

GLOBAL X

by Mirae Asset



An Introduction to Options & Options Strategies

Important Information

This communication is not intended to provide tax advice nor as a recommendation to buy or sell options contracts. Please speak to your financial and/or tax professional for more information. Individual securities mentioned are for illustrative purposes only and not meant as a recommendation.

Options trading involves substantial risk and is not suitable for all investors. Please read the options disclosure document titled “Characteristics and Risks of Standardized Options” for more information. Supporting documentation for any claims or statistical information is available upon request.

There are risks involved with investing, including 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 engages in options trading. 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.

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 strike 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.

Important Information (Continued)

A liquid market may not exist for options held by the Funds. The following funds are non-diversified: QYLD, QYLG, QTR, QCLR, QRMI, DJIA

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. Index returns are for illustrative purposes only and do not represent actual fund performance. Indices are unmanaged and index returns do not include the effect of fees, expenses or sales charges. One cannot invest directly in an index. Past performance does not guarantee future results.

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.

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What is an Option?

Definition



Options are derivative, financial instruments since they derive their value from an underlying asset, such as a stock.



Gives a buyer the right, but not the obligation, to buy or sell an underlying asset at an agreed-upon price.

100

Each options contract typically represents 100 shares of the underlying asset

Option Contract Components

Underlying Asset

- Examples include Stocks, Bonds, Indices and even other derivatives.

Expiration Date

- Options have a life-span and are not perpetual, this is the day the options contract ceases to exist.

Strike Price

- This is the pre-determined price which the contract holder can buy or sell the underlying asset at.

Premium

- This represents the price the buyer pays to purchase the contract.

Index Options vs. Single Security Options

Investors have the ability to utilize many types of options with differing characteristics ranging from the underlying asset, time of expiration, and even settlement. Below, we give a broad, comparison of two major options categories – **Index Options** and **Single-Security Options**.

Index Options (European-Style)

Single-Security Options (American-Style)

Exercise Date

Can only be exercised **on the contract's expiration date**.

Can be exercised on **any day up until and including the expiration date**.

Settlement

Cash-Settled, an index option holder receives the cash difference between the contract strike price and value of the underlying asset.

Physically Settled, a single-security option holder receives (call) or sells (puts) the underlying asset at the strike price stated in the contract, “pocketing” the difference.

U.S. Tax Treatment

Index options are taxed as 60% Long-term Capital Gains and 40% Short-term Capital Gains.

Single-security options are taxed as 100% Short-term Capital Gains.

Examples

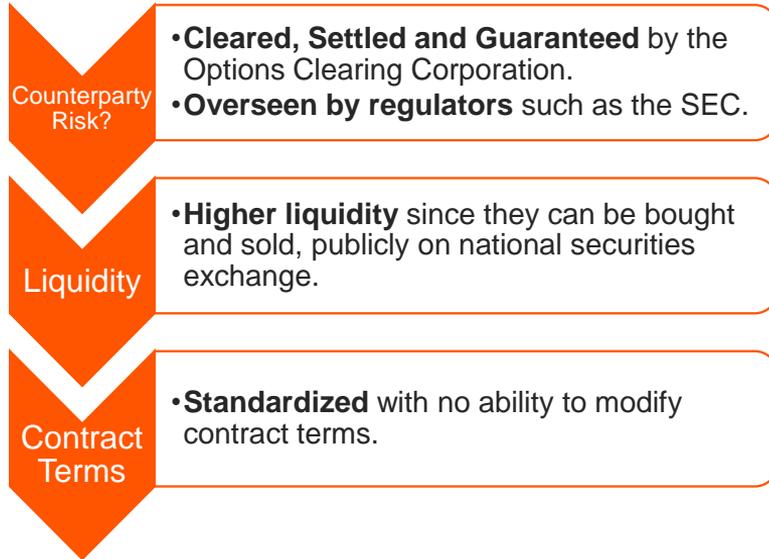
Indices such as
S&P 500
Nasdaq 100

Single-Securities such as
Amazon Inc. (Stock)
Invesco QQQ Trust (ETF)

Exchange Traded Options vs. Over-the-Counter Options

Options can also be bought and sold via two different avenues (1) an Options Exchange, making it a “listed” option or (2) Over-the-Counter. These two types of options offer different capabilities and risks to investors where we explain the main differences below.

Exchange-Traded Options



Over-the-Counter Options



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Understanding Different Options Positions

Options can be bought (going “long”), to take part in the gain or loss of the underlying asset but can also be sold “short” or “written”, in order to earn a premium. Below we notate the 4 main ways calls and puts options can be used in addition to the desired investor outcome.

Desired Underlying Asset Movement



Definition: Long Call options give the right to purchase an asset at a specified price in a certain timeframe by paying a premium.



Desired Underlying Asset Movement



Definition: Buying a put option allows the holder to sell an asset at specified price within a specific period of time.



Desired Underlying Asset Movement



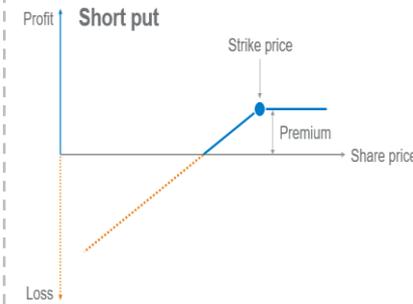
Definition: “Writing” or selling a call option gives the seller the obligation to fulfill the contract by selling the underlying asset at a specified price in exchange for receiving a premium.



Desired Underlying Asset Movement



Definition: “Writing” or selling a put option gives the seller the obligation to buy an asset at a certain price in exchange for receiving a premium.



What is a Call Option?

Long Call Option Definition: Gives the buyer the right, but not the obligation, to *buy* the underlying asset at the contract's specified strike price. The buyer can profit if the underlying asset goes *up* in value and is viewed as a **bullish** position.

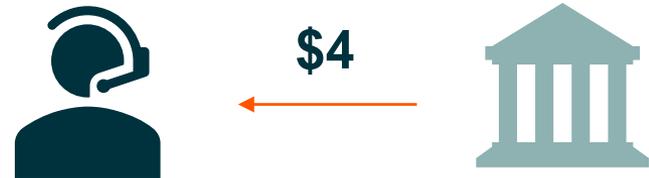
Example Call Option

Underlying Asset: Apple Inc. Stock (AAPL)
Expiration Date: 3 Months
Strike Price: \$100
Premium: \$1

Buyer purchases the call option for a **\$1** premium via their broker in exchange for the contract.



1 Month later, Apple's stock price is **\$105** at which the buyer exercises the call and buys AAPL for **\$100**. The final profit on the contract would be **\$4**. (\$5 Profit - \$1 Premium Paid)



What is a Call Option?

Short Call Option Definition: Gives the seller the obligation, to *sell* the underlying asset at the contract's specified strike price. The seller can profit if the underlying asset stays *flat* or goes *down* in value and is viewed as a **bearish** position.

Example Call Option

Underlying Asset: Apple Inc. Stock (AAPL)
Expiration Date: 3 Months
Strike Price: \$100
Premium: \$1

Seller sells the call option for a **\$1** premium via their broker in exchange for the contract.



3 Months later, Apple's stock price is **\$98** at which the call option expires worthless since the strike price is **\$100**. The final profit on the contract would be **\$1**. (\$0 Profit + \$1 Premium Received)



Seller keeps the \$1 premium.¹

¹Assumes buyer did not exercise the option prior to expiration date if the position would have been profitable at the then-current stock price.

What is a Put Option?

Long Put Definition: Gives the buyer the right, but not the obligation, to *sell* the underlying asset at the contract's specified strike price. The buyer can profit if the stock goes *down* in value and is viewed as a **bearish** position.

Example Put Option

Underlying Asset: Apple Inc. Stock (AAPL)
Expiration Date: 3 Months
Strike Price: \$100
Premium: \$5

Buyer purchases the put option for a **\$5** premium via their broker in exchange for the contract.



1 Month later, Apple's stock price is **\$85** at which the buyer exercises the put and sells AAPL for **\$100**. The final profit on the contract would be **\$10**. (\$15 Profit - \$5 Premium Paid)



What is a Put Option?

Short Put Option Definition: Gives the seller the obligation, to *buy* the underlying asset at the contract's specified strike price. The seller can profit if the underlying asset stays *flat* or goes up in value and is viewed as a **bullish** position.

Example Put Option

Underlying Asset: Apple Inc. Stock (AAPL)
Expiration Date: 3 Months
Strike Price: \$100
Premium: \$5

Seller sells the put option for a **\$5** premium via their broker in exchange for the contract.



3 Months later, Apple's stock price is **\$100** at which the put option expires worthless since the strike price is **\$100**. The final profit on the contract would be **\$5**. (\$0 Profit + \$5 Premium Received)



¹Assumes buyer did not exercise the option prior to expiration date if the position would have been profitable at the then-current stock price.

Combining Options Positions: Net-Debit and Net-Credit

Investors can combine different options positions to create different risk/return profiles. These advanced strategies can be used to generate income, in the form of a **net credit** position or to partake in the potential capital appreciation of the underlying asset for a cost, in the form of a **net debit** position.

One popular trade is to form a '**spread**' trade between two options of the same type (2 Call Options or 2 Put Options)

For Example

Investor implements a **net-debit** spread by taking 2 positions:

1. **Selling** an Apple Stock call option with a strike price of \$100
 - Premium received: \$2
2. **Buying** an Apple Stock call option with a strike price of \$90
 - Premium cost: \$8

The investor received \$2 for the sold call option and paid \$8 for the long call option resulting in a **net-debit** premium of **\$6**.
 (\$2 - \$8 = -\$6) **Notice:** The Investor *paid* a net premium.



Investor implements a **net-credit** spread by taking 2 positions:

1. **Selling** an Apple Stock call option with a strike price of \$90
 - Premium received: \$8
2. **Buying** an Apple Stock call option with a strike price of \$100
 - Premium cost: \$2

The investor received \$8 for the sold call option and paid \$2 for the long call option resulting in a **net-credit** premium of **\$6**.
 (\$8 - \$2 = \$6) **Notice:** The Investor *received* a net premium.



Net-Debit vs. Net-Credit Positions: Another Example

Implementing a **Spread** has core use cases to either (1) generate income by implementing a short spread or (2) potentially achieve limited capital appreciation by implementing a long spread. Since calls and puts can be used simultaneously to create a spread, the investor's desired reference asset price movement may differ. Below we show how put options can be used to implement a spread strategy.

For Example

Long Put Spread Example

1. **Selling** an Apple Stock put option with a strike price of \$90
 - Premium received: \$2
2. **Buying** an Apple Stock put option with a strike price of \$100
 - Premium cost: \$5

Net-Debit: \$3 ($\$2 - \$5 = -\3)

Maximum Loss: -\$3 (premium costs)

Maximum Profit: \$7 ($\$10 - \3)

 **Remember:**
Net-Debit =
premiums *paid*

Short Put Spread Example

1. **Buying** an Apple Stock put option with a strike price of \$90
 - Premium cost: \$2
2. **Selling** an Apple Stock put option with a strike price of \$100
 - Premium received: \$5

Net-Credit: \$3 ($\$5 - \$2 = \3)

Maximum Loss: -\$7

Maximum Profit: \$3 (premiums received)

 **Remember:**
Net-Credit =
premiums *received*



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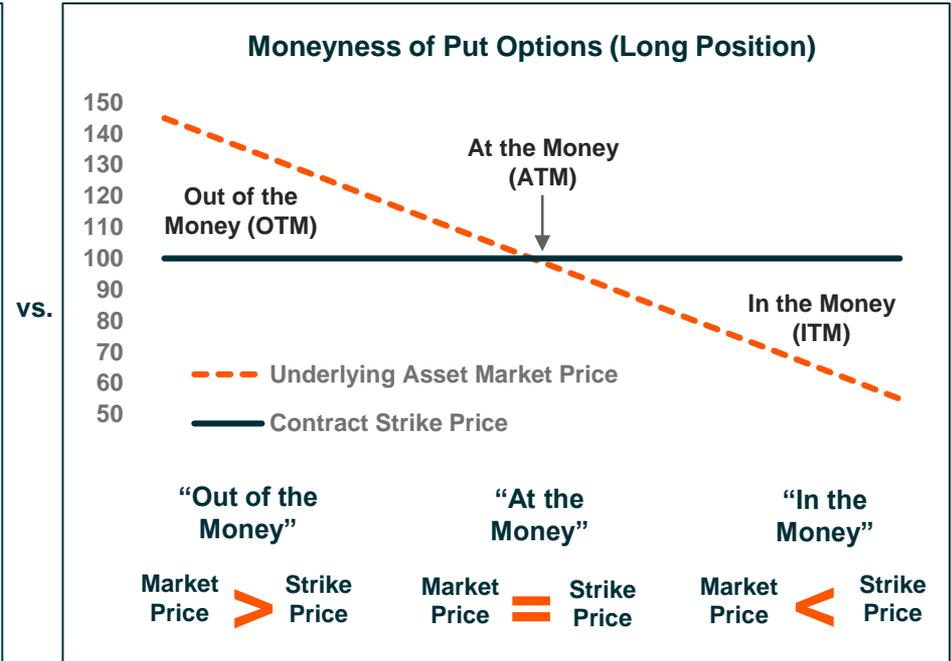
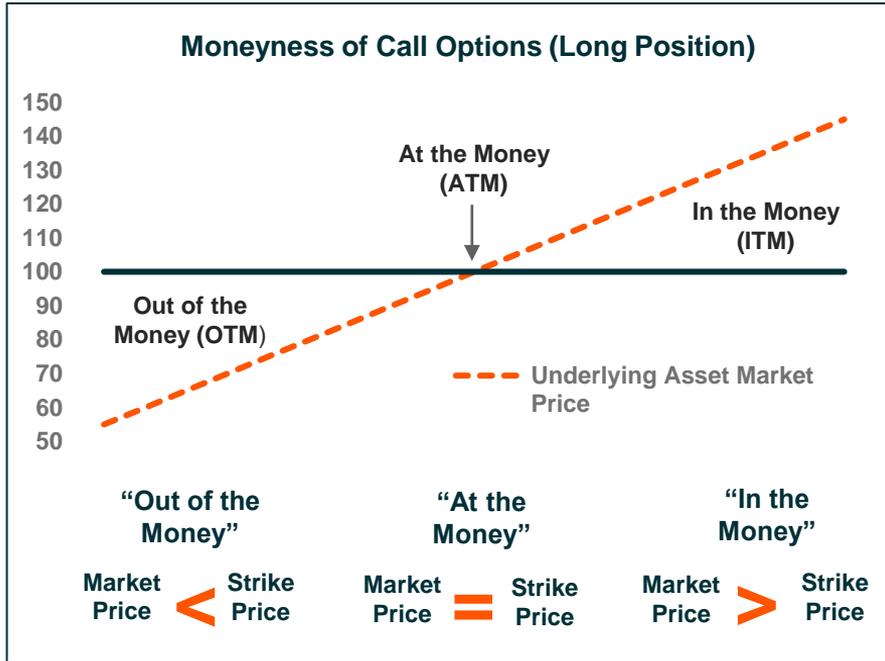
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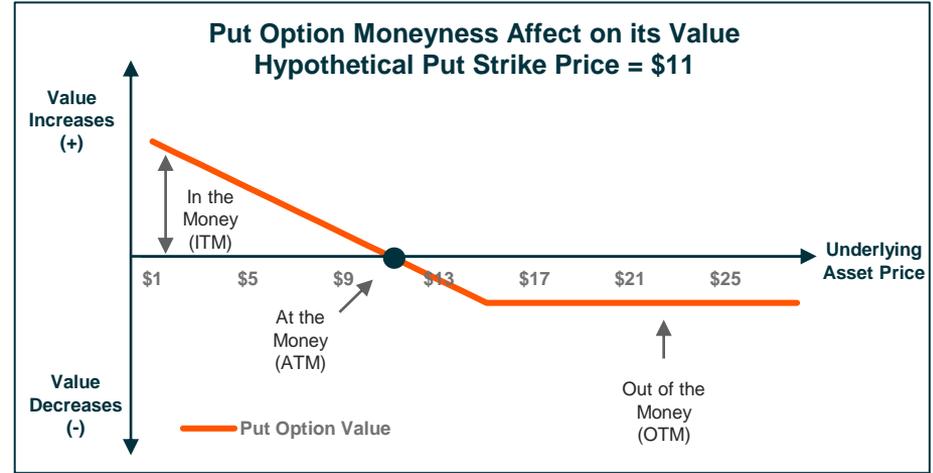
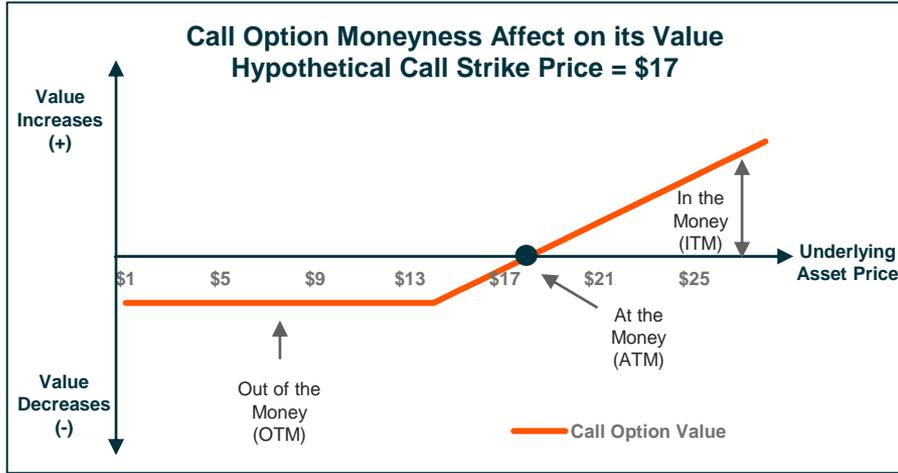
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What is Moneyness?

Definition: a standardized measure of *intrinsic value* of an option at a current point in time, that is, the moneyness will tell the option holder whether exercising the option will be profitable. (The difference between the Underlying Asset Value and the Strike Price of the contract.)



How Option Moneyness Affects its Value



**“In the Money”
Option Value**



**“At the Money”
Option Value**



**“Out of the Money”
Option Value**

“In the Money” 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 asset falls (calls) or rises (puts).

“At the Money” options are when the strike price is equal to market price. They allow investors to gain immediate exposure to potential upside (calls) or downside (puts) of an asset, while limiting costs of the premium paid. These options tend to have high premiums associated with them due to the likelihood of them ending up ITM.

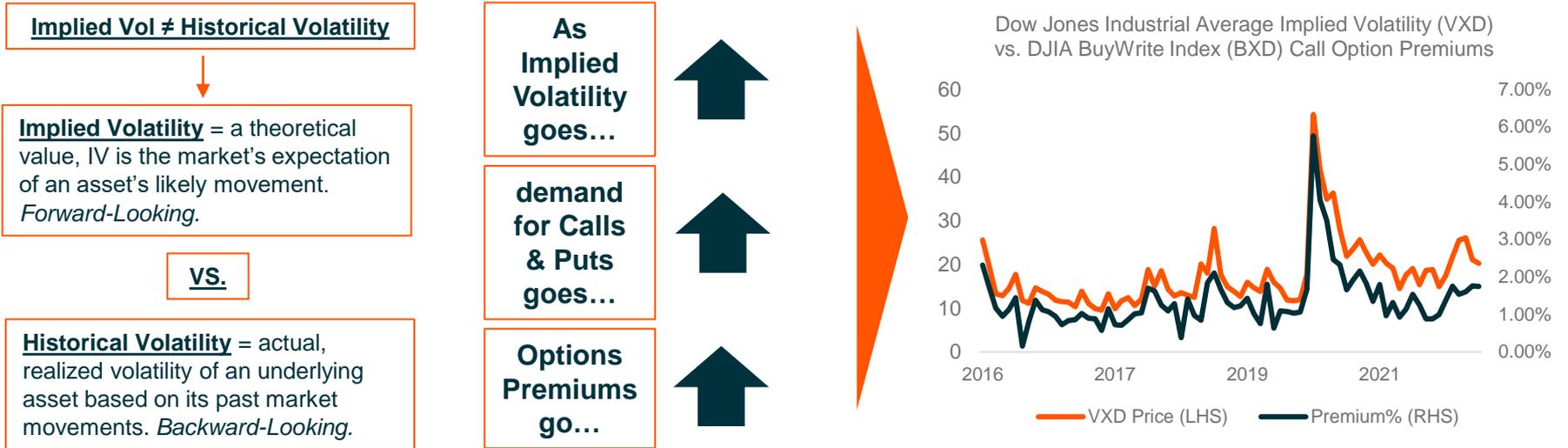
“Out of the Money” options usually have lower premiums than ATM or ITM options because there is lower likelihood that they end up ITM.

Why does the Underlying Asset's Implied Volatility Affect an Option's Value?

Implied Volatility Definition: an “extrinsic” options valuation variable, it measures the market’s expectation of a likely movement in an asset’s price and is based on the supply & demand of options.

- Typically, but not all the time, implied volatility goes *up* when the market moves *downward* and vice versa.
- Often quoted in Financial Media as the ‘Fear Gauge’ of the U.S. Stock Market, the **VIX** is a measurement of S&P 500 Implied Volatility.

To Summarize



Source: VXD Price Levels from Morningstar Direct and BXD Premiums from CBOE Markets. Data from 1/15/2016 to 4/14/2022 using the 3rd Friday of each month, when the options are written. CBOE DJIA Buywrite Index (BXD) represents the performance of a theoretical portfolio that sells Dow Jones Industrial Average “DJ” call options against a portfolio of the stocks included in the DJI. Premiums are a hypothetical measurement since it is an index. *Past Performance does not guarantee future results.*

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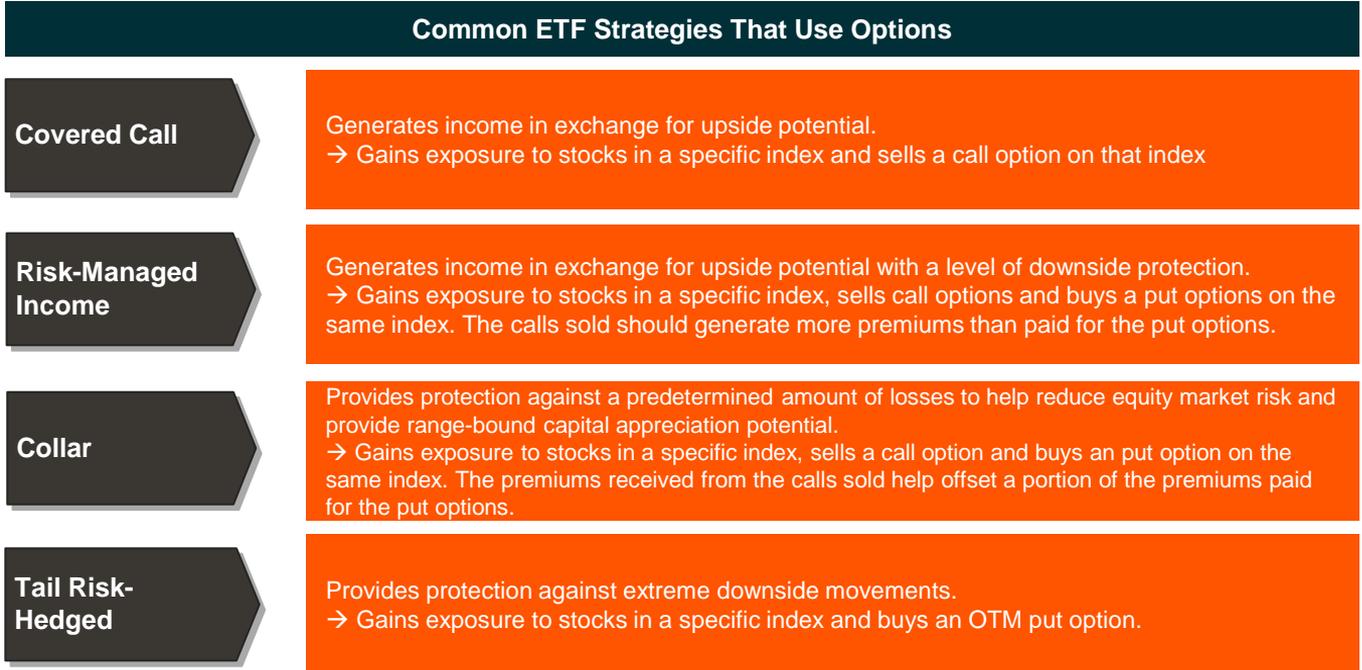
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ETFs & Options

ETFs that offer investors exposure to options strategies are becoming increasingly popular, including covered-call ETFs, Collar ETFs, and tail risk-hedged ETFs. ETFs will typically own exposure to the underlying asset itself and pair this exposure with options to modify risk/return profiles.



How a Covered Call Strategy Works

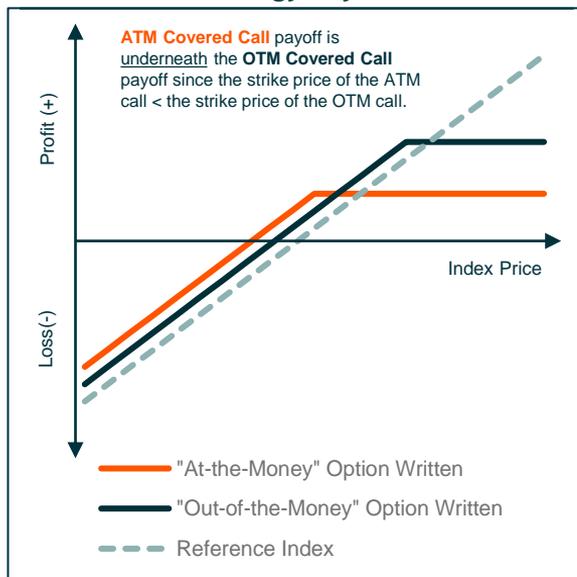
A covered call is a popular options strategy to produce income with the potential to increase risk-adjusted returns.

The Process

- 1 Purchase securities underlying the reference index.
- 2 Sell a call option on the reference index at a specified strike price.

NOTICE: The Covered Call payoffs in **orange** and **dark blue** are *above* the dotted, **light blue** reference index line. The gaps signify the premiums received for the sold call options.

Covered Call Strategy Payoff



Covered Call Features

- Generates higher expected income versus the reference index itself due to the premiums received from selling call options.
- Upside potential is capped in the event that the reference index appreciates beyond the strike price.
- Option premiums tend to increase during volatile markets, offering a potential risk management component.
- No additional downside protection beyond the premiums received.

Max Profit

$(\text{Short Call Strike Price} - \text{Reference Index Price}) + \text{Short Call Premium}$

Max Loss

$(-\text{Reference Index Price}) + (\text{Short Call Premium})$

How a Covered Call Strategy Works: An Example

- 1** Purchase the underlying asset.

Investor purchases 100 Shares of Apple for \$100 per share.



- 2** Sell a call option on the underlying asset at a specified strike price. **Remember:** stock options typically represent 100 shares of the underlying.

Same investor sells 1 call option on Apple's stock with a strike price of \$110 in exchange for \$4 worth of premiums or 4% of the value of Apple stock purchased in Step 1.



Covered Call Position Summary

- Underlying Asset:** 100 shares of Apple Inc. Stock (\$100 per share)
- Covered Call:** 1 contract on Apple Inc. Stock
 - Strike Price:** \$110
 - Premium:** \$4 (per contract)

Remember: Since a covered call is a bearish position, the upside on the stock position is capped at the call's strike price.

Max Profit: **\$14** per share ($\$110 - \$100 + \4) or **+14%**
 Max Loss: **-\$96** per share ($-\$100 + \4) or **-96%**

How a Net-Credit Collar Strategy Works

A net-credit collar is a popular options strategy designed to produce income with the potential to increase risk-adjusted returns with additional downside protection relative to a covered call strategy.

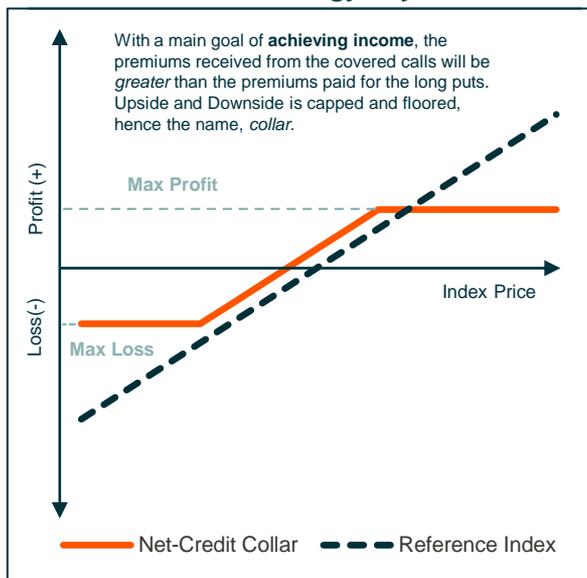
The Process

- 1 Purchase securities underlying the reference index.
- 2 Sell a call option on the reference index at a specified strike price.
- 3 Buy a protective put option on the reference index with a level of 'moneyness' that is < the 'moneyness' of the call option that was written in Step 2.



NOTICE: The Net-Credit Collar payoff in **orange** is above the dotted, **blue** reference index line. The gap signifies the net premiums received since the call option premiums received are worth more than the cost of the put options.

Net-Credit Collar Strategy Payoff



Net-Credit Collar Strategy Features

- Generates higher expected income versus the reference index itself due to the premiums received from selling call options being greater than the premiums paid for buying puts.
- Generates lower expected income versus a covered call strategy since premiums will be used to purchase a protective put.
- Upside potential is capped in case the reference index appreciates beyond the strike price of the call.

Max Profit

$$(\text{Short Call Strike Price} - \text{Reference Index Price}) + (\text{Short Call Premium} - \text{Long Put Premium})$$

Max Loss

$$(\text{Long Put Strike Price} - \text{Reference Index Price}) + (\text{Short Call Premium} - \text{Long Put Premium})$$

How a Net-Credit Collar Strategy Works: An Example

1 Purchase the Underlying Asset.

Investor purchases 100 Shares of Apple for \$100 per share.

The diagram shows an investor icon on the left and a bank icon on the right. A red arrow points from the investor to the bank with '\$100' written above it. A return arrow points from the bank to the investor with a document icon below it.

2 Sell a call option on the underlying asset at a specified strike price.

Investor sells 1 call option on Apple's stock with a strike price of \$100 in exchange for \$10 worth of premiums or 10% of the value of Apple stock purchased.

The diagram shows an investor icon on the left and a bank icon on the right. A red arrow points from the bank to the investor with '\$10' written above it. A return arrow points from the investor to the bank with a document icon below it.

3 Buy a protective put option on the underlying asset with a level of 'moneyness' that is < the moneyness of the call option that was written in Step 2.

Investor buys 1 put option on Apple's stock with a strike price of \$85 in exchange for \$5 worth of premiums or 5% of the value of Apple stock purchased.

The diagram shows an investor icon on the left and a bank icon on the right. A red arrow points from the investor to the bank with '\$5' written above it. A return arrow points from the bank to the investor with a document icon below it.

NOTICE: The investor **received** more premiums from the short call position than they paid on the long-put position, resulting in net premium income.

Net-Credit Collar Position Summary

1. **Underlying Asset:** 100 shares of Apple Inc. Stock (\$100 per share)
2. **Covered Call:** 1 contract on Apple Inc. Stock
 - **Strike Price:** \$100
 - **Premium:** \$10 (per contract)
3. **Protective Put:** 1 contract on Apple Inc. Stock
 - **Strike Price:** \$85
 - **Premium:** \$5 (per contract)

Remember: Net-credit collar strategies have lower expected income vs. a covered call strategy.

Max Profit: **\$5** per share $(\$100 - \$100) + (\$10 - \$5)$ or **+5%**
 Max Loss: **-\$10** per share $(\$85 - \$100) + (\$10 - \$5)$ or **-10%**

How a Net-Debit Collar Strategy Works

A net-debit collar is a popular options strategy with the potential to provide significant hedging properties to help minimize volatility while simultaneously increasing risk-adjusted returns.

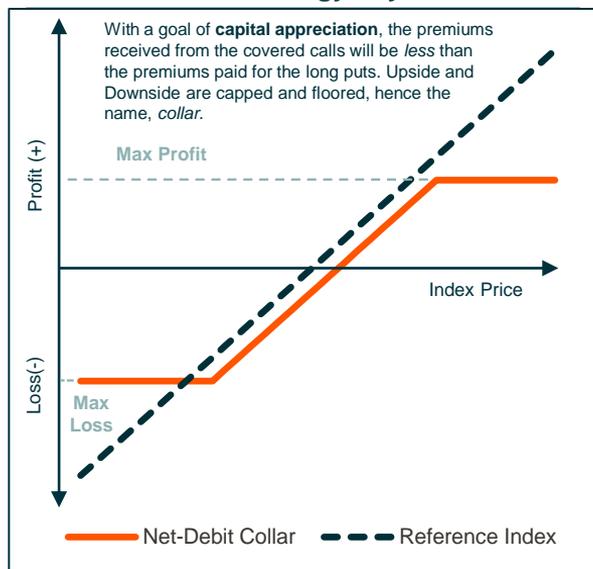
The Process

- 1 Purchase the securities underlying the reference index.
- 2 Sell a call option on the reference index at a specified strike price.
- 3 Buy a protective put option on the reference index with a level of 'moneyness' that is > the 'moneyness' of the call option that was written in Step 2.



NOTICE: The Net-Debit Collar payoff in orange is below the dotted, blue reference index line. The gap signifies the net premiums paid since the call option premiums received are worth less than the cost of the put options.

Net-Debit Collar Strategy Payoff



Net-Debit Collar Strategy Features

- With a goal of capital appreciation, the strategy is used to provide a range-bound return profile on a reference index.
- Upside potential is capped as the reference index appreciates beyond strike price.

Max Profit

$(\text{Short Call Strike Price} - \text{Reference Index Price}) + (\text{Short Call Premium} - \text{Long Put Premium})$

Max Loss

$(\text{Long Put Strike Price} - \text{Reference Index Price}) + (\text{Short Call Premium} - \text{Long Put Premium})$

How a Net-Debit Collar Strategy Works: An Example

1 Purchase the Underlying Asset.

Investor purchases 100 Shares of Apple for \$100 per share.

The diagram shows an investor icon on the left and a bank icon on the right. A red arrow points from the investor to the bank with '\$100' written above it. A return arrow points from the bank to the investor with a document icon below it.

2 Sell a call option on the underlying asset at a specified strike price.

Investor sells 1 call option on Apple's stock with a strike price of \$120 in exchange for \$2 worth of premiums or 2% of the value of Apple stock purchased.

The diagram shows an investor icon on the left and a bank icon on the right. A red arrow points from the bank to the investor with '\$2' written above it. A return arrow points from the investor to the bank with a document icon below it.

3 Buy a protective put option on the underlying asset with a level of 'moneyness' that is > the moneyness of the call option that was written in Step 2.

Investor buys 1 put option on Apple's stock with a strike price of \$95 in exchange for \$8 worth of premiums or 8% of the value of Apple stock purchased.

The diagram shows an investor icon on the left and a bank icon on the right. A red arrow points from the investor to the bank with '\$8' written above it. A return arrow points from the bank to the investor with a document icon below it.

NOTICE: The investor **paid** a net premium since premiums received from the short call position was < than premiums paid on the long-put position.

Net-Debit Collar Position Summary

- Underlying Asset:** 100 shares of Apple Inc. Stock (\$100 per share)
- Covered Call:** 1 contract on Apple Inc. Stock
 - **Strike Price:** \$120
 - **Premium:** \$2 (per contract)
- Protective Put:** 1 contract on Apple Inc. Stock
 - **Strike Price:** \$95
 - **Premium:** \$8 (per contract)

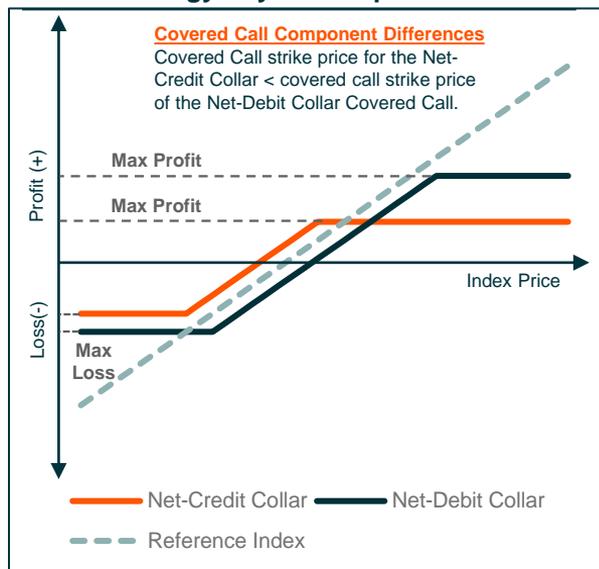
Max Profit: **\$14** per share $((\$120 - \$100) + (\$2 - \$8))$ or **+14%**
 Max Loss: **-\$11** per share $((\$95 - \$100) + (\$2 - \$8))$ or **-11%**

Remember: Net-debit collars are not meant to produce income but are a way to enhance risk mitigation efforts.

Net-Credit Collar vs. Net-Debit Collar Summary

Since both strategies are similar in name, it's important to notate that both a net-credit collar and a net-debit collar have different core use cases with different risks, potential rewards and costs that need to be taken into account.

Collar Strategy Payoff Comparison



Goal

Provide income with the ability to reduce a degree of risk via protective puts.

Premium Position

Will **receive** a net premium.

Profit Potential

Expected to be < than a net-debit collar strategy over the long-term since upside is capped at a lower strike price.

Net-Debit Collar

Limited capital appreciation in order to provide potential volatility reduction in the portfolio

Will **pay** a net premium.

Expected to be > than a net-credit collar strategy over the long-term since its upside is capped at a higher strike price, potentially allowing for more upside.

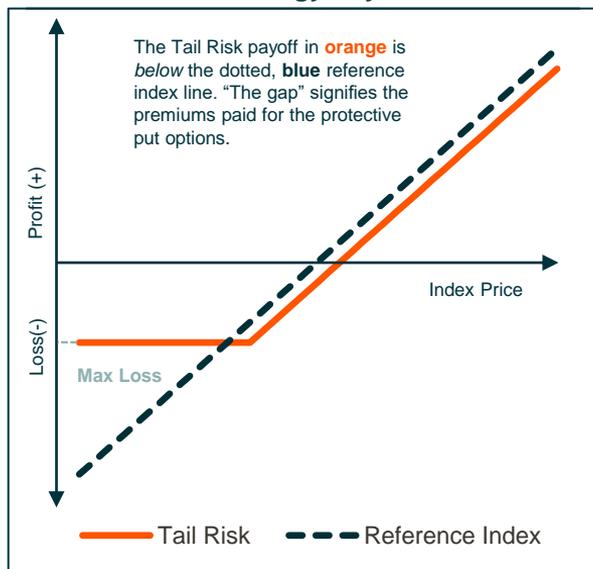
How a Protective Put Strategy Works

Using Protective Puts is a popular options strategy to provide a level of protection on an underlying asset while pursuing capital appreciation. This is commonly referred to as a Tail Risk strategy.

The Process

- 1 Purchase the securities underlying the reference index.
- 2 Buy a put option on the reference index at a specified strike price.

Protective Put Strategy Payoff



Protective Put Strategy Features

- With a goal of capital appreciation, the strategy is used to provide downside protection below the strike price of the purchased put option.
- Upside potential is unlimited, however a net premium is paid, which reduces the return compared to the reference index.

Max Profit

Unlimited (minus premiums paid, which reduces return compared to the reference index)

Max Loss

$(\text{Long Put Strike Price} - \text{Reference Index Price}) - \text{Long Put Premium}$

How a Protective Put Strategy Works: An Example

1 Purchase the underlying asset.

Investor purchases 100 Shares of Apple for \$100 per share.



2 Buy a put option on the underlying asset at a specified strike price.

Same Investor purchases 1 put option on Apple's stock with a strike price of \$90 in exchange for \$6 worth of premiums or 6% of the value of Apple stock purchased.



Protective Put Position Summary

1. **Underlying Asset:** 100 shares of Apple Inc. Stock (\$100 per share)
2. **Protective Put:** 1 contract on Apple Inc. Stock
 - **Strike Price:** \$90
 - **Premium:** \$6 (per contract)

Max Profit: **Unlimited** (minus premiums paid)
Max Loss: **-\$16** per share $((\$90 - \$100) - \$6)$ or **-16%**

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Option Terminology

Term	Description	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.	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.
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.	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.
Long Call	A position in a call option contract in which one has the exercisable right under the contract. This position reflects a bullish attitude.	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.
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.	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.
Long Put	A position in a put option contract in which one has the exercisable right under the contract. This reflects bearish attitude.	Volatility (Vega)	A measure of the sensitivity of an option's price to changes in the underlying's volatility.
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.	Premium	The amount of money a buyer pays and seller receives to engage in an option transaction.
Market Price	The current price of the underlying asset of the option contract, such as a stock.	Covered Call	An option strategy involving the holding of an asset and sale of a call option on the same asset.
Strike Price	The fixed price at which an option holder can buy or sell the underlying asset. Also called 'exercise price'.	Expiration Date	This is the day an options contract ceases to exist.

Option Terminology (continued)

Term	Description	Term	Description
Net Debit	The investor pays a net premium to implement an options strategy, typically seeking capital appreciation.	At-the-money	An option in which the underlying's price equals the strike price.
Net Credit	The investor receives a net premium to implement an options strategy, typically seeking income.	In-the-money	Options that, if exercised, would result in the value received being worth more than the payment required to exercise.
Over-the-Counter	A private options transaction between two different investors with customized terms.	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.
Moneyness	A measure of intrinsic value of an option, that is, it will tell the option holder whether exercising the option will be profitable.		

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Global X Options-Based ETF Suite

	Covered Call	Covered Call & Growth	Risk Managed Income	Collar 95-110	Tail Risk
Associated Tickers	QYLD, XYLD, RYLD, DJIA	QYLG, XYLG	QRMI, XRMI	QCLR, XCLR	QTR, XTR
Strategy Overview	Buy reference index components, write monthly "at-the-money" index calls on 100% of the fund's portfolio in an effort to maximize income.	Buy reference index components, write monthly "at-the-money" index calls on 50% of the fund's portfolio for income with partial upside potential.	Buy reference index components, write monthly call options for income & purchase monthly put options for a level of downside protection on the same index. (Net credit collar)	Buy reference index components, write three-month call options for income & purchase 3 month protective puts to provide a degree of downside protection on the same index. (Net debit collar)	Buy reference index components, purchase three-month protective puts to provide a degree of protection against extreme selloffs on the same index.
Reference Index Exposures Offered	S&P 500, Nasdaq 100, Dow Jones Industrial Average, Russell 2000	S&P 500, Nasdaq 100	S&P 500, Nasdaq 100	S&P 500, Nasdaq 100	S&P 500, Nasdaq 100
Call Positions	Sells "At-the-Money" Covered Calls (100% of assets)	Sells "At-the-Money" Covered Calls (50% of assets)	Sells "At-the-Money" Covered Calls (100% of assets)	Sells 10% "Out-of-the-Money" Calls (100% of assets)	None
Put Positions	None	None	Buys 5% "Out-of-the-Money" Puts	Buys 5% "Out-of-the-Money" Puts	Buys 10% "Out-of-the-Money" Puts
Options Contract Length	One Month	One Month	One Month	Three months	Three months
Distribution Frequency	Monthly	Monthly	Monthly	Semi-Annually	Semi-Annually