

FUND OBJECTIVE

The Global X Video Games & Esports ETF (HERO) seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Solactive Video Games & Esports Index.

For informational purposes only. This document should be used to highlight some of the criteria to be used by index provider when publishing index constituents and is not comprehensive.*

ETF Category:
Thematic Growth - Technology

As of 10/25/19

Index Provider: SOLACTIVE



KEY FEATURES



High Growth
Potential



Unconstrained
Approach



ETF
Efficiency

SOLACTIVE VIDEO GAMES & ESPORTS INDEX

SELECTION

- Companies are only eligible for inclusion in the Solactive Video Games & Esports Index if they generate at least 50% of their revenues from video games and esports related business operations.
- This may include companies that (i) develop and/or publish video games, (ii) facilitate the streaming or distribution of video gaming and/or esports content, (iii) operate and/or own competitive esports leagues and/or competitive esports teams, and/or (iv) produce hardware used in video games and/or esports, including augmented and virtual reality.
- Companies are identified by screening publicly available information using a natural language processing algorithm. The algorithm generates an "Index Score" based on the frequency with which the company is referenced in relation to the specific keywords, and ranks companies based on the Index Score.
- The index includes a maximum of 40 constituents and a minimum of 30 constituents.

SELECTION POOL

- Eligible companies must have:
 - Minimum market capitalization of \$200M (\$160M for existing constituents to be retained);
 - Primary listing in a Developed Market, South Korea or Taiwan;
 - Average daily turnover of at least \$2M (\$1.4M for existing constituents to be retained) over the last 6 months (\$1.4M for existing constituents to be retained)
 - Free float percentage of total shares outstanding of at least 10% or a minimum free float market capitalization of USD 1 billion.
- Existing constituents are excluded if they do not have a positive Index Score anymore or if they generate less than 50% of their revenues from video games and esports related business operations.
- If there are 40 constituents as of the selection day, a new company is only added if its Index Score ranks 10th or higher and it derives at least 50% of its revenue from video games and esports related business operations. In this case, the lowest ranking existing constituent is excluded.

WEIGHTING SCHEME

- Index components are weighted according to Free Float Market Capitalization with the following constraints applied at each semi-annual rebalance:
 - Each component is subject to maximum weight of 6% and minimum weight of 0.3%.
 - The aggregate weight of companies with weight above 5% cannot exceed 40% of the index weight. The remaining companies are capped at 4.5%.

REBALANCES/REVIEWS

- The index follows a semi-annual reconstitution schedule. Adjustments are made on the last business day of January and July.



For more information on the Index, please visit Solactive's website.

[†]For the complete and current index methodology please refer to the index provider's website. This summary document is accurate as of the time of its publication and Global X does not guarantee that it is current at any point thereafter.

The selection of the index constituents and their weighting is made by the index provider at its sole discretion.

Carefully consider the fund's investment objectives, risks, and charges and expenses. This and other information can be found in the fund's full or summary prospectus, which may be obtained by visiting globalxetfs.com. Please read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. The investable universe of companies in which HERO may invest may be limited. Video Game and Esports Companies are subject to risks associated with additional regulatory oversight with regard to privacy/cybersecurity concerns, shifting consumer preferences, and potential licensing challenges. The Fund invests in securities of companies engaged in Information Technology, which can be affected by rapid product obsolescence and intense industry competition. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from social, economic or political instability in other nations. HERO 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. 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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