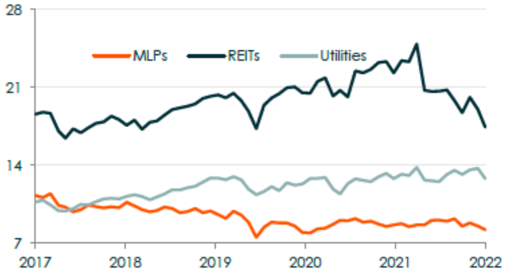

Source: Bloomberg and Fed Reserve

US FIELD PRODUCTION OF CRUDE OIL (10-YEAR)




Source: EIA, monthly data from Jul-2013 to Jul-2022

ENTERPRISE VALUE TO EBITDA VALUATIONS (5-Years)[2]




Source: Bloomberg As of 9/30/2022

1. Data as of 9/30/2022. Asset class representations are as follows, MLPs, Solactive MLP Infrastructure Index; High Yield Bonds, Bloomberg US Corporate High Yield Total Return Index; Preferreds, ICE BofA Fixed Rate Preferred Securities Index; Emerging Market Bonds, Bloomberg EM USD Aggregate Total Return Index; REITs, FTSE NAREIT All Equity REITS Index; Investment Grade Bonds, Bloomberg US Corporate Total Return Index; Equities, S&P 500 Index and Crude Oil, Generic 1st 'CL' Future.
2. Asset class representations are as follows, MLPs, S&P MLP Index; REITs, FTSE NAREIT All Equity REITS Index; and Utilities, Utilities Select Sector Index.

# Comparing Global X's two MLP funds: MLPA and MLPX

| | **MLPA**<br>**Global X MLP ETF** | **MLPX**<br>**Global X MLP & Energy Infrastructure ETF** |
|---|---|---|
| **Expense Ratio** | **0.45%** | **0.45%** |
| **Exposure** | **100% Midstream** | **100% Midstream** |
| **Holdings** | **MLPs (100%)** | MLPs (approx. 25%), General Partners of MLPs & Energy Infrastructure Corps (approx. 75%) |
| **Tax Filing** | **No K-1s**, 1099s only | **No K-1s**, 1099s only |
| **Fund Structure** | The fund is classified as a **C-Corp** for federal income tax purposes | **Tax-efficient** MLP exposure as a result of utilizing Regulated Investment Company (RIC) structure[1] |
| **Appropriate for** | investors **seeking income** | Investors seeking **more complete energy infrastructure** exposure |

1. Regulated Investment Company structure is an investment structure regulated under the Investment Company Act of 1940 that passes through earnings, capital gains, dividends, and interest from underlying investments directly to shareholders.

# MLP FAQs

Structure

What's the difference between GPs, LPs, and Energy Infrastructure Companies?

Change

How is the MLP landscape evolving?

# 3 Types of Entities within MLPs & Energy Infrastructure

MLPs and Energy Infrastructure is a broad term that includes traditional midstream MLPs as well as the General Partners (GPs) of MLPs and Energy Infrastructure Corporations.

| | MLP & Energy Infrastructure Universe | | |
|---|---|---|---|
| | **Limited Partner (MLP)** | **General Partner/MLP Affiliate** | **Energy Infrastructure Corporation (C-Corp)** |
| **Description** | Owns energy assets like pipelines and storage facilities | Manages/operates the pipeline and storage facilities | Both owns & operates pipelines and storage facilities |
| **Structure (tax reporting doc)** | Partnerships (Issues K-1) | Corporations (Issues 1099) or Partnerships (K-1) | Corporations (Issues 1099) |
| **Example** | Energy Transfer Partners (ETP) | Energy Transfer Equity (ETE) | Kinder Morgan Inc. (KMI) |
| **Compensation** | Contracts to transport and store crude and natural gas | Small (often 2%) economic interest in LPs + IDRs* | Most flexibility on distribution policy |
| **Potential Advantages** | High yield | Greater opportunity for distribution growth | Greater flexibility with distribution policy and funding growth projects |

*IDRs: Incentive Distribution Rights. MLPs are often required to pay these to their General Partners.

# The Changing MLP Landscape

In recent years, the MLP industry has been undergoing significant changes as many MLP management teams and investors realized that relying on capital markets for financing growth was too costly to sustain, and started looking for ways to self-finance their growth.

## Key Industry Factors

- Low Unit Prices
- High Amounts of Debt
- Changing Interest Rates
- Surging US oil output & capital expenditure opportunities
- Tax Cuts & Jobs Act (TCJA)
- Federal Energy Regulatory Commission (FERC) Ruling

## Industry Response

**Move to Self-funding Model**

and/or

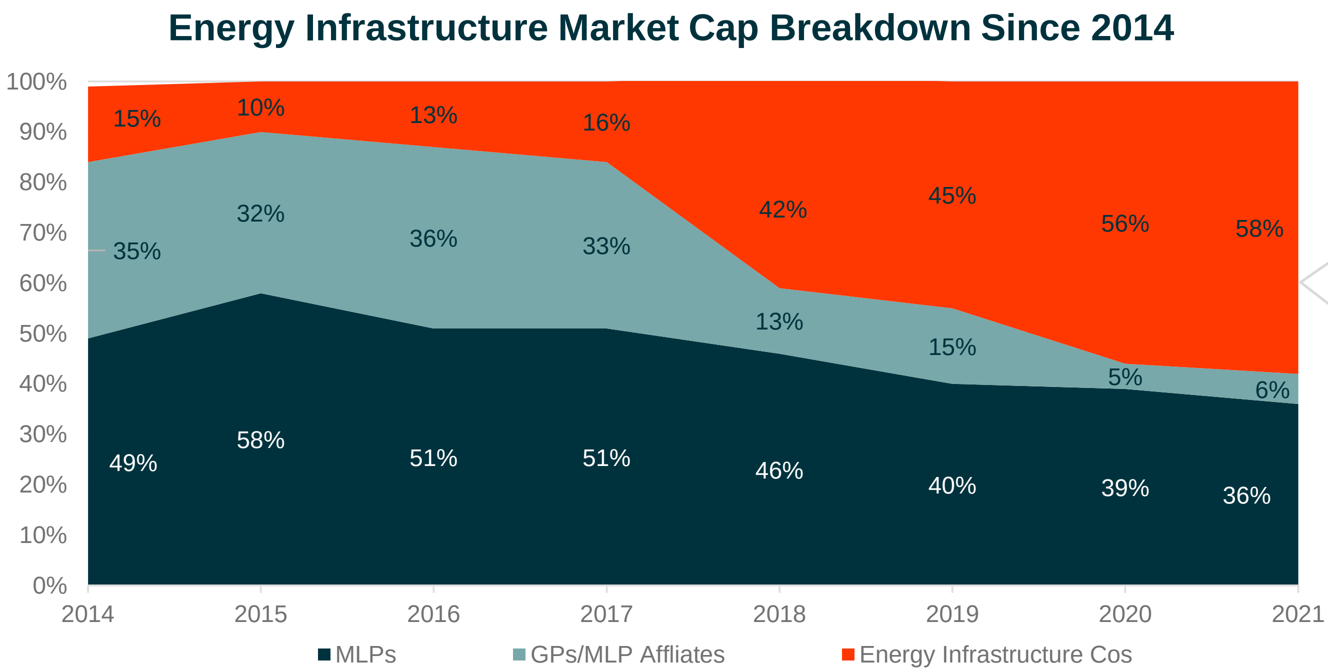
**Re-evaluate MLP Structure (Consider Converting to C-Corp)**

# While the MLP structure used to be favored, the characteristics of a C-Corp have become increasingly attractive

## Why Convert to a C-Corp?

| | |
|---|---|
| 1 Simplification & Flexibility | Some MLPs have determined it's advantageous for them to convert from the partnership structure to a more traditional C-Corp. Management teams are generally looking to achieve valuation expansion through this change, but may also want a more simple corporate structure or greater flexibility with regards to distribution/dividend policies. |
| 2 Access to a Wider Investor Base | Partnerships are often excluded from broad indexes and avoided by institutions due to their unique tax considerations. The conversion to the C-Corp structure is expected to broaden the potential investor base, which can create less volatile conditions. |
| 3 Reduce Dividends to 'Self-Fund' Capex | In the C-Corp structure, management teams can be more flexible with their dividend policies, giving them greater flexibility to manage external debt and potentially self-fund capital expenditures throughout the business cycle. |

# The industry has seen a dramatic shift of MLPs converting to C-Corp in the last couple of years



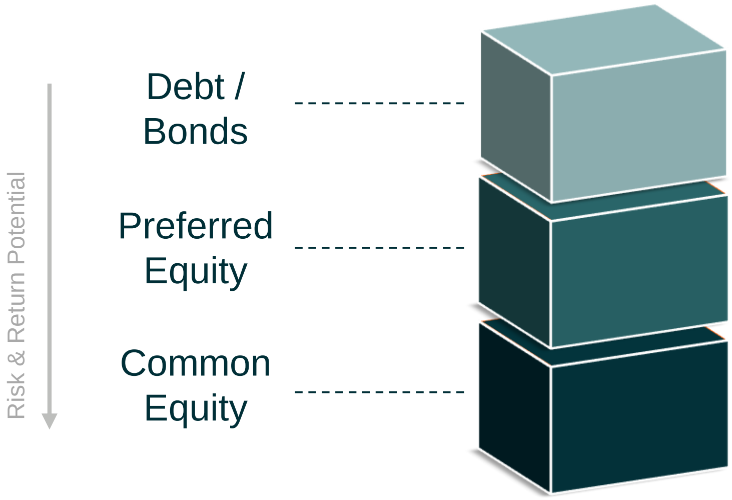

60% of the market capitalization of the energy infrastructure complex lies outside of the MLP structure (GP or C-Corp)

Source: Global X Research based on Bloomberg data. Data between 2014 and 2021, as of year-end. Data for public US exchange listed companies domiciled in the US & Canada. Data assumes all announced transactions close.

# Preferreds

# Preferreds are hybrid securities with characteristics of both fixed income and equity

- Like bonds, preferred stocks are yield-bearing instruments that typically pay a recurring dividend to investors. They are often issued at a par value, assigned credit ratings, and do not have voting rights.
- Like common stocks, many preferreds trade daily on a stock exchange, have the opportunity for price appreciation or depreciation, can have their dividends suspended, and fall in the lower portion of a firm’s capital structure.



# In addition to yield and diversification, preferreds also bring other features that could potentially benefit investors

## Protective Covenants

**Common stock dividend stopper**

- In case of an economic downturn, some preferreds' covenants halt dividends paid to common stock if the dividend on the preferred stock is suspended.

**Cumulative dividends**

- Cumulative preferred stock takes this protection even further by including a provision that stipulates that if any dividend payments are missed, they must ultimately be repaid in full to preferred stock holders before other shareholders can receive a dividend.

## Possible Tax Benefits

**Qualified dividend income (QDI)**

- After-tax yields on preferreds may look substantially more attractive than their bond equivalent because preferred dividends are often classified as qualified dividend income. QDI is taxed at the long term capital gains rate rather than ordinary income.

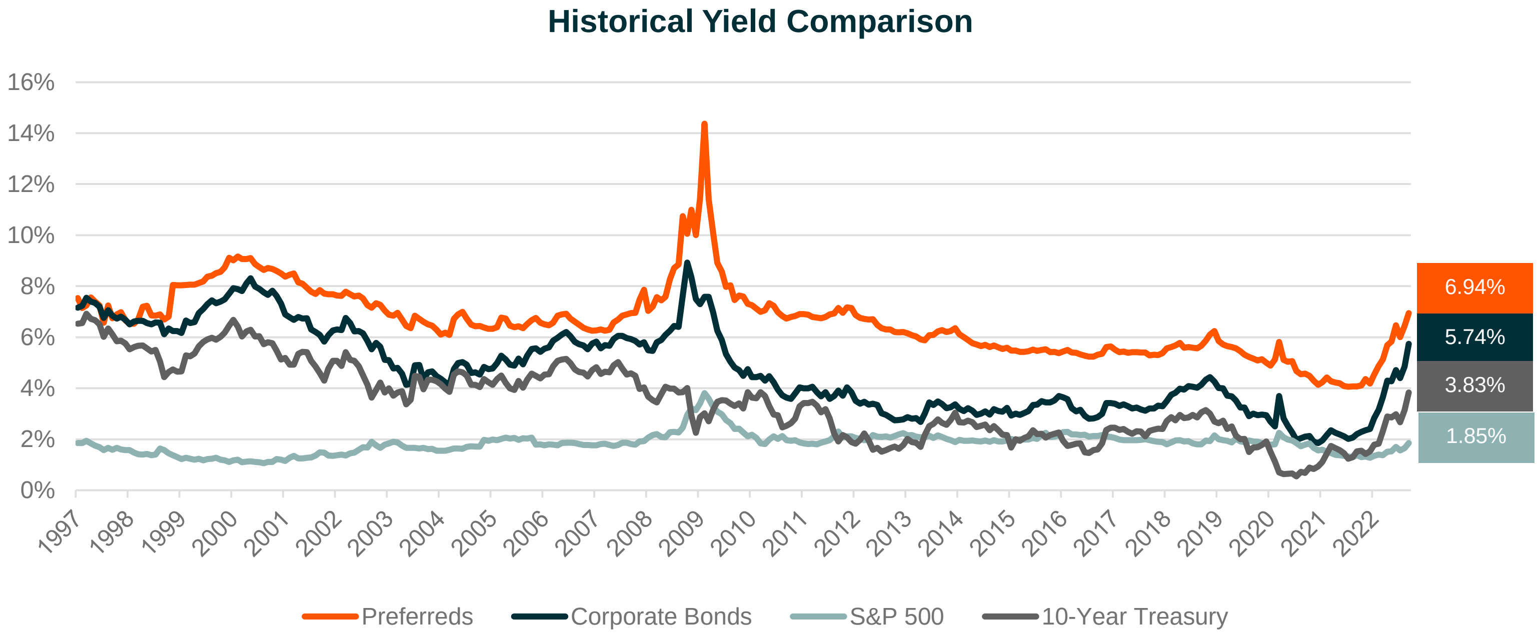
## Lower Interest Rate Risk

**Floating-rate or Fixed-to-floating**

- Though a minority part of the U.S. preferred market, floating-rate and fixed-to-floating preferreds offer investors adjustable coupons that reset depending on interest rates.
- Fixed-to-floating issues pay a fixed coupon for a specific period, typically five or ten years, and then switch to a floating rate coupon benchmarked to an interest rate measure such as SOFR, on a predetermined date.
- Floating rate preferreds reset their coupon payments regularly depending on SOFR.

# Preferreds tend to have higher yields than corporate bonds given that they are junior on the capital structure

Given historically higher yields than corporate bonds, preferreds can be useful yield enhancers in a diversified income portfolio, akin to high yield bonds.

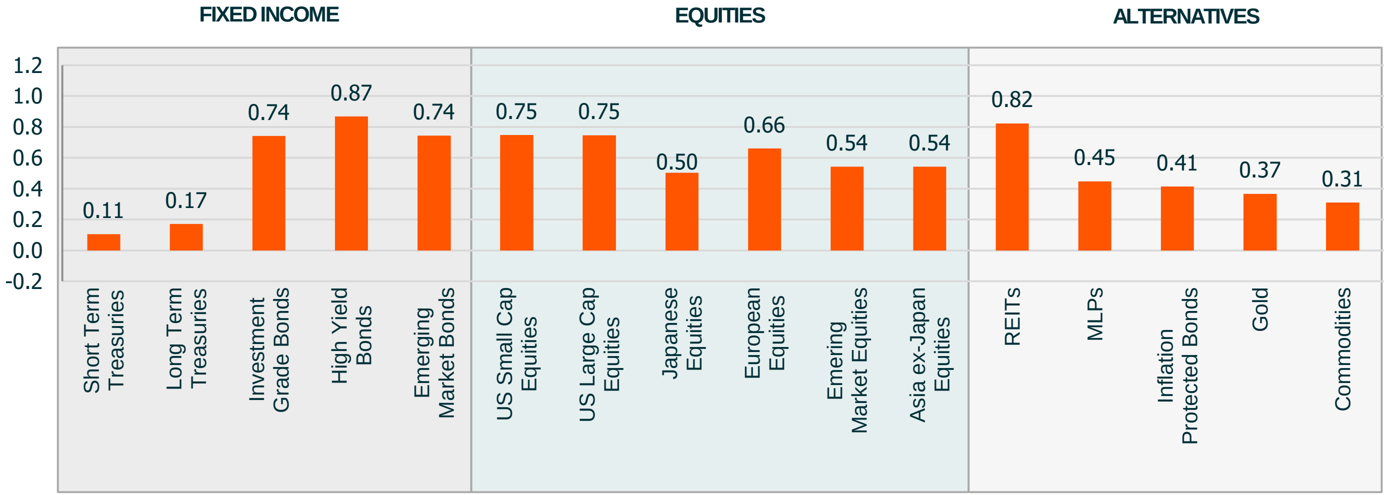



Source: Bloomberg, Federal Reserve. Preferreds measured by ICE BofA Fixed Rate Preferred Securities Index. Corporate Bonds measured by ICE BofA US Corporate Index.
Preferreds and Corporate Bonds yields measured by Yield to Maturity. S&P 500 measured by Dividend Yield. 10-Year Treasury measured by U.S. Treasury constant maturity 10-year yield. Monthly data from 1/31/1997 to 9/30/2022.

# Preferreds can potentially act as an important diversifier for income-oriented portfolios

Historically, preferreds demonstrated particularly low correlations with traditional fixed income investments like long-term US Treasuries and investment grade corporate bonds.

## Long Term (10-Year) Correlation between Preferreds and Other Asset Classes




Source: Bloomberg. weekly data from 9/30/2012 to 9/30/2022. Asset class representations are as follows: Short Term US Treasuries, Bloomberg U.S. Treasury: 1-3 Year; Long Term US Treasuries, Bloomberg U.S. Treasury: 20+ Year; (Investment Grade) Corporate Bonds, Bloomberg US Corporate Total Return Index; High Yield Bonds, Bloomberg US Corporate High Yield Bond Index; Emerging Market Bonds, JP Morgan EMBI Global Core Index; US Small Cap Equities, Russell 2000; US Large Cap Equities, S&P 500; Japanese Equities, MSCI Japan Index; European Equities, STOXX Europe 600 USD Total Return; Emerging Market Equities, MSCI Emerging Markets Index; Asia ex Japan Equities, MSCI AC Asia Pacific ex Japan Index; REITs, FTSE NAREIT All Equity REITs Index; MLPs, S&P MLP Index; Inflation Protected Bonds, Bloomberg US Treasury Inflation Notes Index; Gold, LBMA Gold Price PM USD; Commodities, Bloomberg Commodity Index.

# PFFD: Global X U.S. Preferred ETF

## PFFD invests in a broad basket of U.S. preferred stocks, providing benchmark-like exposure to the asset class.

**High Income Potential**
PFFD invests in a broad basket of preferred stock in the U.S., an asset class that has historically offered high yield potential.

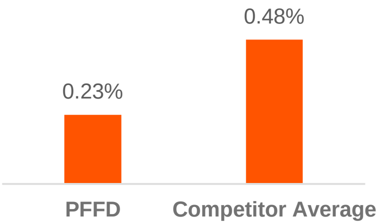
**Low Expense Ratio**
PFFD's expense ratio is less than half the competitor average.*

**Monthly Distributions**
PFFD has made monthly distributions 5 years running.

| What are Preferreds? | Preferreds are considered hybrid securities because they possess characteristics of both fixed income and equity securities.<br>• Like bonds, they are yield-bearing instruments that typically pay a fixed distribution to investors. They are often issued at a par value, assigned credit ratings, and do not have voting rights.<br>• Like common stocks, many preferreds trade daily on a stock exchange, have the opportunity for price appreciation or depreciation, can have their dividends suspended, and fall in the lower portion of a firm's capital structure. |
|---|---|

### Key Characteristics

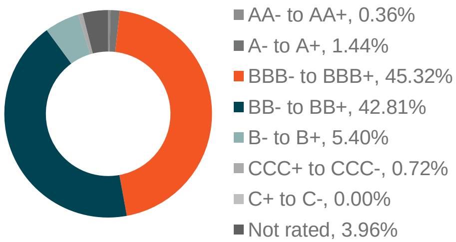
**Net Expense Ratio***




**278**

Number of holdings in the fund[1] (9/30/2022)

**Credit Quality Breakdown[1, 2]**




* Expense ratio was 51.9% lower than the competitor average net expense ratio as of 10/1/22, per ETF.com (category: "Fixed Income: U.S. – Corporate, Preferred").
1 Global X, 9/30/2022. Holdings subject to change. Current and future holdings subject to risk.
2 Credit Quality Methodology: All rated securities are rated by S&P, Moody's, and/or Fitch. If a security is rated by more than one of these organizations, the lowest rating assigned is considered for this analysis.

# SPFF: Global X SuperIncome™ Preferred ETF

## SPFF invests in 50 of the highest yielding preferred stocks in North America.

**High Income Potential**
SPFF invests in 50 of the highest yielding preferreds in the U.S. and Canada, potentially increasing a portfolio's yield.

**Preferential Tax Treatment**
Preferred securities may also provide an income advantage. Income from preferred stocks may be treated as qualified dividends (QDI), rather than as regular interest income.

**Monthly Distributions**
SPFF has made monthly distributions 10 years running.

### What are Preferreds?

Preferreds are considered hybrid securities because they possess characteristics of both fixed income and equity securities.

- Like bonds, they are yield-bearing instruments that typically pay a fixed distribution to investors. They are often issued at a par value, assigned credit ratings, and do not have voting rights.
- Like common stocks, many preferreds trade daily on a stock exchange, have the opportunity for price appreciation or depreciation, can have their dividends suspended, and fall in the lower portion of a firm's capital structure.

### Key Characteristics

**Coupon Type[1]**


| Top 10 Securities | Weight in Fund |
|---|---|
| Pnc Financial Services 6.85% | 5.48% |
| Becton Dickinson And Co 6.00% | 5.07% |
| Duke Energy Corp 5.75% | 3.40% |
| Bank Of America Corp 6.00% | 3.24% |
| Athene Holding Ltd 6.35% | 2.99% |
| Jpmorgan Chase & Co 6.00% | 2.85% |
| Citigroup Capital Xiii 9.18% | 2.80% |
| Energy Transfer Lp 7.60% | 2.75% |
| State Street Corp 5.90% | 2.66% |
| Charles Schwab Corp 5.95% | 2.65% |

**Credit Quality Breakdown[1, 2]**


1. Global X, 9/30/2022. Holdings subject to change. Current and future holdings subject to risk.
2. Credit Quality Methodology: All rated securities are rated by S&P, Moody's, and/or Fitch. If a security is rated by more than one of these organizations, the lowest rating assigned is considered for this analysis.

# PFFV: Global X Variable Rate Preferred ETF

## PFFV invests in a broad basket of variable rate preferred stocks in the U.S.

**High Income Potential**
PFFV invests in a broad basket of variable rate preferred stock in the U.S., an asset class that has historically offered high yield potential.

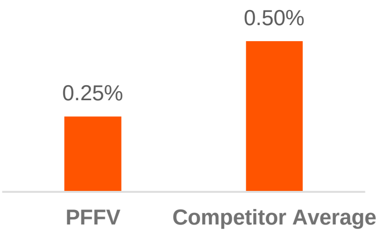
**Low Expense Ratio**
PFFV's expense ratio is half the competitor average*.

**Low Duration Nature**
Variable rate preferreds may offer lower duration profiles than fixed rate preferred issuances.

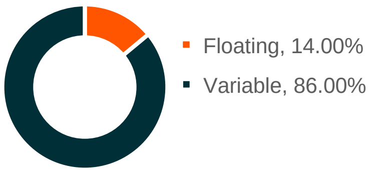
| What are Preferreds? | Preferreds are considered hybrid securities because they possess characteristics of both fixed income and equity securities.<br>• Like bonds, they are yield-bearing instruments that typically pay a fixed distribution to investors. They are often issued at a par value, assigned credit ratings, and do not have voting rights.<br>• Like common stocks, many preferreds trade daily on a stock exchange, have the opportunity for price appreciation or depreciation, can have their dividends suspended, and fall in the lower portion of a firm's capital structure. |
|---|---|

### Key Characteristics

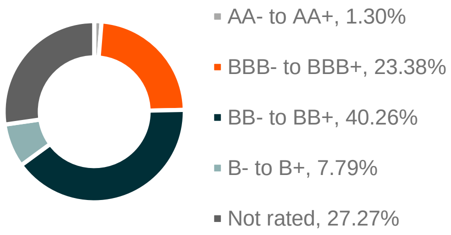
**Net Expense Ratio***




**Coupon Type[1]**

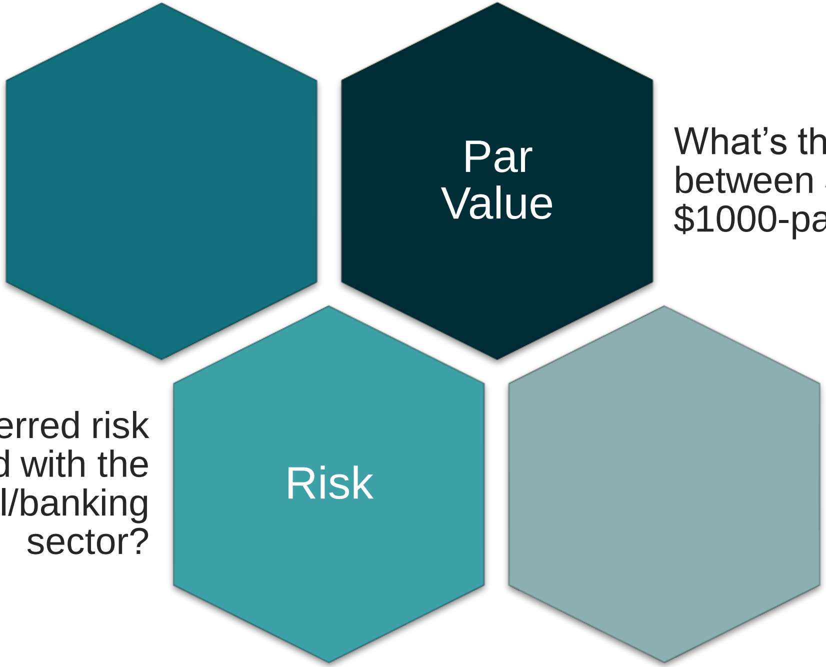



**Credit Quality Breakdown[1, 2]**




* PFFV's expense ratio was 50.0% lower than the competitor average net expense ratio as of 10/1/22, per ETF.com (category: 'Fixed Income: U.S. - Corporate, Preferred Floating Rate')
1. Global X, 9/30/2022. Holdings subject to change. Current and future holdings subject to risk.
2. Credit Quality Methodology: All rated securities are rated by S&P, Moody's, and/or Fitch. If a security is rated by more than one of these organizations, the lowest rating assigned is considered for this analysis.

# Preferreds FAQs




What's the difference between $25-par and $1000-par preferreds?

How is preferred risk associated with the financial/banking sector?

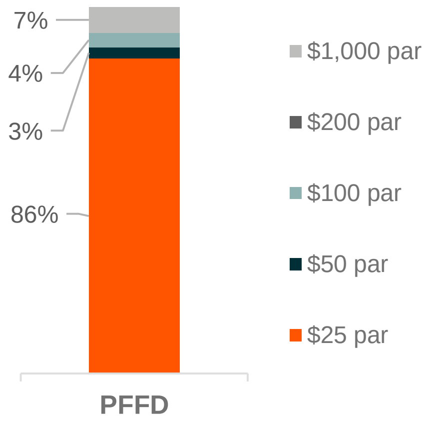
# $25 Par and $1,000 Par Preferreds: Two markets with distinct characteristics

- $25 par securities typically trade on the New York Stock Exchange and are favored by retail investors for their small denomination.
- $1,000 par securities trade over-the-counter and are purchased mainly by institutional investors.

| Retail Preferred ($25 par value) | Institutional Preferred ($1000 par value) |
| --- | --- |
| • Traded on stock exchange | • Traded over-the-counter |
| • Mostly fixed rate for life | • Mostly fixed-to-floating rate |
| • Typically callable in 5 years | • Typically callable in 5 or 10 years |
| • Pay quarterly dividends | • Pay semi-annual dividends |

## PFFD Portfolio Composition by Par Amount

*Source: Global X, as of 9/30/2022. Numbers may not add to 100% due to rounding.*

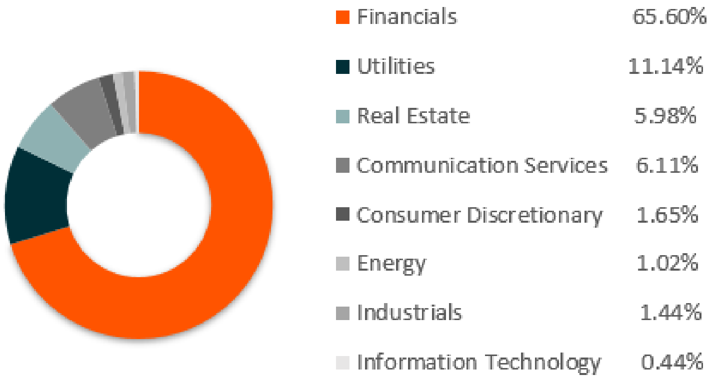



*Holdings are subject to change.*

# Preferreds are often issued by companies in the financial/banking sector

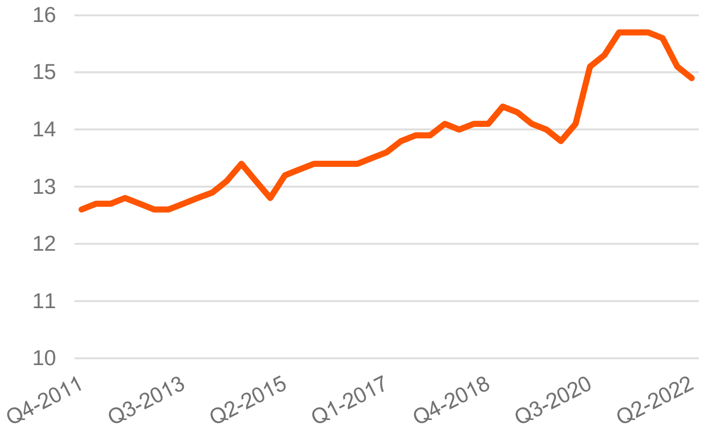
- Global bank regulatory capital standards allow preferreds to comprise a portion of Tier 1 capital for banks, which incentivizes financial institutions to issue preferred stock.
- Since the 2008 financial crisis, the risk profile of the banking sector has improved significantly with greater reserves and improved balance sheets

## PFFD Sector Breakdown (% weight)




Source: Bloomberg, as of 9/30/2022

## U.S. Banks Tier 1 Capital Ratio (%)




Source: Board of Governors of the Federal Reserve System, quarterly data from Q4 2011 to Q2 2022

# Covered Call Strategies

# What could investors do in a low interest rate environment to increase their portfolio’s yield?

## What are the options?

**A** Take more duration or credit risk in the bond markets, like high yield and EM bonds

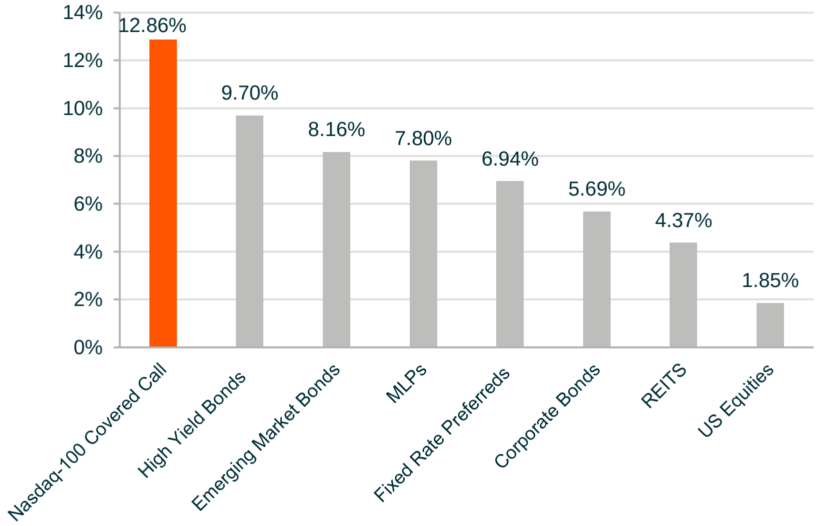
**B** Look for alternative sources of income, such as high dividend stocks, MLP, REITS or Preferreds.

**C** Consider income-generating strategies, such as covered-call writing

Writing a covered call means an investor owns an underlying asset, like a stock or basket of stocks, and sells a call option on the asset(s). The strategy trades off upside participation for current income.

## YIELDS BY ASSET CLASS[1] (%)

*Source: Bloomberg, Global X ETFs as of 9/30/2022*




Indices are unmanaged and do not include the effect of fees. One cannot invest directly in an index.

1. Asset class representations are as follows, Nasdaq 100 Covered Call , CBOE Nasdaq-100 BuyWrite V2 Index; MLPs, Solactive MLP Infrastructure Index; High Yield Bonds, Bloomberg US Corporate High Yield Bond Index; Emerging Market (EM) Bonds, J.P. Morgan EMBI Global Core Index; Corporate Bonds, Bloomberg US Corporate Bond Index; REITs, FTSE NAREIT All Equity REITS Index; Equities, S&P 500 Index; and Preferreds, ICE BofA Fixed Rate Preferred Securities Index.

# Option Terminology

| Term | Description |
|---|---|
| Call Option | An option that gives the holder the right to buy an underlying asset from another party at a fixed price over a specific period of time. |
| Put Option | An option that gives the holder the right to sell an underlying asset to another party at a fixed price over a specific period of time. |
| Long Call | A position in a call option contract in which one has the exercisable right under the contract. This position reflects bullish attitude. |
| Short Call | A position in a call option contract one has in which the right under the contract can be exercised against oneself. This reflects bearish attitude. |
| Long Put | A position in a put option contract in which one has the exercisable right under the contract. This reflects bearish attitude. |
| Short Put | A position in a put option contract one has in which the right under the contract can be exercised against oneself. This reflects bullish attitude. |
| Market/Spot Price | The current price of the underlying asset of the option contract, such as a stock. |
| Strike Price | The fixed price at which an option holder can buy or sell the underlying asset. Also called exercise price. |
| Risk Free Rate | The theoretical rate of return on an investment with zero risk. Government bond yields are the most commonly used risk-free rates. |

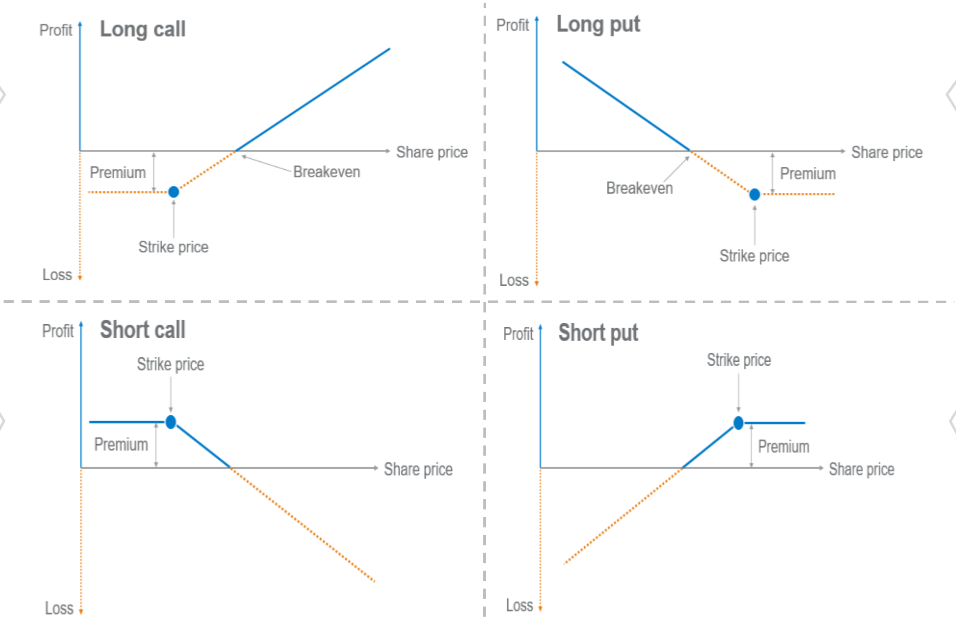
| Term | Description |
|---|---|
| Delta | The sensitivity of the price of an option to changes in the price of the underlying. Delta is a good approximation of how the option price will change for a small change in the value of the underlying. |
| Gamma | A numerical measure of how sensitive an option's delta (the sensitivity of the option's price) is to a change in the value of the underlying. |
| Time (Theta) | The change in price of an option associated with a one-day reduction in its time to expiration; the rate at which an option's time value decays. |
| Volatility (Vega) | A measure of the sensitivity of an option's price to changes in the underlying's volatility. |
| Premium | The amount of money a buyer pays and seller receives to engage in an option transaction. |
| Covered Call | An option strategy involving the holding of an asset and sale of a call option on the same asset. |
| At-the-money | An option in which the underlying's price equals the strike price. |
| In-the-money | Options that, if exercised, would result in the value received being worth more than the payment required to exercise. |
| Out-of-the-money | Options that, if exercised, would require the payment of more money than the value received and therefore would not be currently exercised. |

# Understanding Options and Option Writing

Options are financial instruments which derive their value from an underlying asset, such as stocks. Option buyers have the right, but not the obligation, to buy or sell an underlying asset at an agreed-upon price. Sellers of options receive a premium in exchange for agreeing to accept the purchase or sale of an asset at the pre-agreed-upon price.

- Call options provide a right to purchase an asset at a pre-determined price in a specified time.
- Long Call: Bullish on underlying.

- Buying a put option allows the holder to sell an asset at certain price within a specific period of time.
- Long Put: Bearish on underlying.



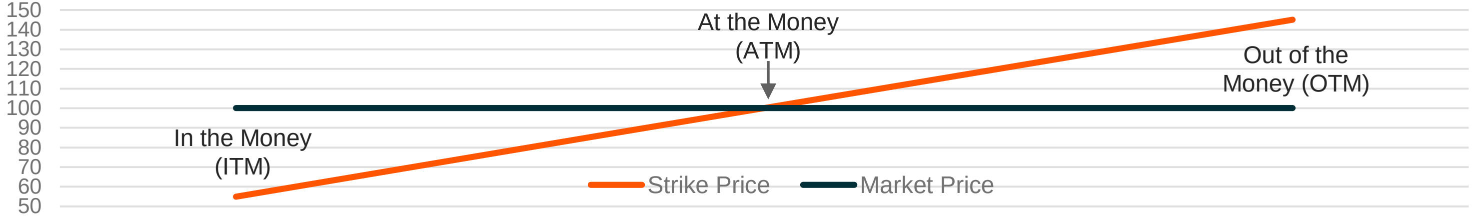

- Writing or selling a call option is when you give the buyer of the call option the right to buy an asset from you at a certain price by a certain date in exchange for receiving the premium.

- Writing or selling a put option gives the buyer the right to sell an asset to you at a certain price by a certain date, in exchange for receiving the premium.

# Moneyness of Options

Out of the Money | At the Money | In the Money

## Moneyness of Call Option



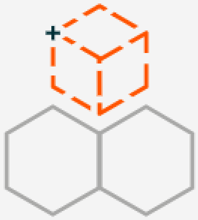

An ITM call option means the strike price is below the market price. The holder is all but certain to exercise the option. ITM options usually have higher premiums than OTM or ATM options since investors pay for the profit already associated with the contract. However, ITM options may have more downside because they can lose much of their value if the underlying falls

ATM options are when the strike price is equal to market price. They allow investors to gain immediate exposure to potential upside of an asset, while limiting downside to the cost of the premium paid. These options tend to have high premiums associated with them due to the likelihood of them ending up ITM

OTM options are when the strike price is above the market price. They usually have lower premiums than ATM or ITM options because there is lower likelihood that they end up ITM.

# ETFs & Options

ETFs that offer investors exposure to options strategies are becoming increasingly popular, including covered-call ETFs, buffer ETFs, and tail risk-hedged ETFs



Exchange-Traded Funds (ETFs)

## Common ETF Strategies That Use Options

**Covered Call**

Generates income in exchange for upside potential
→ Gains exposure to stocks in a specific index and sells a call option on that index

**Buffer**

Provides protection against a predetermined amount of losses
→ Gains exposure to stocks in a specific index, sells an OTM call option and buys an OTM put option

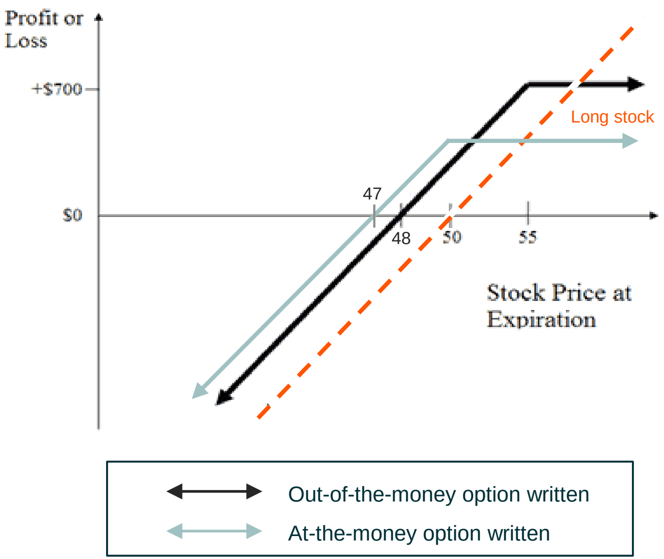
**Tail Risk-Hedged**

Provides protection against extreme downside movements
→ Gains exposure to stocks in a specific index and buys an OTM put option

# Covered Call Strategy

A covered call is an option strategy in which an investor writes (sells) a call option on an asset he/she already owns.

**Covered Call Strategy Payoff**




## Covered Call Features

- Strategy involves buying stocks in an underlying index and then selling call options on that index
- Generates higher income versus the underlying index itself due to the premiums received from selling call options
- Upside potential is capped in case the stock appreciates beyond strike price.
- Option premiums tend to increase during volatile markets, offering risk management component



All numbers are approximate

# Covered Call Process Explained

As an example of how an ETF implements can implement a covered call strategy, the Global X Nasdaq 100 Covered Call ETF (QYLD) maintains exposure to the stocks in the Nasdaq 100, while writing call options on the index each month

QYLD buys all the stocks in the Nasdaq 100 Index

Global X ETF writes/sells Nasdaq 100 Index (NDX) options that will expire in one month

- A premium is received in exchange for the sale of the index options

At the end of the month, QYLD expects to distribute a portion of the income from writing/selling the NDX index option to the ETF shareholders

At the beginning of each new month this process is repeated, Global X sells a new Nasdaq 100 Index (NDX) options that will expire in one month

**Index Options Details:**

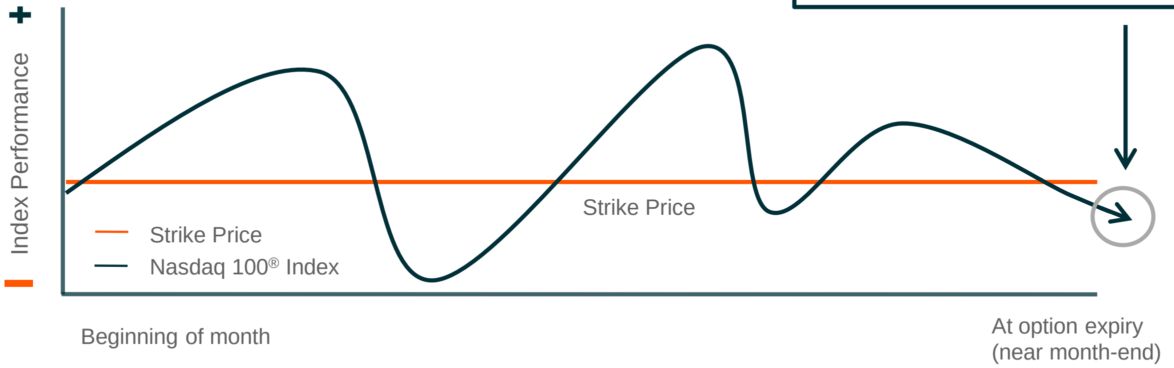
- Cannot be called/exercised early
- Settlement is in Cash

*For Illustration Purposes Only*

# Market Scenarios: Market Goes Down

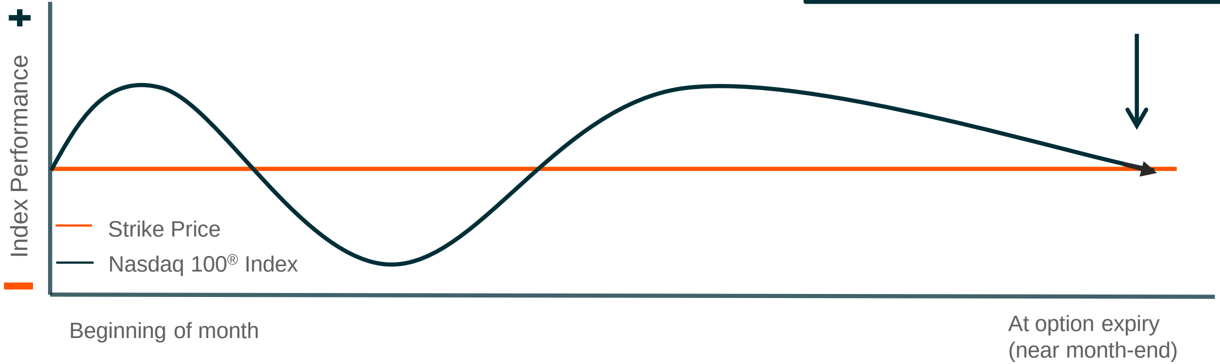
Since the index options cannot be called early, it only matters where the index finishes for the month. Prior to expiration, all market swings that take place throughout the month don't matter

In this example the Nasdaq 100 index ended the month below the strike price. So, the QYLD Fund which sold the call option would potentially benefit from the premium received. This may offset some or all of the index decline.

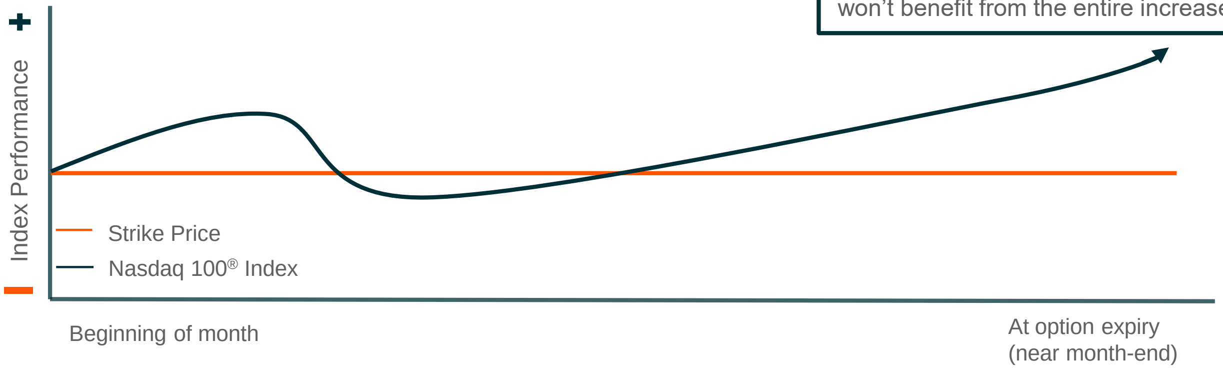


# Market Scenarios: Market Stays Flat

If the index price has not changed at the end of the month, the Covered Call ETF gets to keep the money collected from selling the monthly index call and the Fund still owns the underlying equities.



# Market Scenarios: Market Goes Up




However, if the index price rises at the end of the month, potential gain will be limited since the Fund sold a call option at a predefined strike price. As the index rises above the strike price, the Fund still keeps the money collected from selling the monthly index call option, but won't benefit from the entire increase in the index value.

# How This Works: QYLD

QYLD is an ETF that implements a covered call strategy on the Nasdaq 100.

**Owns the NASDAQ-100 Index Components**

| | |
|---|---|
| Components: | As per Nasdaq 100 Index |
| Weighting: | As per Nasdaq 100 Index |

**Writes monthly Call Options on the Nasdaq 100**

| | |
|---|---|
| Style: | European |
| Strike Price (SP): | Closest listed SP above last value |
| Options Strategy: | Written monthly |

**Additional Info**

| | |
|---|---|
| Ticker: | QYLD |
| Inception Date: | 12/11/2013 |
| Expense Ratio: | 0.60% |
| Distributions: | Paid Monthly |

# How This Works: XYLD

XYLD is an ETF that implements a covered call strategy on the S&P 500.

**Owns the S&P 500 Index Components**

| | |
|---|---|
| Components: | As per S&P 500 Index |
| Weighting: | As per S&P 500 Index |

**Writes monthly Call Options on the S&P 500**

| | |
|---|---|
| Style: | European |
| Strike Price (SP): | Closest listed SP above last value |
| Options Strategy: | Written monthly |

**Additional Info**

| | |
|---|---|
| Ticker: | XYLD |
| Inception Date: | 6/21/2013 |
| Expense Ratio: | 0.60% |
| Distributions: | Paid Monthly |

# How This Works: RYLD

**RYLD is an ETF that implements a covered call strategy on the Russell 2000.**

**Owns an Russell 2000 ETF**

| | |
|---|---|
| Components: | As per Russell 2000 Index |
| Weighting: | As per Russell 2000 Index |

+

**Writes monthly Call Options on the Russell 2000**

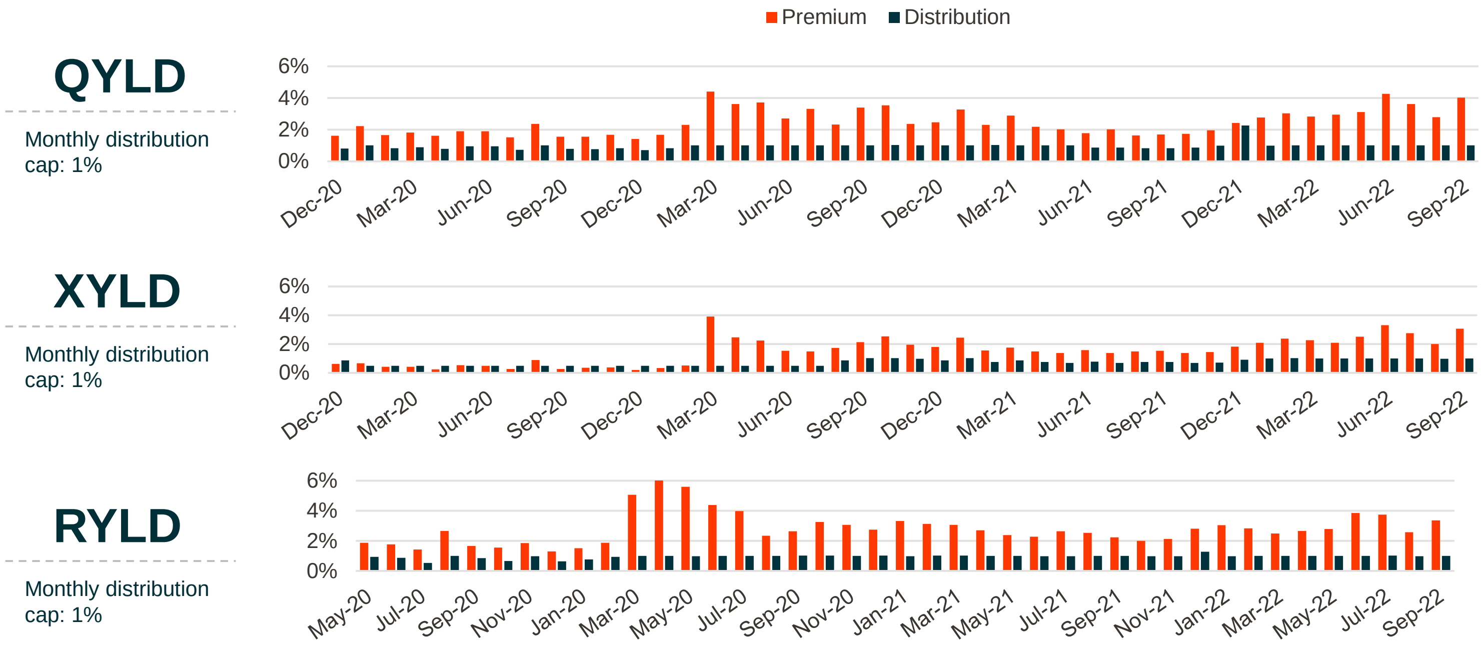
| | |
|---|---|
| Style: | European |
| Strike Price (SP): | Closest listed SP above last value |
| Options Strategy: | Written monthly |

**Additional Info**

| | |
|---|---|
| Ticker: | RYLD |
| Inception Date: | 4/17/2019 |
| Net Expense Ratio: | 0.60% (Gross Expense Ratio: 0.70%)[1] |
| Distributions: | Paid Monthly |

1. Fee waivers are contractual and in effect until at least March 1, 2023.

# Historical Premiums Received and Distributions Paid




Premium data since inception for RYLD. Data for XYLD & QYLD since December 18, 2020

The monthly distribution of each fund is capped at the lower of: a) half of premiums received, and b) 1% (for QYLD, RYLD & XYLD) of net asset value (NAV). The excess amount of option premiums received, if applicable, is reinvested into the fund.



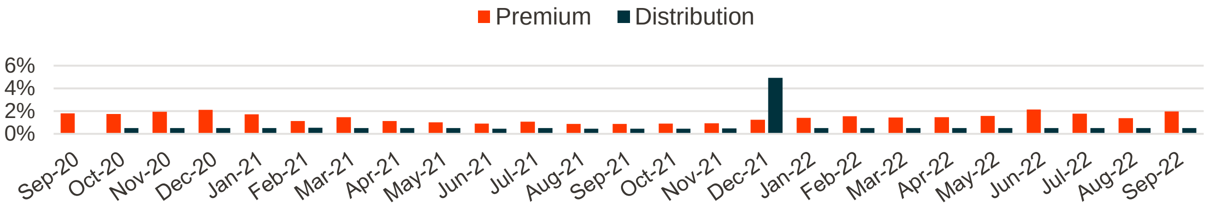


There is no guarantee distributions will be paid.

# Historical Premiums Received and Distributions Paid

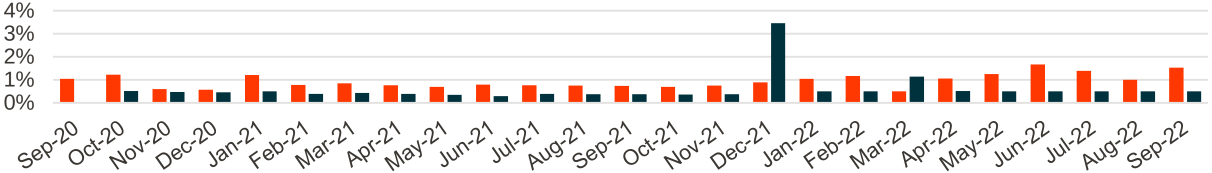
## QYLG

Monthly distribution cap: 0.5%




## XYLG

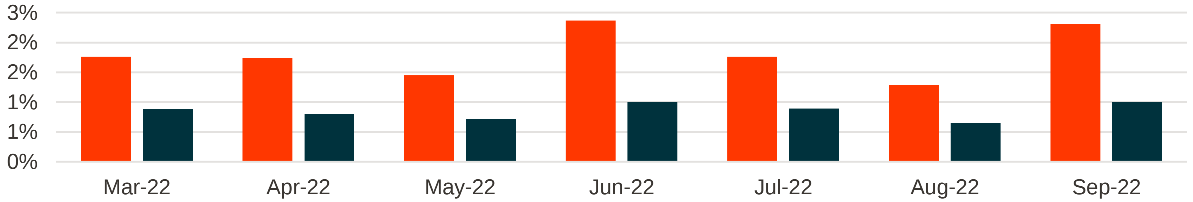
Monthly distribution cap: 0.5%




Premium data since inception.

## DJIA

Monthly distribution cap: 1.0%




The monthly distribution of each fund is capped at the lower of: a) half of premiums received, and b) 0.5% (for QYLG & XYLG) of net asset value (NAV) and 1% (for DJIA) of net asset value (NAV). The excess amount of option premiums received, if applicable, is reinvested into the fund.

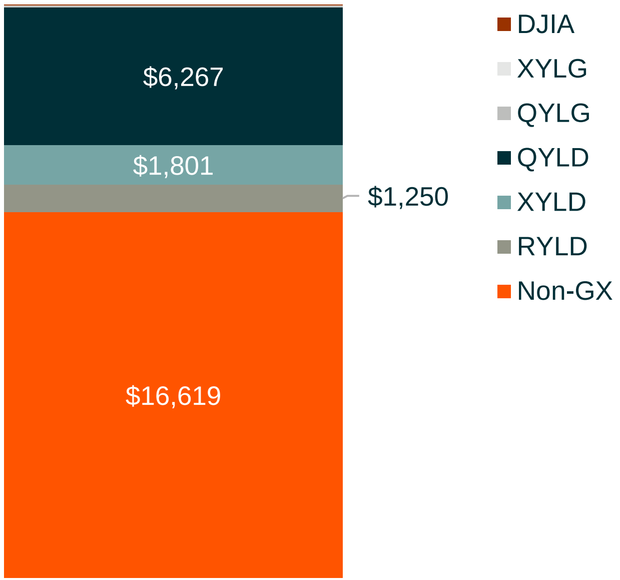




There is no guarantee distributions will be paid.

# Global X has the largest market share among US-listed ETFs with respect to covered call strategies

**AUM of Covered Call ETFs[1]**
($M)




### Leading Market Position

- Between the Six ETFs in our covered call suite, Global X accounts for nearly **36%** of all US-listed ETF assets following covered call strategies

GLOBAL X
by Mirae Asset

1. Source: Bloomberg, Global X, data as of 9/30/2022. Non-GX data as of 9/30/2022. Non-GX ETFs include: BUYW, DIVO, FTHI, FTQI, GLDI, GLDX, HYGW, IDVO, IGLD, JEPI, JEPQ, KNG, LGDW, PBP, SIXH, SLVO, TLTW, USOI, TAIL, VEGA
Subject to change.

# Option Strategies

# Investment Case for Global X Collar 95-110 ETFs

**QCLR & XCLR buy the stocks in their reference indices followed by implementing a ‘net-debit’ collar on the same indices.**

**Growth Potential**
QCLR & XCLR enable investors to participate in the growth of their reference indices, up to approximately 10% from the selling of the call to the option’s expiration date in 3 months.

**Manage Risk**
QCLR & XCLR aim to lessen drawdowns to approximately -5% from the purchase of the put to the option’s expiration in 3 months.

**Efficient Options Execution**
QCLR & XCLR save investors the time and potential expense of implementing a net-debit collar strategy individually

## What is a Net-Debit Collar?

Designed to assist in risk management, net-debit collars combine a covered call with a protective put. In order to implement a strategy like this correctly, the premiums received from the covered calls must be lower than the costs of the protective puts being purchased. In our Collar 95-110 ETFs, Global X portfolio managers do this by selling 10% “out-of-the-money” covered calls while purchasing protective puts that are 5% “out-of-the-money” every 3 months. Since the “moneyness” of the covered calls are less than the “moneyness” of the protective puts, the calls are less expensive, resulting in a ‘net-debit’.

## Net-Debit Collar Process Explained

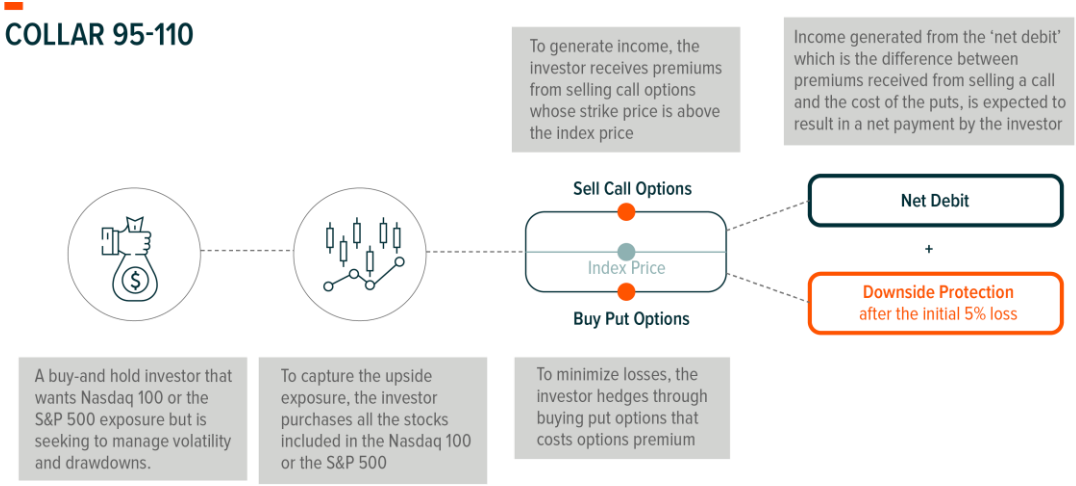
QCLR buys all the stocks in the Nasdaq 100 Index

QCLR buys 5% OTM put options & sells 10% OTM Nasdaq 100 Index call options that will expire in 3 months. A net-debit collar is created since the premiums received from the calls are less than the premiums for the puts purchsed.

At the end of the 3 months, QCLR expects to hold the options until their expiration dates.

This process is repeated, QCLR buys & sells new Nasdaq 100 Index options (NDX) that will expire every 3 months.

# Investment Case for Global X Collar 95-110 ETFs




**Why Should Investors Consider Net-Debit Collar Strategies**

- Investors who are looking to decrease the "noise" in their portfolios with the intention of limiting volatility within a certain range-bound return profile may want to consider adding an options collar strategy to their portfolios.
- The covered call positions in a strategy such as this can help limit the costs of the put protection being implemented in exchange for limiting upside potential.

# Investment Case for Global X Risk Managed Income ETFs

**QRMI & XRMI buy the stocks in their reference indices followed by implementing a 'net-credit' collar on the same indices.**

**Alternative Income Source**
QRMI & XRMI seek to generate an alternative source of income by selling covered calls.*

**Risk-Minded Approach**
QRMI & XRMI buys protective puts to mitigate the risks of a major market selloff.

**Monthly Distributions**
QRMI & XRMI expect to make distributions on a monthly basis.

| What is a Net-Credit Collar? | Designed to provide monthly income while simultaneously providing a degree of downside protection, net-credit collars seek to combine a covered call with a protective put. In order to implement a strategy like this correctly, the premiums received from the covered calls must exceed the costs of the protective puts being purchased. In our Risk Managed Income ETFs, Global X portfolio managers do this by selling "at-the-money" covered calls while purchasing protective puts that are 5% "out-of-the-money" on a monthly basis. Since the "moneyness" of the covered calls are greater than the "moneyness" of the protective puts, the calls are more expensive, resulting in a 'net-credit'. |
|---|---|

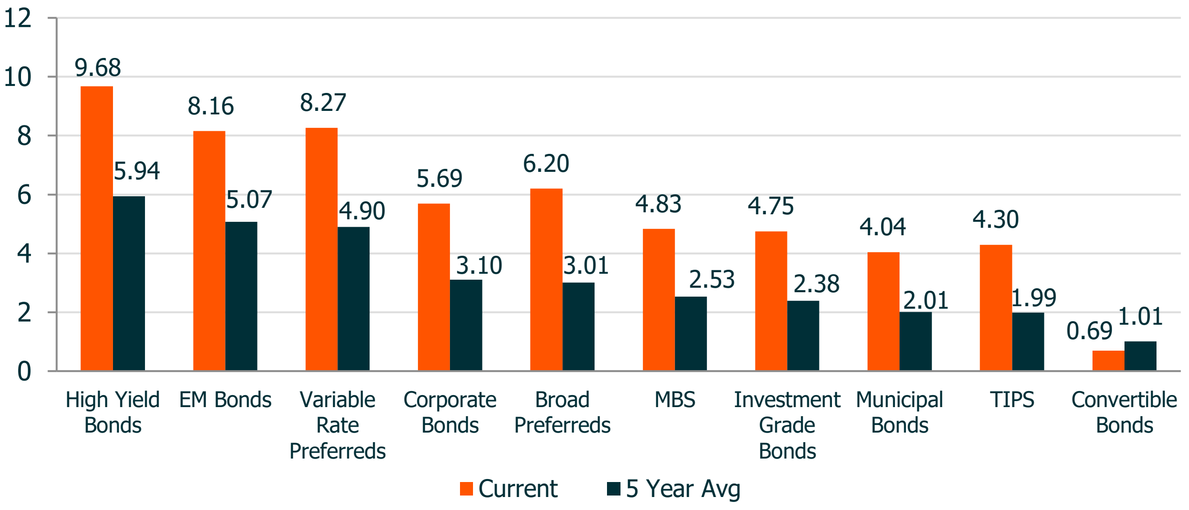
**Net-Credit Collar Process Explained**


*Covered call writing can limit the upside potential of the underlying security

# Investment Case for Global X Risk Managed Income ETFs

**Fixed Income Yields (Yield to Worst)- 5 Year Average**

Source: Bloomberg as of 9/30/2022




### Why Should Investors Consider Risk Managed Income Strategies

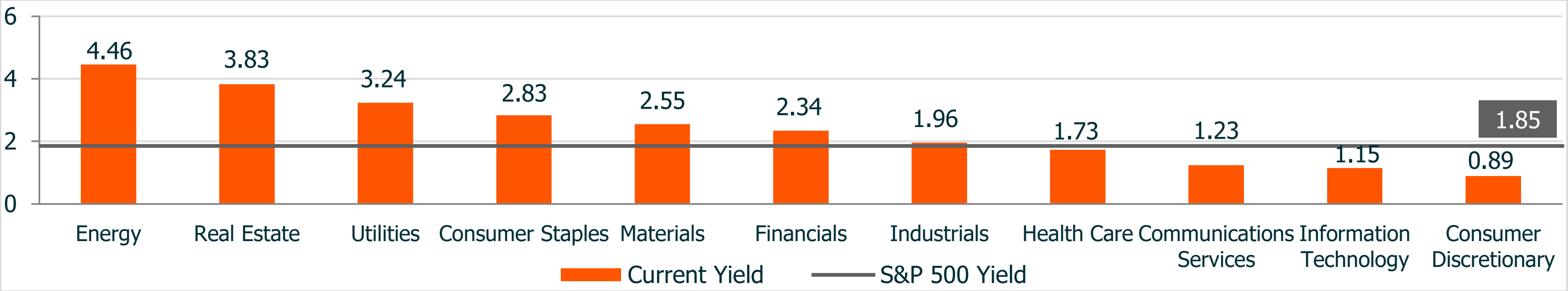
- Central banks in many developed nations have raised interest rates, driving yields to rise across all major fixed income sectors.
- This may force income investors to take on either more credit risk or more duration risk.

*Asset class representations are as follows, Convertible Bonds, Bloomberg US Convertible Bond Index; Variable Rate Preferreds, ICE US Variable Rate Preferred Securities Index; MBS, Bloomberg US MBS Index; High Yield Bonds, Bloomberg US Corporate High Yield Total Return Index; Broad Preferreds, ICE BofA Diversified Core US Preferred Securities Index; Municipal Bonds; Bloomberg Municipal Bond Index; Investment Grade Bonds, Bloomberg US Aggregate Bond Index; Emerging Market (EM) Bonds, Bloomberg EM USD Aggregate Total Return Index; TIPS, Bloomberg US Treasury Inflation Notes TR Index; Corporate Bonds, Bloomberg US Corporate Total Return Index*

# Investment Case for Global X Risk Managed Income ETFs

**S&P 500 SECTOR YIELD (%)**

Source: Bloomberg as of 9/30/2022




**Why Should Investors Consider Risk Managed Income Strategies**

- Within the equities space, dividend yields are low, even in areas that typically used to offer meaningful yields, like Real Estate and Utilities, resulting in inadequate income opportunities from the asset class.

# Investment Case for Global X Tail Risk ETFs

**QTR & XTR buy the stocks in their reference indices followed by implementing a protective put strategy on the same indices.**

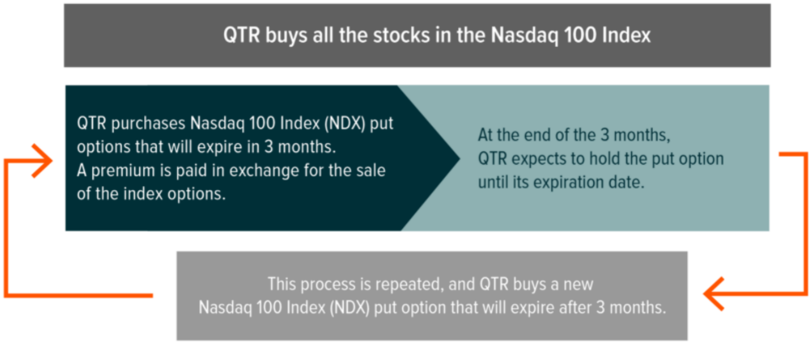
**Growth Potential**
QTR & XTR offers uncapped exposure to the growth potential* of the stocks within their reference indices

**Manage Downside Risk**
QTR & XTR seek to mitigate significant selloffs of greater than approximately -10% from the purchase of the put to the option's expiration date in 3 months.

**Efficient Options Execution**
QTR & XTR save investors the time and potential expense of buying put options individually.

| What is a Tail Risk Strategy? | Tail risk strategies are subsets of protective put strategies, typically involving the purchase of "out-of-the-money" options with lower strike prices on a specific security or index. For our tail risk strategies, the index approach implemented consists of purchasing the underlying constituents of the reference indices. Next, the strategies will purchase 10% "out-of-the-money" put options every 3 months with a goal to put a floor on losses. There is a premium cost when implementing this kind of strategy and is expected to underperform their equity indices in upwards or sideways markets. However, the protection provided may prove useful for investors seeking this kind of strategy. |
|---|---|

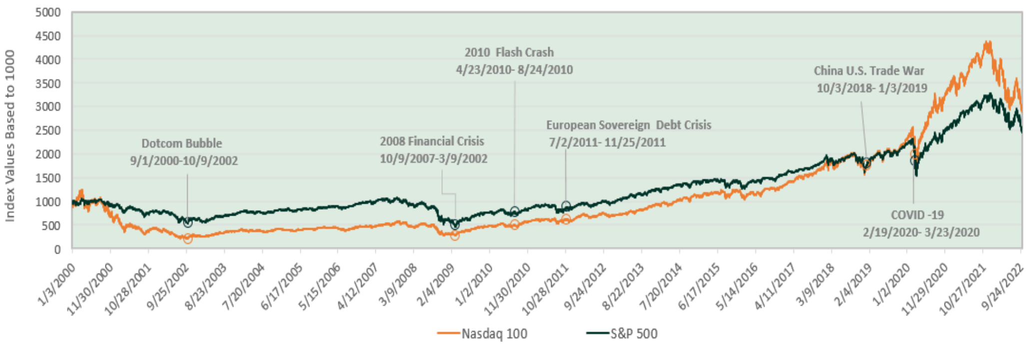
**Tail Risk Process Explained**




*Growth potential will decrease by the cost of the premiums paid.

# Investment Case for Global X Tail Risk ETFs

## S&P 500 AND NASDAQ 100 HISTORICAL DRAWDOWNS




### Why Should Investors Consider Tail Risk Strategies

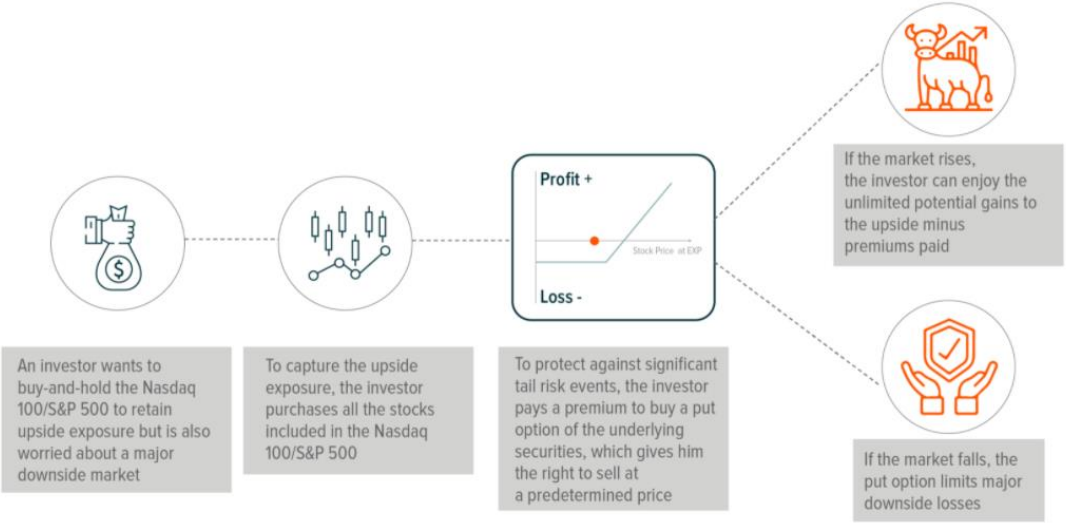
- Typically, asset pricing models are assumed to be normally distributed, meaning 99.7% of observations should fall within 3 standard deviations of the mean return.
- However, over the last 20 years, there have been only 8 quarterly calendar selloffs in both the S&P 500 and the Nasdaq 100 of 10% or more.
- Investors may want to consider the use of protective puts to mitigate extreme downside events.

Source: Bloomberg. Data from 1/3/2000 to 9/30/2022. S&P 500 represented by SPX and Nasdaq 100 represented by NDX Index. Drawdowns are declines of 10% or more over any calendar quarterly period.

# Investment Case for Global X Tail Risk ETFs

**How can QTR & XTR fit in a portfolio?**

- **A** Can be used tactically if an investor is anticipating a major drawdown event but wants to remain invested in any potential upside.
- **B** For strategic allocations, investors may make sense for investors who are looking for growth characteristics coupled with the potential to mitigate major drawdowns.



# Global X Options ETF Suite: Scenario Analysis

Below, we explain how each options overlay is expected to perform during different market environments. This shows the versatility of the expanded options suite and how they can be used by investors of many risk appetites.

| Market Scenario | Covered Call | Covered Call & Growth | Collar 95-110 | Risk Managed Income | Tail Risk |
|---|---|---|---|---|---|
| **Up Market** | Upside participation is sacrificed to provide high, monthly distributions to shareholders. | Expected to participate in 50% of the upside potential of the reference index. | Upside participation is sacrificed to provide monthly distributions to shareholders. | Upside is uncapped but should trail the reference index due premiums paid for the put options. | The call options sold will limit upside potential to a 10% gain every 3 months. |
| **Flat Market** | Expected to outperform the reference index by the premiums received from selling index call options. | Expected to outperform the reference index by the premiums received from selling index call options. | Expected to outperform the reference index by the net premiums received from the net-credit collar. | Expected to trail the reference index by the premiums paid for the put options | Expected to trail the reference index by the net premiums paid for the net-debit collar.. |
| **Down Market** | The premiums received from selling call options should provide volatility reduction and may offset losses. | The premiums received from selling call options should provide volatility reduction and may offset losses. | The net-debit collar implemented is expected to provide protection, depending on the severity of the downtrend. | The put option overlay is expected to provide a degree of protection, depending on the severity of the downtrend. | The net-debit collar implemented is expected to provide a degree of protection depending on the severity of the downtrend. |

*This is no guarantee of future results*

# Global X Options ETF Suite

## Global X Options Suite Comparison

| | Covered Call | Covered Call & Growth | Risk Managed Income | Tail Risk | Collar 95-110 |
|---|---|---|---|---|---|
| **Associated Tickers** | QYLD, XYLD, RYLD, DJIA | QYLG, XYLG | QRMI, XRMI | QTR, XTR | QCLR, XCLR |
| **Global X Options ETF Suite** | Writes monthly ATM index call options on 100% of the fund's portfolio in an effort to maximize income. | Writes monthly ATM index call options on 50% of the fund's portfolio for income with some upside potential. | Employs a net credit collar to a degree of provide income and protection against major market sell-offs. | Purchases protective puts to provide a degree of protection during major market sell-offs. | Employs an asymmetric (net debit) collar to provide a degree of protection during major market sell-offs in addition to potential volatility reduction. |
| **Call Positions** | Sells ATM Covered Calls (100% of assets) | Sells ATM Covered Calls (50% of assets) | Sells ATM Covered Calls (100% of assets) | None | Sells 10% OTM Calls (100% of assets) |
| **Put Positions** | None | None | Buys 5% OTM Puts | Buys 10% OTM Puts | Buys 5% OTM Puts |
| **Options Contract Length** | Monthly | Monthly | Monthly | Three months | Three months |
| **Distribution Frequency** | Monthly | Monthly | Monthly | Semi-Annually | Semi-Annually |

OTM= “Out-of-the-Money” | ATM= “At-the-Money” by Mirae Asset

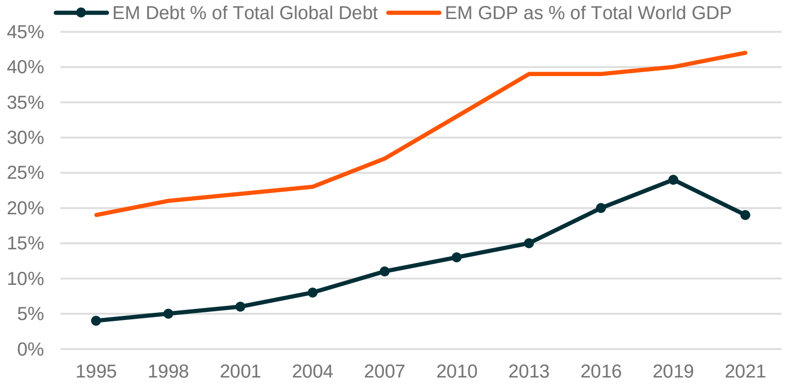
# Emerging Markets (EM) Bonds

# EM Bonds are a major slice of global debt markets

- Historically, the increasing prominence of EM economies led to increasing amount of EM debt issuances within the global capital markets
- Today, similar to its proportion in global equity markets, EM accounts for nearly a quarter of global debt issuances

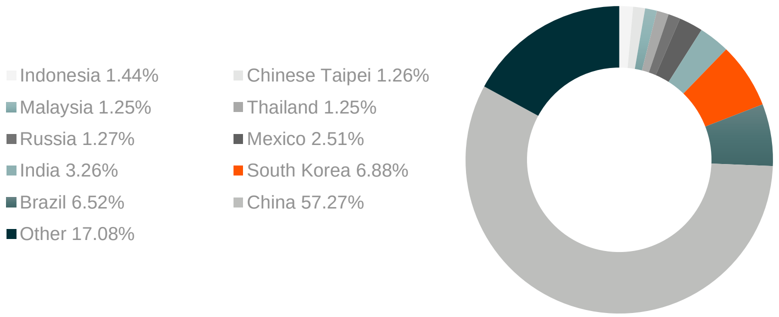
## EM DEBT & GDP AS % OF WORLD TOTAL

Source: MENAFN, IMF, Bloomberg. Data from year-end 1995 to year-end 2021.




## EM DEBT OUTSTANDING BY COUNTRY ($ TRILLIONS)

Source: Global X ETFs, Bank of International Settlements, Data as of end of Q3 2022.

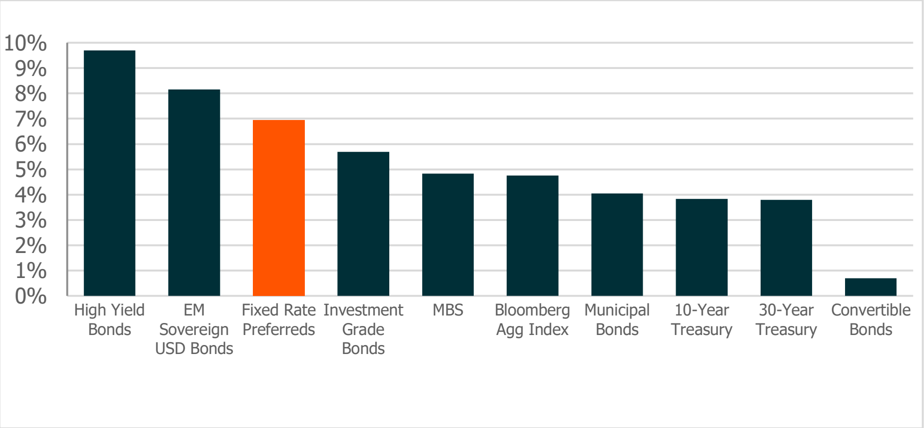


# EM Bonds’ role in a portfolio: Seeking to provide high yield and diversification

- Given that EM bonds tend to carry greater risks than their developed market peers, investors are typically rewarded with higher yields
- EM bonds can also offer certain diversification benefits, having low correlation with US Treasuries and other high yielding asset classes

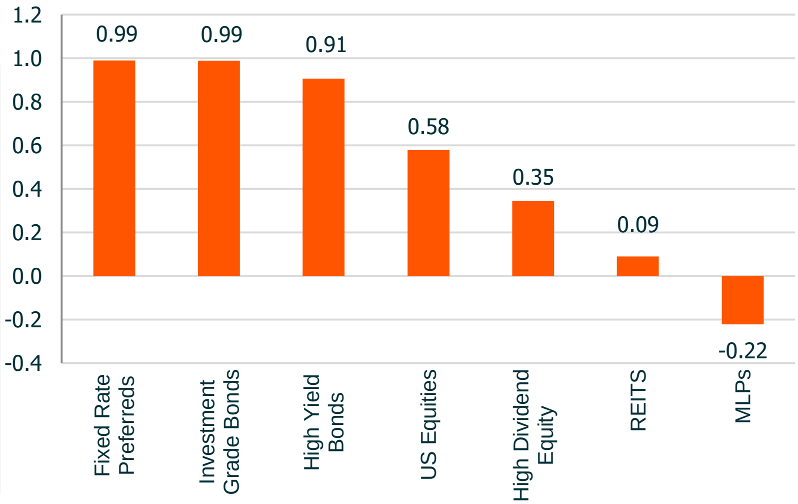
**EM BOND YIELDS VS. US BOND YIELD SEGMENTS**

Source: Bloomberg, Data as of 9/30/2022. High Yield measured by Bloomberg US Corporate High Yield Index, EM Sovereign USD Bonds measured by Bloomberg EM USD Aggregate Index. Preferreds measured by the ICE BofA Fixed Rate Preferred Securities Index. Investment Grade Bonds measured by Bloomberg US Corporate Index. Municipal Bonds measured by Bloomberg Municipal Bond Index. MBS measured by Bloomberg US MBS Index. Convertible Bonds measured by Bloomberg US Convertibles Index. Treasuries on the bid yield. Yields measured by yields to worst.




**LONG TERM (5-YEAR) EM BOND CORRELATION TO OTHER ASSET CLASSES[1]**

Source: Bloomberg, weekly data from 9/30/2017 to 9/30/2022




1. Asset class representations are as follows, MLPs, S&P MLP Index; High Yield Bonds Bloomberg US Corporate High Yield Total Return Index; Investment Grade Bonds, Bloomberg US Corporate Total Return Index; REITs, FTSE NAREIT All Equity REITS Index; High Dividend Equities, MSCI USA High Dividend Yield Index; US Equities, S&P 500 Index; and Preferreds, ICE BofA Fixed Rate Preferred Securities Index.





Diversification does not ensure a profit or guarantee against a loss.

# EMBD: An actively-managed EM Bond solution offered at a competitive cost

- EMBD's portfolio managers have extensive track records in actively-managed emerging market debt strategies.
- At a 0.39% Total Expense Ratio, EMBD offers the outperformance potential and risk management of active portfolio managers, at a competitive cost.

| | Global Macro Analysis | Country Allocation | Sovereign /Corporate Relative Valuation | Security Selection | Portfolio Construction & Review |
|---|---|---|---|---|---|
| Key Drivers | **Global Macro Analysis**<br>• Global Monetary Policy<br>• Global Business Cycle<br>• Geopolitical Analysis<br>• Major Theme Development<br>• Commodity Balance | **Fundamental Analysis**<br>• Economic Indicators<br>• Industrial Structure<br>• Terms of Trade<br>• Political Environment<br>• Geopolitical Issues | **Valuation Analysis**<br>• Economic Cycle<br>• Political Stability<br>• Historical Spread Analysis<br>• FX risk analysis<br>• Sovereign Ceiling Analysis | **Bottom-up Analysis**<br>• Credit Risk Analysis<br>• On-the-run / Off-the-run<br>• Sovereign / Quasi-Sovereign Fair Value Analysis<br>• Supply Analysis<br>• Debt Management Forecast | **Execution**<br>• Bloomberg<br>• MarketAxess<br>• PORT<br>• Pharos |
| Key Decision Makers | **Chief Investment Officer**<br>**Lead Portfolio Manager**<br>**Global Strategist**<br>**Global Credit Research Head** | **EM Sovereign Manager***<br>**EM Sovereign Analyst**<br>**EM Corporate Manager** | **EM Corporate Manager***<br>**EM Corporate Analyst**<br>**EM Sovereign Manager** | **EM Corporate Manager***<br>**EM Corporate Analyst**<br>**EM Sovereign Manager** | **EM Corporate Manager**<br>**Trader**<br>**Portfolio Analyst** |

*denoted specialist has leadership responsibility in each designated process

# EMBD Investment Guidelines

| | |
|---|---|
| Benchmark | JPM EMBI Core (JPEICORE INDEX in Bloomberg) |
| Investment Universe | Emerging Market Sovereign Dollar Debt* (EMS)<br>Corporate Dollar Debt from EM** (EMC)<br>Emerging Local Currency Denominated Bonds issued by EM government or BBB- above rated entities (EML)<br>Developed Market Allocation*** (DM)<br>EM Bond ETFs (Sovereign Bond, Corporate Bond, Local Bond, etc) (ETF) |
| Sector Limit | EMS: 0~100%<br>EMC: 0~40%<br>EML: 0~10%<br>DM: 0~20%<br>ETF: 0~100% |
| Credit Rating Limit | Sovereign / Quasi-sovereign Bond : No restriction<br>Corporate bond: B0 or above only |
| NAV Tracking Error | Less than 4% |
| Other Rules | • Max Single Country Exposure: 20%<br>• Max Single Currency Exposure: 5%<br>• Max Single Corporate Issuer Exposure: Investment Grade 5% & Non-Investment Grade 3%* (*if ETF size is smaller than USD 50mio, this rule would be waived)<br>• Includes Quasi securities (JPMorgan EMBI Sovereign Core Index includes 15% Quasi-securities)<br>• EM countries to include any countries that is included in MSCI, JPMorgan Corporate EMBI, JPMorgan EMBI Sovereign Global Core Index<br>• DM Allocation includes Cash & Cash Equivalents and Government Bonds |

GLOBAL X
by Mirae Asset

# Important Information

# Important Information

Investing involves risk, including possible loss of principal. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Bonds and bond funds will decrease in value as interest rates rise. High yield bonds involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments. Diversification may not protect against market risk.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Global X NAVs are calculated using prices as of 4:00 PM Eastern Time. Beginning October 15, 2020, market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates current NAV per share. Prior to October 15, 2020, market price returns were based on the midpoint between the Bid and Ask price. The returns shown do not represent the returns you would receive if you traded shares at other times. Indices are unmanaged and do not include the effect of fees, expenses or sales charges. One cannot invest directly in an index.

The following funds are non-diversified: QDIV, MLPX, SPFF, PFFV, PFFD, QYLD, EMBD, SRET, SDEM, EFAS, MLPA, QYLG, DJIA, QRMI.

**Carefully consider the Funds' investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in the Funds' summary and full prospectuses, which may be obtained at www.globalxetfs.com. Read the prospectus carefully before investing.**

Morningstar Factor Profile includes seven factors that are widely accepted in the industry as reliable descriptions of the underlying drivers of market performance: size, style (or value-growth), quality, yield, liquidity, volatility, and momentum. The seven factors selected intend to strike a balance between the coverage of the most important factors and a reasonable level of complexity for investors. The Morningstar Factor Profile is meant to help investors better analyze managed funds along the increasing number of factor dimensions and is a scientific and intuitive tool to capture the factor exposures of investment portfolios. To learn more about Morningstar Factor Profile, click here.

MLPs: Investments in securities of MLPs involve risk that differ from investments in common stock including risks related to limited control and limited rights to vote on matters affecting the MLP. MLP common units and other equity securities can be affected by macro-economic and other factors affecting the stock market in general, expectations of interest rates, investor sentiment towards MLPs or the energy sector, changes in a particular issuer's financial condition, or unfavorable or unanticipated poor performance of a particular issuer (in the case of MLPs, generally measured in terms of distributable cash flow). The Global X MLP Funds invest in the energy industry, which entails significant risk and volatility. The Funds invest in small and mid-capitalization companies, which pose greater risks than large companies. MLPA has a different and more complex tax structure than traditional ETFs and investors should consider carefully the significant tax implications of an investment in the Fund.

MLPA is taxed as a regular corporation for federal income tax purposes, which differs from most investment companies. Due to its investment in MLPs, the fund will be obligated to pay applicable federal and state corporate income taxes on its taxable income as opposed to most other investment companies. The fund expects that a portion of the distributions it receives from MLPs may be treated as tax-deferred return of capital. The amount of taxes currently paid by the fund will vary depending on the amount of income and gains derived from MLP interests and such taxes will reduce an investor's return from an investment in the fund. The fund will accrue deferred income taxes for any future tax liability associated certain MLP interests. Upon the sale of an MLP security, the fund may be liable for previously deferred taxes which may increase expenses and lower the fund's NAV.

The potential tax benefits from investing in MLPs depend on them being treated as partnerships for federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value.

REITs: In addition to the normal risks associated with investing, real estate and REIT investments are subject to changes in economic conditions, credit risk and interest rate fluctuations

Preferreds: Preferred stock is subject to many of the risks associated with debt securities, including interest rate risk. In addition, preferred stock may not pay a dividend, an issuer may suspend payment of dividends on preferred stock at any time, and in certain situations an issuer may call or redeem its preferred stock or convert it to common stock. U.S. Treasury securities are considered to be of high credit quality and are backed by the full faith and credit of the U.S. government. U.S. Treasury securities, if held to maturity, guarantee a return of principal while no other securities mentioned in this material offer such a guarantee.

Covered Calls/Options: QYLD, XYLD, RYLD, DJIA, QYLG, XYLG, QRMI, XRMI, QCLR, XCLR, QTR and XTR engages in options trading. An option is a contract sold by one party to another that gives the buyer the right, but not the obligation, to buy (call) or sell (put) a stock at an agreed upon price within a certain period or on a specific date. By purchasing put options, in return for the payment of premiums, QRMI, XRMI, QTR, XTR, QCLR and XCLR may be protected from a significant decline in the price of the index if the put options become in the money (index closes below the strike price as of the expiration date); but during periods where the index appreciates, the Fund will underperform due to the cost of the premiums paid. A liquid market may not exist for options held by the Fund.

By selling covered call options, QYLD, XYLD, RYLD, DJIA, QYLG, XYLG, QRMI, XRMI, QCLR and XCLR limit their opportunity to profit from an increase in the price of the underlying index above the exercise price, but continue to bear the risk of a decline in the index. While these funds receive premiums for writing the call options, the price it realizes from the exercise of an option could be substantially below the index's current market price.

Super Dividend: High yielding stocks are often speculative, high-risk investments. These companies can be paying out more than they can support and may reduce their dividends or stop paying dividends at any time, which could have a material adverse effect on the stock price of these companies and the Fund's performance. Bonds and bond funds generally decrease in value as interest rates rise. Mortgage-backed securities are subject to prepayment and extension risk and therefore react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain mortgage-backed securities.

12 Month Dividend Yield: The yield an investor would have received if they had held the fund over the last twelve months assuming the most recent NAV. The 12 Month yield is calculated by summing any income distributions over the past twelve months and dividing by the NAV.

EMBD is actively managed, which could increase its transaction costs (thereby lowering its performance) and could increase the amount of taxes you owe by generating short-term gains, which may be taxed at a higher rate. As an actively managed Fund, EMBD does not seek to replicate a specified index and is subject to increased credit and default risk, where there is an inability or unwillingness by the issuer of a fixed income security to meet its financial obligations, debt extension risk, where an issuer may exercise its right to pay principal on an obligation later than expected, as well as interest rate/maturity risk, where the value of the Fund's fixed income assets will decline because of rising interest rates. EMBD may invest in securities denominated in foreign currencies. Because the Fund's NAV is determined in U.S. dollars, the EMBD's NAV could decline if currencies of the underlying securities depreciate against the U.S. dollar or if there are delays or limits on repatriation of such currencies. Currency exchange rates can be very volatile and can change quickly and unpredictably.

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