

Global X ETFs Options Strategies

Options strategies can help investors navigate a variety of market conditions or achieve certain outcomes like generating income or managing risk. Often, these strategies invest in specific assets, such as the stocks in an index, and implement some combination of buying or selling calls and puts on those same assets in an effort to achieve the desired outcome. ETFs investing in options can be an efficient tool for investors looking to incorporate these strategies in their portfolio.



Common Options Strategies

There are several common options strategies that can help investors achieve specific outcomes such as generating income, managing risk, or both. Global X offers over 10 different options based ETFs strategies, totaling over \$8 billion in assets under management.¹

Covered Calls

(QYLD, XYLD, RYLD,
QYLG, XYLG, DJIA)

- Generates income in exchange for upside potential on assets such as equities.
- Gains exposure to equities in a specific index and sells at-the-money (ATM) call options on that index.

Tail Risk

(QTR, XTR)

- Provides uncapped potential for capital appreciation while offering protection against extreme sell-offs.²
- Gains exposure to stocks in a specific index and buys deep out-of-the-money (OTM) protective put options on that index.

Net Debit Collar

(QCLR, XCLR)

- Provides a level of potential capital appreciation while mitigating a degree of downside risk.
- Gains exposure to stocks in a specific index, and buys OTM put options and sells further OTM call options on that index.
- The strategy is a 'net debit', as the cost of the OTM put option is expected to exceed the premiums received from selling the further OTM call option.

Risk Managed Income

(QRMI, XRFI)

- Generates income while mitigating a degree of downside risks.
- Gains exposure to stocks in a specific index, buys OTM protective put options and sells ATM call options on that index.
- The strategy is a 'net credit', where the premium received from selling the ATM call option exceeds the cost of purchasing the OTM put option.

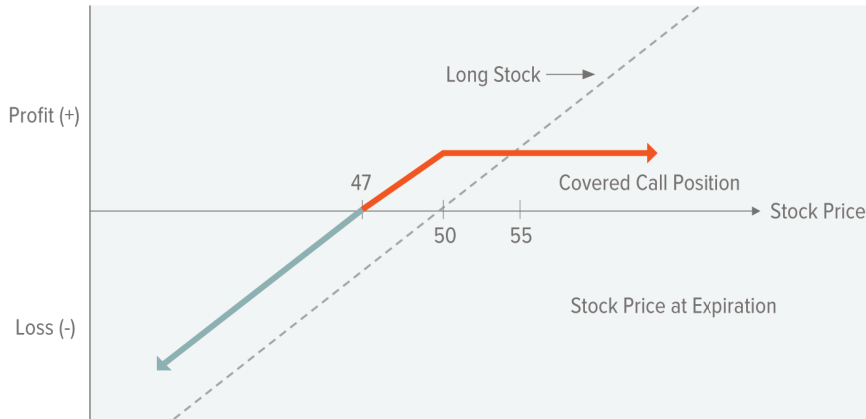
¹ Data as of 3/1/2022

² Growth potential will decrease by the cost of the premiums paid



Covered Call (QYLD, XYLD, RYLD, QYLG, XYLG, DJIA)

Covered Calls (Sell At-the-Money Call Option)



A covered call strategy involves buying a stock or basket of stocks and selling a call option on those securities. Selling a call option forfeits the upside potential on those underlying stocks if it's written at-the-money (ATM). In exchange, the investor receives a premium for selling the call option. Therefore, a covered call strategy can be used to generate additional income from equities.

Covered Call Features

- Generates income based on premiums received from selling the call options.
- Upside potential is capped, while downside risk is mitigated to the extent of the option premiums received.
- Can generate higher income during volatile markets since option premiums are historically correlated to the underlying security's implied volatility.

There are numerous decisions that can go into constructing a covered call strategy, including which indexes or assets to hold, the moneyness of the options written, and the amount of the portfolio covered by call options.



COVERAGE PERCENTAGE

Full coverage (100% Covered) entails writing calls on 100% of the value of the underlying securities owned in the portfolio while covering a portfolio (50% Covered) means the notional value of the written call options is half the value of the stocks held in the portfolio.

100% COVERED PORTFOLIO

Maximizes the premium income but forfeits all upside potential.

50% COVERED PORTFOLIO

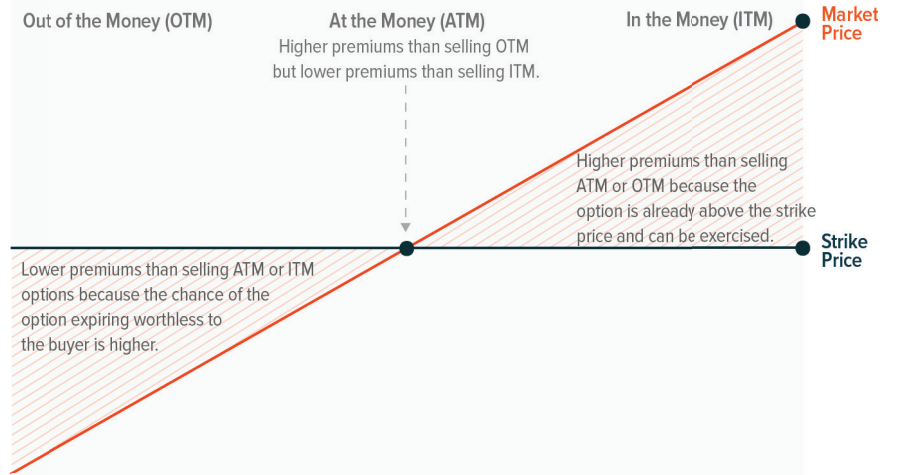
Half the premium income but participates in half the upside potential of the underlying securities.



MONEYNESS OF THE OPTIONS

The term moneyness describes the relation between the strike price of an option and the current price of the underlying security. There are three main terms which are used to describe moneyness: Out-of-the-Money, At-the-Money and In-the-Money. The state of the moneyness changes when the price of the underlying asset changes.

The further out of the money the call options are written, the greater the upside potential, but the lower the premiums.

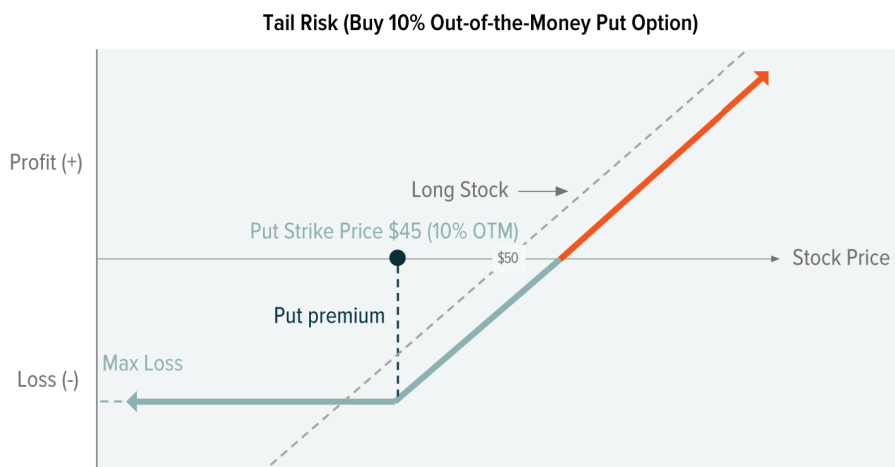


Global X's Covered Call ETFs

	QYLD	QYLG	XYLD	XYLG	RYLD	DJIA
	Nasdaq 100 Covered Call ETF	Nasdaq 100 Covered Call & Growth ETF	S&P 500 Covered Call ETF	S&P 500 Covered Call & Growth ETF	Russell 2000 Covered Call ETF	Dow 30 Covered Call ETF
Primary Goal	Current Income	Current Income and Growth	Current Income	Current Income and Growth	Current Income	Current Income
Distribution Frequency	Monthly	Monthly	Monthly	Monthly	Monthly	Monthly
Equity Index	Nasdaq 100	Nasdaq 100	S&P 500	S&P 500	Russell 2000	Dow Jones Industrial Average
Option Moneyness	At-the-money	At-the-money	At-the-money	At-the-money	At-the-money	At-the-money
Percentage of Portfolio Covered	100%	50%	100%	50%	100%	100%



Tail Risk (QTR, XTR)



A tail risk strategy involves owning a stock or basket of stocks while also buying an out-of-the-money (OTM) protective put on those securities. This allows for participation in upside potential (minus premiums paid) while mitigating impacts of significant downside moves.

Tail Risk Features

- Provides investors with a means to mitigate potential major market downside risks, while also participating in rising markets.
- Involves a cost paid by the investors due to the purchase of the protective puts. This can result in underperformance in upwards or sideways markets. However, tail risk strategies can potentially provide protection during times of market stress.

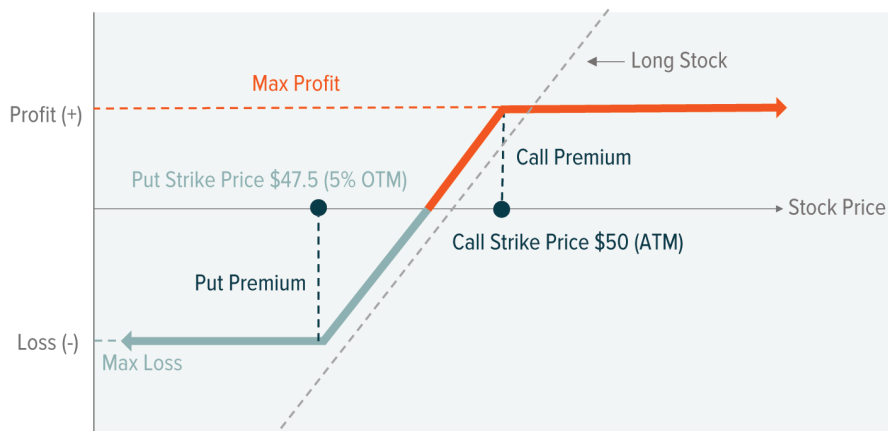
Global X's Tail Risk ETFs

	QTR	XTR
	Nasdaq 100 Tail Risk ETF	S&P 500 Tail Risk ETF
Primary Goal	Growth and Risk Management	Growth and Risk Management
Equity Index	Nasdaq 100	S&P 500
Option Moneyness	Buys 10% out-of-the-money puts	Buys 10% out-of-the-money puts
Option Expiration	Three Months	Three Months



Risk Managed Income (QRMI, XRMI)

Risk Managed Income (Sell At-the-Money Call Option & Buy 5% Out-of-the-Money Put Option)



A risk managed income strategy involves owning a stock or basket of stocks, while also selling a covered call option on those securities and buying an out-of-the-money (OTM) protective put. Global X employs this in a net credit collar strategy, meaning it expects to generate positive option premium income, while protecting against a degree of market selloffs. This essentially combines the economics of a covered call with a protective put.

Risk Managed Income Features

- Typically used in income-oriented portfolios, given that they have negligible inflation risk and seek to provide a diversified source of income.
- Purchases protective puts not too far out-of-the-money to mitigate the risks of a major market selloff, making it useful for risk management purposes.
- Will exhibit a relative, lower-level of income vs. a covered call strategy for a level of downside protection.

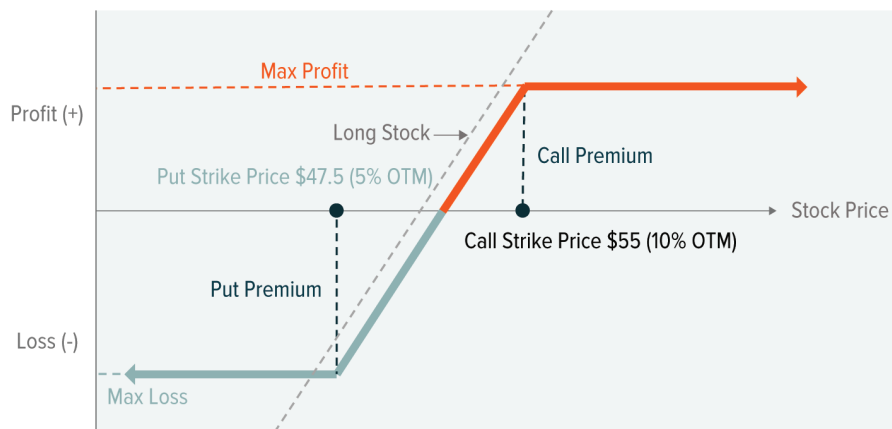
Global X's Risk Managed Income ETFs

	QRMI	XRMI
	Nasdaq 100 Risk Managed Income ETF	S&P 500 Risk Managed Income ETF
Primary Goal	Current Income and Risk Management	Current Income and Risk Management
Equity Index	Nasdaq 100	S&P 500
Option Moneyness	Sells at-the-money calls and buys 5% out-of-the-money puts	Sells at-the-money calls and buys 5% out-of-the-money puts
Option Expiration	Monthly	Monthly



Net Debit Collar (QCLR, XCLR)

Collar 95-110 (Sell 10% Out-of-the-Money Call Option & Buy 5% Out-of-the-Money Put Option)



A net debit collar strategy involves holding shares of the underlying stock or index while simultaneously buying OTM protective puts and selling further OTM call options against the underlying security. Both the put and call options have the same expiration date and notional coverage value. Buying the put option protects the investor from downside below the put option’s strike price while writing a call option generates some income to offset the cost of the put and allows the investor to profit on the stock up to the strike price of the call, but not higher.

Collar 95-110 Features

- Downside is limited to approximately -5% from the purchase of the put to the option’s expiration in three months, while potential gains are capped at up to approximately 10% from the selling of the call to the option’s expiration in three months.
- There is a cost to implementing the strategy since buying the puts tends to cost more than writing the further out of the money calls.
- Investors seeking less extreme moves in their equity component may find collar strategies useful tools for their portfolios.
- Investors seeking to broadly reduce equity portfolio beta and volatility may find this strategy useful. Collar strategies can also provide investors with lower risk appetites the potential to stay invested in equities longer.

Global X’s Net Debit Collar ETFs

	QCLR	XCLR
	Nasdaq 100 Collar 95-110 ETF	S&P 500 Collar 95-110 ETF
Primary Goal	Growth and Risk Management	Growth and Risk Management
Equity Index	Nasdaq 100	S&P 500
Option Moneyness	Sells 10% out-of-the-money calls and buys 5% out-of-the-money puts	Sells 10% out-of-the-money calls and buys 5% out-of-the-money puts
Option Expiration	Three Months	Three Months



Glossary

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.
Strike Price	The fixed price at which an option holder can buy or sell the underlying asset. Also called exercise price.
Premium	The amount of money a buyer pays and seller receives to engage in an option transaction.
At-the-money (ATM)	An option in which the underlying's price equals the strike price.
In-the-money (ITM)	Options that, if exercised, would result in the value received being worth more than the payment required to exercise.
Out-of-the-money (OTM)	Options that, if exercised, would require the payment of more money than the value received and therefore would not be currently exercised.
Moneyness	Describes the relation between the strike price of an option and the current price of the underlying security.
Percentage Covered	Full coverage entails writing calls on 100% of the value of the underlying securities owned in the portfolio.
Beta	Beta is a quantitative measure of volatility, also known as systematic risk, of a security or securities versus the market as a whole.

Investing involves risk, including the possible loss of principal. Diversification does not ensure a profit or guarantee against a loss. Concentration in a particular industry or sector will subject the funds to loss due to adverse occurrences that may affect that industry or sector. Investors in the funds should be willing to accept a high degree of volatility in the price of the fund's shares and the possibility of significant losses.

The funds engage 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. A covered call option involves holding a long position in a particular asset, and writing a call option on that same asset with the goal of realizing additional income from the option premium. By selling covered call options, DJIA, QYLD, XYLD, RYLD, 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. A liquid market may not exist for options held by the fund. While the fund receives premiums for writing the call options, the price it realizes from the exercise of an option could be substantially below the indices current market price.

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 under-perform due to the cost of the premiums paid. A liquid market may not exist for options held by the Fund. DJIA, QYLD, QYLG, QTR, QCLR, QRMI, and RYLD are 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. Indices are unmanaged and do not include the effect of fees, expenses or sales charges. One cannot invest directly in an index.

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