RYLD

Russell 2000 Covered Call ETF

ETF Category:
Income - Covered Call

As of 4/06/22

Index Provider: Cboe

KEY FEATURES

High Income Potential

Monthly Distributions

Efficient Options Execution

FUND OBJECTIVE

The Global X Russell 2000 Covered Call ETF (RYLD) seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Cboe Russell 2000 BuyWrite 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.*

Cboe RUSSELL 2000 BUYWRITE INDEX

The Index ("BXR Index") with ticker symbol 'BXR' measures the total rate of return of a hypothetical "covered call" strategy applied to the Russell 2000. This strategy consists of a hypothetical portfolio consisting of a "long" position indexed to the Russell 2000 Index on which are deemed sold a succession of one-month, at-the-money call options on the Russell 2000 Index listed on the Cboe exchange.

INDEX COMPONENT

- The long Russell 2000 Index component and the short call option component are held in equal notional amounts such that the short position in the call option is "covered" by the long Russell 2000 Index component.
- Russell 2000 Index Component:
  - Comprised of the constituents of the Russell 2000 Index, a broadly diversified index predominantly made up of stocks of small U.S. companies
  - Follows the weighting scheme that governs the Russell 2000 Index
  - Reconstituted annually on the fourth Friday of June, as per the Russel 2000 Index annual rebalance schedule (unless the last Friday occurs on the 29th or 30th, when reconstitution will occur on the Friday prior)
  - Rebalanced for weights and reviewed for qualified new issue of common equities quarterly on the third Friday of March, September, and December as per the Russell 2000 Index schedule
- "Covered Call" Option Component:
  - The BXR covered call strategy requires that each Russell 2000 Index call option in the hypothetical portfolio be held to maturity, generally the third Friday of each month.
  - Subsequent to the settlement of the expiring call option, a new at-the-money call option expiring in the next month is then deemed written, or sold, a transaction commonly referred to as a "roll."
  - The strike price of the new call option is the Russell 2000 Index call option listed on the Cboe exchange with the closest strike price at or above the last value of the Russell 2000 Index reported before 11:00 a.m. ET.

    For example, if the last Russell 2000 Index value reported before 11:00 a.m. ET is 104.53 and the closest listed Russell 2000 Index call option strike price at or above 104.53 is 105, then the 105 strike Russell 2000 Index call option is selected as the new call option to be incorporated into the BXR Index.

  - Once the strike price of the new call option has been identified, the new call option is deemed sold at a price equal to the volume-weighted average of the traded prices ("VWAP") of the new call option during the two-hour period beginning at 11:30 a.m. ET.

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For more information on the Index, please visit Cboe'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. Investments in smaller companies typically exhibit higher volatility. Concentration in a particular industry or sector will subject RYLD to loss due to adverse occurrences that may affect that industry or sector. Investors in RYLD should be willing to accept a high degree of volatility in the price of the fund's shares and the possibility of significant losses.

RYLD engages 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, in this case U.S. common equities, and writing a call option on that same asset with the goal of realizing additional income from the option premium. RYLD writes covered call index options on the Russell 2000 Index. By selling covered call options, the fund limits its opportunity to profit from an increase in the price of the underlying index above the exercise price, but continues 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. Investment in the Fund is subject to the risks of the underlying 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.

Global X Management Company LLC serves as an advisor to Global X Funds. The Funds are distributed by SEI Investments Distribution Co. (SIDCO 1 Freedom Valley Drive, Oaks, PA, 19456), which is not affiliated with Global X Management Company LLC or Mirae Asset Global Investments. Global X Funds are not sponsored, endorsed, issued, sold or promoted by Cboe, nor does Cboe make any representations regarding the advisability of investing in the Global X Funds. Neither SIDCO, Global X nor Mirae Asset Global Investments are affiliated with Cboe.

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