CANNABIS INDEX

SELECTION

• The index is designed to track the performance of companies that are or are expected to be active in the cannabis industry.

• Each company is classified as follows according to the extent to which it generates revenues from operations in the cannabis industry:
  – Pure-Play: derives at least 50% of its revenue from the cannabis industry value chain.
  – Pre-Revenue: does not derive at least 50% of its revenue from the cannabis industry value chain, but is a pharmaceutical or biotechnology company expected to derive at least 50% of its revenue from the cannabis industry value chain in the future.

• Companies are only eligible if their cannabis related business activities are legal under all laws, rules, and regulations applicable to their business. This may include companies that are involved in:
  – The legal production, growth and distribution of marijuana, as well as extracts, derivative products or synthetic versions thereof.
  – The legal production, growth and distribution of hemp, as well as extracts, derivative products or synthetic versions thereof.
  – Financial services related to companies involved in the production, growth and distribution of cannabis.
  – Pharmaceutical applications of cannabis.
  – Cannabidiol (better known as CBD) and cannabis oil products, edibles, topicals, drinks and other products.
  – Products that may be used to consume cannabis.
  – The provision of software and/or online marketplaces or platforms primarily for the cannabis sector.

SELECTION POOL

• Eligible companies must have:
  – Market Capitalization of at least $100 million if they are not current constituents and at least $80 million if they are current constituents.
  – Average Daily Trading Volume of at least $2 million over the last three and/or six months and $1.4 million for existing constituents.
  – Free Float percentage of total shares outstanding of at least 10% or a minimum Free Float Market Capitalization of $1 billion.
  – Listed on any of the current eligible exchanges: TSX, TSX Venture, ASX, NYSE, and/or NASDAQ, and the London Stock Exchange.

• If fewer than 25 companies satisfy the above, the criteria will be relaxed sequentially in the following order until 25 components pass the criteria:
  – The average daily trading volume in the last three and/or six months is relaxed up to USD 1 million (USD 0.7 million for companies that are Index Components).
  – The average daily trading volume in the last three and/or six months is relaxed up to USD 0.5 million (USD 0.2 million for companies that are Index Components).
  – The market capitalization is relaxed up to USD 50 million (USD 35 million for companies that are Index Components).
  – The average daily trading volume in the last three and/or six months is relaxed up to USD 0.5 million (USD 0.2 million for companies that are Index Components).
WEIGHTING SCHEME

- Index components are weighted according to their effective Market Capitalization weighting scheme that accounts for liquidity in determining final weights:
  - The weight of a selected Index Component will be determined based on the lesser of Free Float Market Capitalization or Average Daily Trading Value within the last six months multiplied by 100.
  - Each component is subject to maximum weight of 16% and a minimum weight of 0.30%.
  - The aggregate weight of companies weighted above 4.5% cannot exceed 48% of the index weight.
  - The aggregate weight of Pre-Revenue Companies cannot exceed 15% of the index weight, and the maximum weight of a Pre-Revenue Company is 4.5%.
  - The excess weight that results from implementing these constraints is redistributed proportionally such that none of the above constraints are breached.

REBALANCES/REVIEWS

- The index follows a quarterly rebalancing schedule, made on the third Wednesday of February, May, August, and November each year.

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

“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 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 POTX may invest may be limited. The Fund invests in securities of companies engaged in Healthcare and Pharmaceutical sectors. These sectors can be affected by government regulations, expiring patents, 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. POTX is non-diversified.

POTX’s investments are concentrated in the cannabis industry, and the Fund may be susceptible to loss due to adverse occurrences affecting this industry. The cannabis industry is a very young, fast evolving industry with increased exposure to the risks associated with changes in applicable laws (including increased regulation, other rule changes, and related federal and state enforcement activities), as well as market developments, which may cause businesses to contract or close suddenly and negatively impact the value of securities held by the Fund. Cannabis Companies are subject to various laws and regulations that may differ at the state/local, federal and international level. These laws and regulations may significantly affect a Cannabis Company’s ability to secure financing and traditional banking services, impact the market for cannabis business sales and services, and set limitations on cannabis use, production, transportation, export and storage. The possession, use and importation of marijuana remains illegal under U.S. federal law. Federal law criminalizing the use of marijuana remains enforceable notwithstanding state laws that legalize its use for medicinal and recreational purposes. This conflict creates volatility and risk for all Cannabis Companies, and any stepped-up enforcement of marijuana laws by the federal government could adversely affect the value of the Fund’s investments. Given the uncertain nature of the regulation of the cannabis industry in the United States, the Fund’s investment in certain entities could, under unique circumstances, raise issues under one or more of those laws, and any investigation or prosecution related to those investments could result in expense and losses to the Fund.

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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