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Related ETFs

Please click below for fund holdings and important performance information.

ARGT – Global X MSCI Argentina ETF

ASEA – Global X FTSE Southeast Asia ETF

DAX – Global X DAX Germany ETF

GREK – The Global X MSCI Greece ETF

GXG – Global X MSCI Colombia ETF

PAK –Global X MSCI Pakistan ETF

PGAL –Global X MSCI Portugal ETF

NORW –Global X MSCI Norway ETF

NGE – Global X MSCI Nigeria ETF

GLOBAL X ETFs RESEARCH

International Outlook: Q3 2022

The Q3 2022 Global X International Report can be viewed [here](#). The report summarizes market and macroeconomic developments across our International Access suite of ETFs. For a closer look at China Sectors, please see the latest [China Sector Report: Q3 2022](#).

Q2 Summary

Equities around the world tumbled in one of the more challenging periods in this cycle, with the MSCI All Country World Index (MXWD) posting losses of -15.66%. As investors began to debate the likelihood of a recession in the United States, the Federal Reserve aggressively hiked interest rates in an effort to tame higher than expected inflation, in a move that will inevitably have knock-on effects for global markets. Political risks persisted into Q2 as Pakistan and Colombia experienced uncertain changes in leadership, all while the war in Ukraine continues to push Europe towards an energy crisis. Meanwhile, despite enduring a protracted lockdown in Shanghai that compounded supply chain woes, Chinese equities surprised to the upside with positive returns in Q2.

Challenges abounded in markets around the world, but these were not limited only to emerging markets. The U.S.-based S&P 500 decreased by 16.45% in Q2 2022, underperforming both the MSCI Emerging Markets Index (MXEF) and MXWD. The MXEF outperformed the MXWD, returning -11.45% against -15.66% for the MXWD. Among Global X's single country and regional funds, five outperformed the MXWD while six underperformed it.

Country/Region (ETF Ticker)	1 Month Return (%)	3 Month Return (%)
MSCI Emerging Markets Index (MXEF)	-6.64	-11.45
MSCI ACWI Index (MXWD)	-8.43	-15.66
Argentina (ARGT)	-18.73	-29.08
Colombia (GXG)	-24.26	-24.37
Emerging and Frontier (EMFM)	-9.12	-14.88
Germany (DAX)	-13.34	-17.08
Greece (GREK)	-11.48	-13.34
Nigeria (NGE)	-2.84	4.48
Norway (NORW)	-13.51	-18.23
Pakistan (PAK)	-6.39	-17.50
Portugal (PGAL)	-5.82	-4.90
Southeast Asia (ASEA)	-8.45	-12.35
Vietnam (VNAM)	-8.84	-24.32

Performance commentary is based on the NAVs of the ETFs. Performance shown is past performance and 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. Returns great than one year are annualized. For performance data current to the most recent quarter or month end, please click on the fund names above.



All Data as of 6/30/2022	Fund Information		Performance				
	Expense Ratio		1 Year	3 Year	5 Year	10 Year	Annualized since Fund Inception
Global X DAX Germany ETF (DAX) <i>Inception date: 10/22/14</i>	0.20%	NAV	--27.90%	-2.34%	--1.48%	-	1.40%
		Market Price	-28.34%	-2.33%	-1.58%	-	1.39%
		NU722121 Index	-27.44%	-1.82%	-1.01%	-	2.18%
Global X MSCI Vietnam ETF (VNAM) <i>Inception date: 12/07/21</i>	0.50%	NAV	-	-	-	-	-25.35% ¹
		Market Price	-	-	-	-	-25.85% ¹
		NU722195 Index	-	-	-	-	-25.11% ¹
Global X FTSE Southeast Asia ETF (ASEA) <i>Inception date: 2/16/11</i>	0.65%	NAV	-0.35%	-3.67%	0.97%	1.76%	1.99%
		Market Price	-0.40%	-3.83%	1.07%	1.68%	2.04%
		NU722071 Index	0.39%	-2.99%	1.68%	2.44%	2.65%
Global X MSCI Argentina ETF (ARGT) <i>Inception date: 3/2/11</i>	0.59%	NAV	-18.41%	-7.49%	-2.20%	5.29%	-0.60%
		Market Price	-18.06%	-7.36%	-2.23%	5.46%	-0.60%
		NU722094 Index	-18.05%	-7.10%	-2.27%	5.86%	-0.04%
Global X MSCI Norway ETF (NORW) <i>Inception date: 2/5/09</i>	0.61%	NAV	-10.58%	2.88%	5.20%	2.98%	1.82%
		Market Price	-9.43%	3.36%	5.37%	3.05%	1.93%
		NU722886 Index	-10.14%	3.28%	5.58%	3.44%	2.38%
Global X MSCI Colombia ETF (GXG) <i>Inception date: 2/5/09</i>	0.61%	NAV	-5.63%	-9.33%	-5.13%	-8.38%	1.33%
		Market Price	-4.21%	-8.95%	-4.75%	-8.21%	1.43%
		M1CXGXB Index	-4.99%	-8.98%	-4.70%	-7.79%	2.09%
Global X MSCI Portugal ETF (PGAL) <i>Inception date: 11/12/13</i>	0.58%	NAV	-2.71%	2.81%	2.53%	-	-0.70%
		Market Price	-2.68%	2.95%	2.46%	-	-0.69%
		NU721934 Index	-2.36%	2.92%	2.60%	-	-0.59%

Note: Performance for NORW prior to 11/1/21 reflects the historical performance of the predecessor fund.
¹Data points for VNAM represent cumulative performance since fund inception.



All Data as of 6/30/2022	Fund Information		Performance				
	Expense Ratio		1 Year	3 Year	5 Year	10 Year	Annualized since Fund Inception
Global X MSCI Greece ETF (GREK) <i>Inception date: 12/7/11</i>	0.56%	NAV	-13.94%	-4.62%	-2.75%	-2.50%	-4.60%
		Market Price	-12.75%	-3.94%	-2.50%	-2.54%	-4.48%
		NU722069 Index	-13.54%	-4.21%	-2.22%	-1.90%	-3.80%
Global X MSCI Next Emerging & Frontier ETF (EMFM) <i>Inception date: 11/6/13</i>	0.63%	NAV	-6.50%	-2.03%	-0.56%	-	-1.19%
		Market Price	-6.45%	-1.96%	-0.36%	-	-1.13%
		NU721936 Index	-5.85%	-1.21%	0.19%	-	-0.47%
Global X MSCI Nigeria ETF (NGE) <i>Inception date: 4/2/13</i>	0.91%	NAV	11.54%	5.57%	0.39%	-	-10.64%
		Market Price	-23.36%	-11.64%	-9.13%	-	-15.22%
		NU722070 Index	14.46%	8.45%	0.07%	-	-8.47%
Global X MSCI Norway ETF (NORW) <i>Inception date: 11/9/10</i>	0.50%	NAV	-10.58%	2.88%	5.20%	2.98%	1.82%
		Market Price	-9.43%	3.36%	5.37%	3.05%	1.93%
		NU722095 Index	-10.14%	3.28%	5.58%	3.44%	2.38%
Global X MSCI Pakistan ETF (PAK) <i>Inception date: 4/22/15</i>	0.76%	NAV	-34.11%	-6.15%	-17.78%	-	-11.11%
		Market Price	-33.69%	-7.48%	-18.05%	-	-11.14%
		NU721887 Index	-33.16%	-4.87%	-16.62%	-	-9.55%

Notable Performers

The Global X MSCI Nigeria ETF (NGE) was the best performer in Q2 2022, with returns of 4.48%. Although Nigeria is an exporter of crude oil, its position as a net importer of refined products paired with the burden of its fuel subsidies is largely cancelling out benefits from elevated oil prices. Furthermore, NGE has no direct exposure to Energy companies. Instead, Nigeria's resilient performance amid a gloomy global environment can be attributed to strong company earnings but also dollar shortages at the central bank that are making it difficult for foreign investors to withdraw money.¹ In fact, in Q2 the Naira plummeted and suffered its second-worst quarter of depreciation as the dollar scarcity resulted in Nigerian banks reducing dollar limits on debit cards and a reported backlog of \$450mn in revenue that has yet to be repatriated to foreign airline operators.²

The suite's second best performer in Q2 2022 was the Global X MSCI Portugal ETF (PGAL), which posted losses of -4.90%. PGAL's tilt towards defensive non-cyclical sectors likely worked to its advantage as the global environment became adverse. Over half of PGAL is allocated to these sectors, with 49.4% to Utilities and 10.2% to Consumer Staples, as of Jun 30, 2022. This defensive allocation helped cushion the impact of a 0.2% quarterly-basis contraction in Portugal's economic output in Q2.³ Lax growth in domestic demand contributed to overall negative returns for PGAL in Q2. Looking forward, the EU commission forecasts 6.5% growth for Portugal in 2022, with a strong increase in tourist inflows playing an important role.⁴

Laggards

The two Latin American funds in the suite were hit the hardest in Q2. ARGV delivered the lowest returns at -29.08%, as the country experienced painfully high inflation and disagreement within the government. In Q2, inflations levels reached 64% and could possibly increase to around 90% by the end of the year.⁵ The Economy Minister who helped negotiate a deal approved by the International Monetary Fund in March abruptly resigned just after the end of Q2, only a few weeks after Vice President Kirchner criticized his policy



approach.⁶ Going forward, all eyes will be on the new Economy Minister Sergio Massa, who is starting the role after his predecessor Silvina Batakis served for only a month.

Meanwhile, Colombia faced an uncertain election that ultimately resulted in the country's first left-wing president. The polarizing election prompted a kneejerk selloff that resulted in the Global X MSCI Colombia ETF (GXG) posting losses of -24.37%. With the establishment candidate being knocked out in the first round of voting, either choice likely would have prompted such a selloff. Investors are trying to assess President-Elect Gustavo Petro and some are spooked about his skepticism towards oil and plans for pension reform.

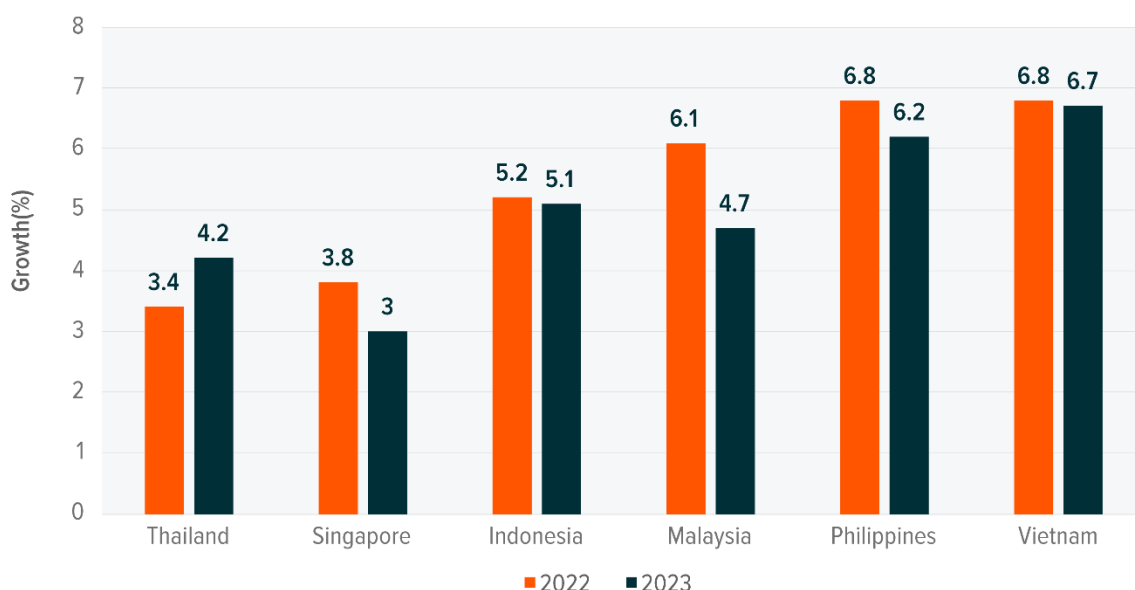
Q3 Outlook

Rising inflation and the European Central Bank's hawkish rate hike of 50 basis points clouds the outlook for the Eurozone in Q3.⁷ As the war in Ukraine drags on, the possibility of Russia cutting off gas flows looms over Europe, resulting in the term "rationing" entering public discourse. Germany in particular is exposed should gas flows from Russia be abruptly halted. The convergence of headwinds led to Germany recording flat growth in Q2 and Q3 will likely come in low as well before Germany eventually recovers.⁸ On the other hand, although not a member of the Eurozone, we believe **Norway will play an important role** acting as a pillar of stability for the European energy industry. Norway alone cannot cover all of Europe's needs, but with its Energy sector firing on all cylinders, it can certainly help cushion the impact. The state-owned oil and gas giant Equinor beat earnings expectations in Q2 as its gas output climbed by 18% year-on-year, and we believe that the tailwinds that led to this strong Q2 performance will persist into Q3 and possibly beyond.⁹

Southeast Asia shows some promise even as it grapples with the same headwinds many other countries are facing. In July, despite cutting growth forecasts for most countries, the Asian Development Bank (ADB) upgraded its 2022 forecast for the Philippines and Malaysia from 6.0% to 6.5% and 5.0% to 5.2% respectively.¹⁰ At the same time, Southeast Asian currencies have held up relatively well against the rising dollar compared to the JPY, KRW, EUR and GBP, with the Indonesian Rupiah and Singapore Dollar holding up particularly well.¹¹ Considering how Southeast Asia has abandoned the zero-COVID approach, investors may try to seek refuge here should another lockdown occur in China.

GDP FORECASTS FOR SOUTHEAST ASIA

Source: Bloomberg, L. P. (n.d.) [Bloomberg survey of economists, Bloomberg Intelligence, Asia macro dashboard]
[Data set]. Data as of and retrieved on August 1, 2022.

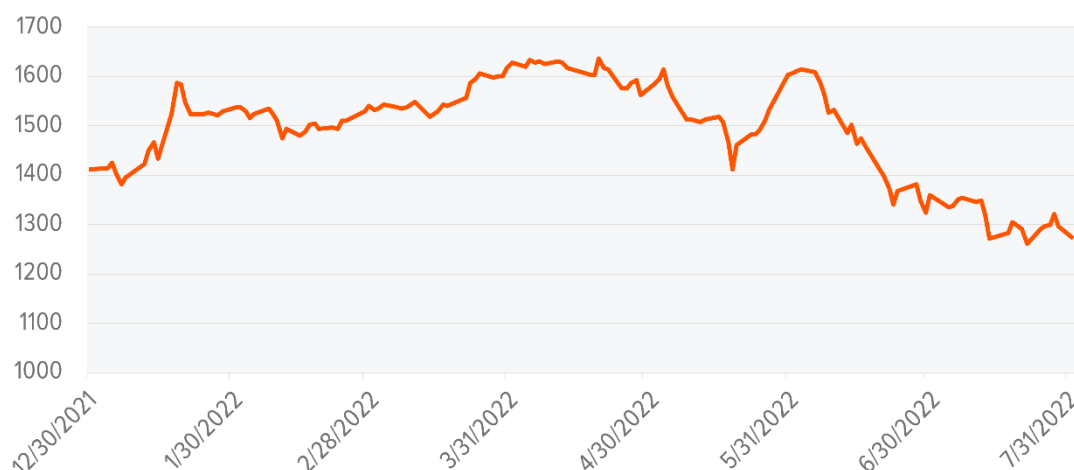


Meanwhile, some opportunities may be found in Vietnam. Vietnamese markets pulled back in Q2 mainly due to retail anxiety and negative headlines on strong-armed government intervention in corporate bond issuance. However, Vietnam's macro story looks strong thus far, with Q2 growth coming in at 7%, above the government's 6-6.5% target, and yearly growth possibly beating expectations as well.¹² Because of the markets pulling back in Q2, this may be a good time to buy quality Vietnamese assets at a relatively cheap price.

In Latin America, despite delivering volatile returns in Q2, we believe Colombia will recover as post-election anxiety subsides. Markets became anxious in part because Petro is the first leftist president in Colombia's history, and some worry he will implement radical policies. The fact that Petro felt the need to sign a pledge not to expropriate private property speaks to those anxieties.¹³ We cannot speak to every policy of Petro, but we do not believe he will be a threat to Colombia's stability. Indeed, some early signs of moderation are emerging even before Petro enters the Casa de Nariño this August. Petro's moderate pick for Finance Minister, a seasoned economist who recently taught at Columbia University, is a positive sign.¹⁴ With the broad coalition Petro is making, compromise will also be necessary.¹⁵ If this trend of compromise and moderation continues as we believe it will, markets should pick up on it and Colombian equities will likely rebound.

MSCI COLCAP INDEX YEAR-TO-DATE

Sources: Global X ETFs with information derived from: Bloomberg, L.P. (n.d.) [MSCI colcap index year-to-date] [Data set]. Data as of and retrieved on July 31, 2022.



Note: Colombian equities experienced a selloff in the aftermath of the presidential election and are starting off Q3 at a relatively low position.

MSCI COLCAP Index: The MSCI COLCAP Index is designed to represent the performance of the domestic Colombian equity market, and aims to include a minimum of 25 securities and 20 issuers based on free-float-adjusted market capitalization liquidity and international investability criteria.

Footnotes

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M1NO5IM consists of the FTSE Norway 30 Index from the inception of the Fund through 7/14/14, and the MSCI Norway IMI 25/50 Index going forward. M1CXGXB reflects performance of the FTSE Colombia 20 Index through 7/14/14, the MSCI All Colombia Capped Index through 8/30/16 and the MSCI All Colombia Select 25/50 Index, thereafter. M1CXGXER consists of the FTSE Portugal 20 Index from the inception of the Fund through 12/5/16, and the MSCI All Portugal Plus 25/50 Index going forward. M1CXGXA consists of the FTSE/ATHEX Custom Capped Index from inception through 2/29/16 and the MSCI All Greece Select 25/50 Index thereafter. NU722163 reflects the performance of the Solactive Next Emerging & Frontier Index through 1/15/19, and the MSCI Select Emerging and Frontier Markets Access Index thereafter. M1ANI5R consists of the Solactive Nigeria Index from the inception of the Fund through 8/14/14, and the MSCI All Nigeria Select 25/50 Index going forward.

