

GLOBAL X

by Mirae Asset

Global X Adaptive U.S. Risk Management ETF (ONOF) Monthly Report

February 2023

Global X Adaptive U.S. Risk Management ETF (ONOF)

The Global X Adaptive U.S. Risk Management ETF (ONOF) seeks to track the Adaptive Wealth Strategies U.S. Risk Management Index, which employs four technical indicators to dictate whether its in equities or treasuries. The underlying indicators consider trend-following, behavioral, and technical aspects that have academically-backed research supporting their inclusion.

Underlying Process

1 Track Four Technical Indicators

- The strategy employs 200-day moving average, drawdown, MACD, and volatility as indicators to move between equity and fixed income exposure.

2 Equal Vote Strategy

- Each indicator receives an equal vote. Technical or behavior indicators do not work independently all the time, thus the strategy looks for several signals to define an entry or exit of the equity markets rather than rely on one overriding signal.

3 Market Entry & Exit

- All of the indicators are statistically standardized and given z-scores for entry and exit triggers. It takes three votes to exit, and two votes to enter. The methodology makes it harder to exit, thus likely reducing the potential for false signals. It also makes re-entering the market easier in an effort to capture market recoveries. When the signals trigger a market exit, the Index enters a “**Risk Off Period**” where it is 100% exposed to short-term treasuries.

4 Rotation

- The index rotates between a cap-weighted basket of the largest 500 U.S. listed companies for the equity exposure, and short-term treasuries for the risk-off fixed income exposure. When a signal is given to enter or exit the market, that signal is in affect for a minimum of ten days, to avoid a potential whipsawing effect of trend changes.

Four
Signals,
Why?

SHORTER-TERM INDICATORS

MACD (Moving Average Convergence Divergence)

MACD is one of the shortest-term momentum indicators used in practice and is designed to quickly detect changing trends.

Volatility, measured by the CBOE® Volatility Index (VIX®)

The VIX is a popular measure of stock market's expectation of volatility based on S&P 500 options. VIX rises with uncertainty in the market which can raise the probability of large downside moves. The VIX serves as a forward-looking indicator, allowing the strategy to remove risk when uncertainty becomes too high.

LONGER-TERM INDICATORS

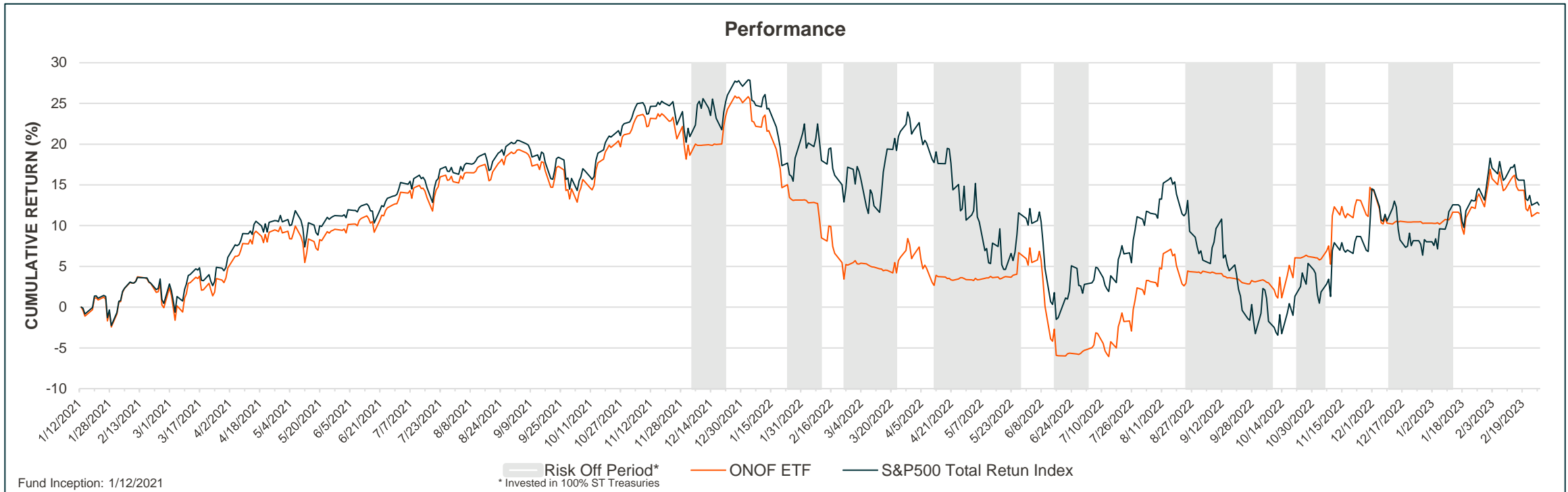
200-day Moving Average

The 200-day Moving Average is calculated by adding up the closing prices for each of the last 200 days and then divided by 200. It forms a trend-following indicator by smoothing price data, and helps to provide stability.

Drawdown

Drawdown measures the decline from a historical peak and is usually referred to in percentage figures. Utilizing the drawdown indicator could potentially indicate when the market is headed towards a long-term downward.

Global X Adaptive U.S. Risk Management ETF (ONOF)



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. Performance current to the most recent month-end is available at globalxetfs.com. Data as of February 28, 2023 using ONOF's NAV return.

Risk Indicators at Month-End (February 2023) ¹					
Long-term	200-Day Moving Average	Drawdown	Short-term	Moving Average Convergence Divergence (MACD)	Volatility
	✓	✗		✗	✓

¹ Data from Solactive

ON ✓ OFF ✗

Global X Adaptive U.S. Risk Management ETF (ONOF) – February 2023 Signal Chart

Date	200 Day	Drawdown	MACD	Volatility	Total Vote ¹	T+3 ²
2/1/2023	✓	✗	✓	✓	ON	ON
2/2/2023	✓	✗	✓	✓	ON	ON
2/3/2023	✓	✗	✓	✓	ON	ON
2/6/2023	✓	✗	✓	✓	ON	ON
2/7/2023	✓	✗	✓	✓	ON	ON
2/8/2023	✓	✗	✓	✓	ON	ON
2/9/2023	✓	✗	✓	✓	ON	ON
2/10/2023	✓	✗	✓	✓	ON	ON
2/13/2023	✓	✗	✓	✓	ON	ON
2/14/2023	✓	✗	✓	✓	ON	ON
2/15/2023	✓	✗	✓	✓	ON	ON
2/16/2023	✓	✗	✓	✓	ON	ON
2/17/2023	✓	✗	✗	✓	ON	ON
2/21/2023	✓	✗	✗	✓	ON	ON
2/22/2023	✓	✗	✗	✓	ON	ON
2/23/2023	✓	✗	✗	✓	ON	ON
2/24/2023	✓	✗	✗	✓	ON	ON
2/27/2023	✓	✗	✗	✓	ON	ON
2/28/2023	✓	✗	✗	✓	ON	ON

The Global X Adaptive U.S. Risk Management ETF (ONOF) seeks to track the Adaptive Wealth Strategies U.S. Risk Management Index.

ONOF Signal Chart Key

-  Reflects the first instance in which the signals were triggered to enter or exit U.S. Equities.
-  Reflects the first day the new allocation becomes effective for the Index, which occurs 3 calculation days after the first instance in which the signals are triggered. (T+3)
-  Once a decision to enter or exit market has been made, the position will be locked for at least 10 days to reduce turnover. This border reflects the 10th day in which the new allocation was held.

Performance (as of December 31, 2022)

	3-Months	YTD	1-Year	Since ONOF Inception (01/12/21)
ONOF NAV Return	7.26%	-11.60%	-11.89%	10.30%
ONOF Market Return	7.34%	-11.88%	-13.65%	10.89%
S&P 500 Index	7.56%	-18.11%	-18.13%	3.82%

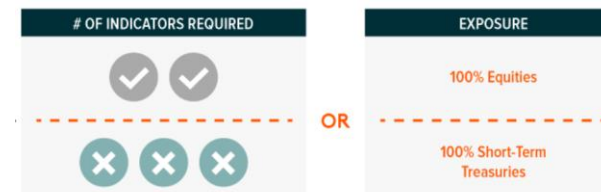
Performance (as of February 28, 2023)

	3-Months	YTD	1-Year	Since ONOF Inception (01/12/21)
ONOF NAV Return	-2.63%	1.00%	5.89%	5.45%
ONOF Market Return	-2.31%	1.08%	6.09%	5.51%
S&P 500 Index	-2.28%	3.69%	-7.69%	3.65%

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. Performance current to the most recent month-end is available at globalxetfs.com. Returns greater than 1-year are annualized. The Fund's Total Expense Ratio is 0.39%.

Risk-Reward Metrics

	Beta	Sharpe Ratio	Upside Capture Ratio	Downside Capture Ratio
ONOF	0.57	0.41	66.56	64.12
S&P 500 Index	--	0.25	--	--



2 of the 4 indicators must have entry signals (✓) to enter 100% Equities and have the portfolio be "ON".
3 of the 4 indicators must have exit signals (✗) to exit equities and go into 100% Short-Term Treasuries to be "OFF"

¹Total Vote reflects the portfolio status as a result of the signal positions.

²T+3 reflects the effective position of the fund after the signal decision occurs. It takes 3 calculation days for the new signal decision to become effective in the Index and therefore the Fund as well.

Definitions & FAQs

Technical Indicator Definitions

Longer-Term Indicators

- **200-Day Moving Average:** The 200-day average is designed to detect longer-term trends in the market and used to provide stability, as this trend doesn't change significantly from day to day.
- **Drawdown:** Drawdown has its roots in the behavioral side of investing. We measure the absolute drawdown from the prior high-point in the market as an indicator. This indicator potentially indicates the market is headed toward a longer-term trend downward.

Shorter-Term Indicators

- **MACD (Moving Average Convergence Divergence):** MACD is designed to capture short-turning points in the market both up and down. The MACD can be one of the first technical indicators to signal a risk-off environment. MACD is a momentum indicator, reflecting the spread between the 12-day exponential moving average (EMA) and the 26-day EMA. A positive spread between the two EMAs indicates upward momentum, while a negative spread indicates downward momentum.
- **Volatility:** Volatility is also short-term in nature and can signal heightened uncertainty in the markets which tends to favor a risk off approach.

FAQs

- 1. How are the four signals used?** If 2 or more signals are positive, the strategy will invest in U.S. equities. If 3 or more signals are negative, the strategy moves to fixed income. This is designed to tilt the strategy more often towards equities than fixed income, but to still allow for a shift to defensive positioning when several signals flash warning signs.
- 2. Why is the strategy biased towards equities over fixed income?** The objectives of the strategy are to remain invested in equities as much as possible, achieve a low tracking error, have minimal internal expenses and provide significant risk mitigation, while still producing alpha generation. In an effort to meet these objectives, a bias towards remaining invested in equities over fixed income is necessary and we believe positive for long term returns.
- 3. How often will the strategy be defensively positioned in fixed income?** We would expect the strategy to be invested in treasuries or be "risk-off" about 20% of the time.
- 4. How could this strategy be used in a portfolio?** This strategy could fit well into the part of the portfolio where the advisor would ordinarily look to trim equity exposure during risk-off environments and potentially limit taxable gains. This is a great complement to broad core allocations, as this is expected to act as a risk reduction tool inside of the portfolio.
- 5. Is there a risk of high capital gains distributions with the ETF that tracks this strategy?** By moving from equities to treasuries, with the goal of reducing risk, the ETF vehicle is expected to eliminate capital gains issues faced when we needed to trim equity exposure.
- 6. What are z-scores?** A z-score describes the position of a raw score in terms of its distance from the mean, when measured in standard deviation units.

Definitions & FAQs

Definitions

Beta

Measures the volatility of the Fund price relative to the volatility in the market index and can also be defined as the percent change in the price of the Fund given a 1% change in the market index. A beta below one suggests that the Fund was less volatile than the market benchmark.

Upside Capture Ratio

Measures a strategy's performance in up markets relative to a benchmark.

Downside Capture Ratio

Measures a strategy's performance in down markets relative to a benchmark.

Sharpe Ratio

Measures the return for each unit of risk. The risk-free rate is subtracted from the mean return and is divided by the standard deviation of returns.

Z-Score

Describes the position of a raw score in terms of its distance from the mean, when measured in standard deviation units.

Adaptive Wealth
Strategies U.S. Risk
Management Index

The Index employs four technical indicators and rotates between a cap-weighted basket of the largest 500 U.S listed companies for the equity exposure or short-term treasuries.

S&P 500 Index

The index includes 500 leading U.S. companies and captures approximately 80% coverage of available market capitalization.

Risks & Other Important Information

Investing involves risk, including the possible loss of principal. There is no guarantee that the Fund will achieve a high degree of correlation to the Underlying Index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the Fund's ability to adjust its exposure to the required levels in order to track the Underlying Index.

The Fund is based on the "modern portfolio theory" approach to asset allocation, which is a framework for determining the allocation of a portfolio with the goal of achieving an intended investment outcome based on a given level of risk. This framework relies heavily on the anticipated volatilities, investment returns and correlations of particular asset classes or securities. There is no guarantee that the Underlying Index will outperform any alternative strategy that might be employed in respect of the component assets or that past volatilities and correlations of particular asset classes or securities will be indicative of future results. ONOF is non-diversified.

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. The 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, and do not represent the returns you would receive if you traded shares at other times. NAVs are calculated using prices as of 4:00 PM Eastern Time. Indices are unmanaged and do not include the effect of fees, expenses or sales charges. One cannot invest directly in an index.

Carefully consider the Fund's investment objectives, risks, and charges and expenses before investing. This and other information can be found in the Fund's summary or full prospectuses, which is available at globalxetfs.com. Please read the prospectus carefully before investing.

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