GLOBAL X by Mirae Asset

GLOBAL X ETFs RESEARCH

2022 Presents Potential Tax-Loss Harvesting Opportunities

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Related ETFs

Please click below for fund holdings and important performance information.

LIT - Global X Lithium & Battery Tech ETF

BUG – Global X Cybersecurity ETF

BKCH - Global X Blockchain ETF

PFFD – Global X U.S. Preferred ETF

PFFV – Global X Variable Rate Preferred ETF

QYLD – Global X Nasdaq 100 Covered Call ETF

QYLG – Global X Nasdaq 100 Covered Call & Growth ETF

XYLD – Global X S&P 500 Covered Call ETF

XYLG – Global X S&P 500 Covered Call & Growth ETF

RYLD – Global X Russell 2000 Covered Call ETF

RYLG – Global X Russell 2000 Covered Call & Growth ETF

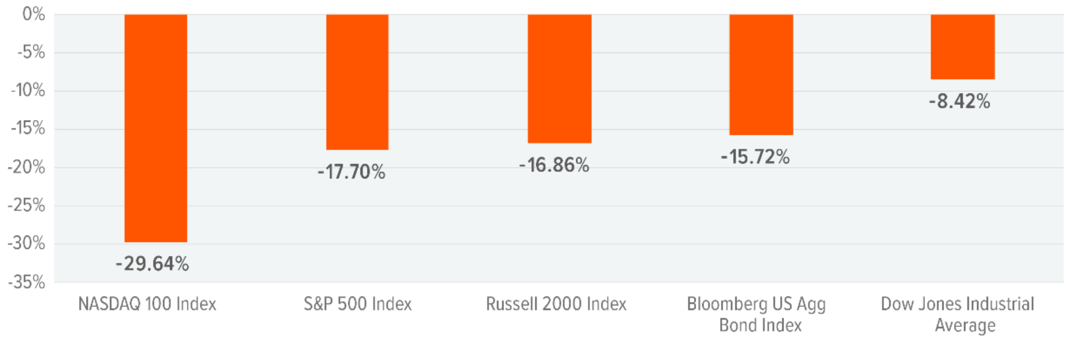
DJIA – Global X Dow 30 Covered Call ETF

2022 Recap

2022 has been a historic year for both equity and fixed income markets as a majority of global central banks have continued to increase their benchmark interest rates to combat inflation levels that the market has not seen in decades. The result has been a substantial decline in value amongst major equity and fixed income market indices. However, even though volatility remains elevated, we believe opportunities are ripe. Investors may find that re-positioning portfolios by tax-loss harvesting can provide a multitude of benefits in today's environment.

BROAD EQUITY & FIXED INCOME INDEX YEAR-TO-DATE PERFORMANCE

Source: Global X ETFs based on Morningstar (n.d.) [Total Returns (Mo-End)] [Data set]. Data as of October 31, 2022 and retrieved on November 22, 2022 from Global X ETFs Morningstar Direct license.



What Is Tax Loss Harvesting?

Tax-Loss Harvesting is a method of potentially lowering a year-end tax bill by deliberately selling portfolio securities that have declined to a value lower than an investor's cost basis and replacing the sold security with another security of similar characteristics. Investors can offset a portion of their realized capital gains if the gains are higher than the realized capital losses to potentially lower their year-end tax bill. This is referred to as having a net capital gain. In addition to this, investors can have a net capital loss where their realized capital loss exceeds their realized capital gains to create a capital carryover.

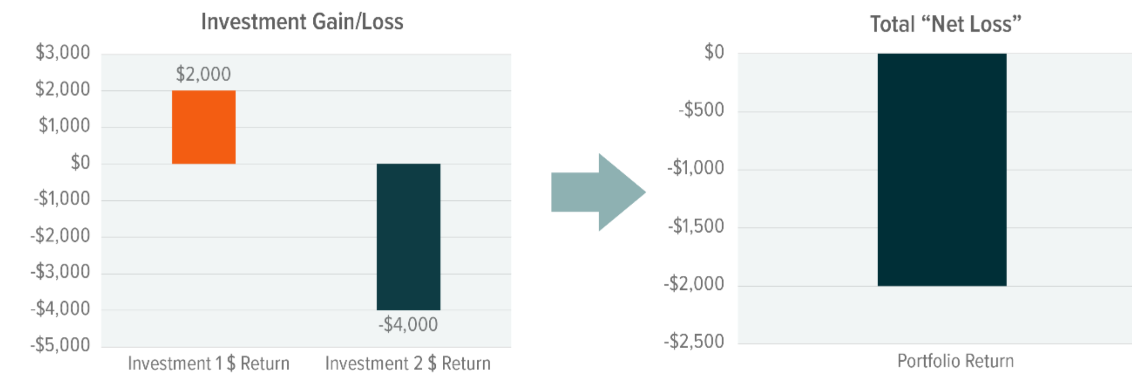
Hypothetical Tax-Loss Harvesting Example – Below we show a portfolio of 2 holdings under the following scenario:

- Investment 1 has a $2,000 Unrealized Capital Gain
- Investment 2 has a -$4,000 Unrealized Capital Loss

If the investor were to sell both hypothetical positions, the -$4,000 realized capital loss would offset the $2,000 realized capital gain. This results in a -$2,000 net loss and can potentially lower the taxable income of this investor.

DIV – Global X SuperDividend® U.S. ETF

QDIV – Global X S&P 500 Quality Dividend ETF



For illustrative purposes only.

Current Potential Investment Opportunities

We think that given the downturn in markets this year, there are ample security replacement opportunities for investors who are initiating tax loss harvesting on similar assets, particularly within the growth oriented and interest rate exposed side of the investment universe. Below, we touch on a few ideas for investors to consider in the context of portfolio application once capital losses are realized. As always, you should work with your financial and/or tax advisor to see what makes sense for your situation.

Thematic Investing Opportunities

Lithium & Battery Technology

This theme remains a high conviction one for us with long-term growth potential given the important role lithium & battery technology plays within the electric vehicle evolution. With many traditional car companies seeking to transition their vehicle lineups to be mostly or all electric-based, the demand for lithium batteries and the lithium metal itself has increased. From January 2022 to October 2022 we've seen lithium carbonate prices hit record highs and explore these price dynamics here. The passing of the Inflation Reduction Act in 2022 has also provided positive support in the form of extended government tax credits that have the potential to increase EV demand further.[3] Valuations continue to look attractive within the Lithium & Battery Tech theme and equities within the Global X Lithium & Battery Tech ETF (LIT) currently exhibit lower Price-to-Sales Ratios paired with higher 12-Month forward-looking growth rates when compared to the S&P 500 Index.[4]

GLOBAL X LITHIUM & BATTERY TECH ETF VS. S&P 500 FUNDAMENTALS AND VALUATIONS

Sources: Global X ETFs with information derived from: Bloomberg (n.d.). [Data set]. Data as of 10/31/2022 and accessed on November 08, 2022 from Global X Bloomberg Terminal.

Name	F12M Growth	P/S	PSG	EV/Sales	EVSG
Lithium & Battery Tech ETF	27.8%	1.78	0.06	1.83	0.07
S&P 500 Index	5.6%	2.28	0.41	2.58	0.46

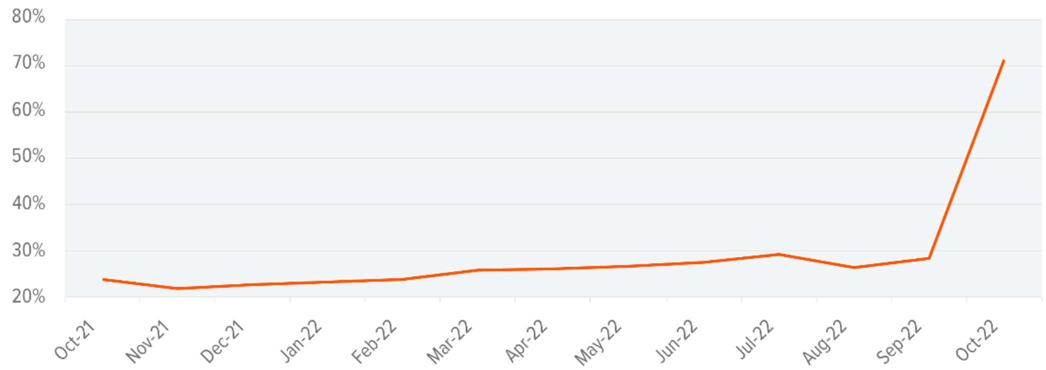
Note: F12M Sales Growth refers to consensus analyst expectations for total sales growth in the next 12 months. P/S and EV/S refers to price-to-sales and enterprise value-to-sales, respectively. PSG & EVSG refer to Price-to-Sales over F12M Sales Growth and Enterprise Value over F12M Sales Growth, respectively.

Cybersecurity

The cybersecurity theme has become not just a growing investment theme but a necessity for companies and nations alike as the world becomes more interconnected via the cloud and other digital means. Throughout 2022, cyber-attacks continued to increase even as the world economy shifts to a post-COVID world.[5] This has resulted in governments citing national security risks and President Biden signed 2 new pieces of cybersecurity legislation in the U.S. in June 2022.[6] This has led to the continuing growth of cybersecurity firms overall. Top-line consensus estimates have continued to trend upward when analyzing the underlying holdings found within the Global X Cybersecurity ETF (BUG).

GLOBAL X CYBERSECURITY ETF F12M SALES GROWTH

Sources: Global X ETFs with information derived from: Bloomberg (n.d.). [Data set]. Data as of 10/31/2022 and accessed on November 08, 2022 from Global X Bloomberg Terminal.



Note: F12M Sales Growth refers to consensus analyst expectations for total sales growth in the next 12 months.

Blockchain

The potential of blockchain technology has seen rising institutional adoption that can continue to grow as companies start to explore more business purpose use cases. This has led to large and small firms alike looking to utilize blockchain technology within current operations, something we explored more here. With recent valuation resets occurring market wide, the blockchain theme, seen through the lens of the underlying holdings found within the Global X Blockchain ETF (BKCH), is still projected to experience above-market revenue growth while exhibiting favorable valuation characteristics.

BLOCKCHAIN ETF VS. S&P 500 FUNDAMENTALS AND VALUATIONS

Sources: Global X ETFs with information derived from: Bloomberg (n.d.). [Data set]. Data as of 10/31/2022 and accessed on November 08, 2022 from Global X Bloomberg Terminal.

Name	F12M Growth	P/S	PSG	EV/Sales	EVSG
Blockchain ETF	16.4%	1.16	0.07	1.29	0.08
S&P 500 Index	5.6%	2.28	0.41	2.58	0.46

Note : F12M Sales Growth refers to consensus analyst expectations for total sales growth in the next 12 months. P/S and EV/S refers to price-to-sales and enterprise value-to-sales, respectively. PSG & EVSG refer to Price-to-Sales over F12M Sales Growth and Enterprise Value over F12M Sales Growth, respectively.

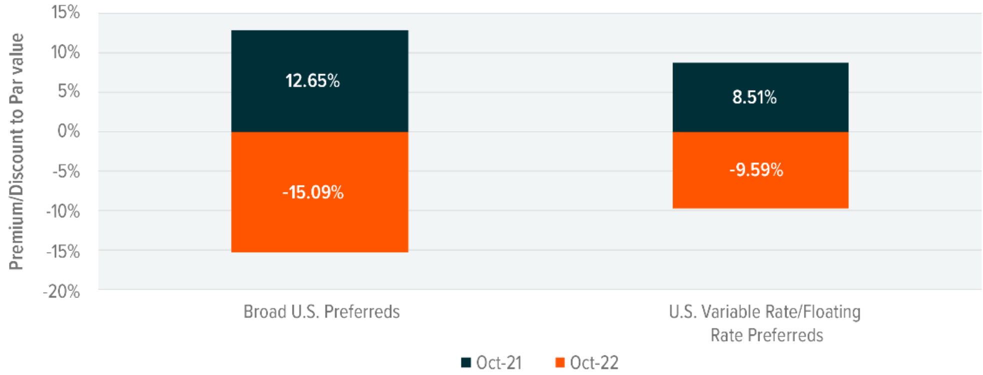
Potential Income Opportunities

Preferred Stocks

This “hybrid” asset class currently presents a potential opportunity given the recent hawkish pivot from the Federal Reserve in 2022. With a 10-Year treasury yield of 4.10% as of 10.31.2022, taking more credit risk via the preferred stock market may present an opportunity to increase portfolio yield while reaping the potential benefits of qualified dividend income tax treatment of distributions that is typically associated with this asset class.[7] Variable rate and floating rate preferred stocks provide an opportunity to obtain similar attributes with an added, potential benefit of resetting coupon payments to provide a lower duration investment relative to fixed rate preferred stocks. The opportunity is also present in current valuations and as of 10.31.22, 82.25% of preferred stocks within the Global X U.S. Preferred ETF (PFFD) were trading at a discount to par value vs. 2.45% 1 year previously.[8] On the other hand, as of 10.31.2022, 75.76% of the preferred stocks within the Global X Variable Rate Preferred ETF (PFFV) were trading at a discount to par value vs. 10.85% 1 year previously.[9]

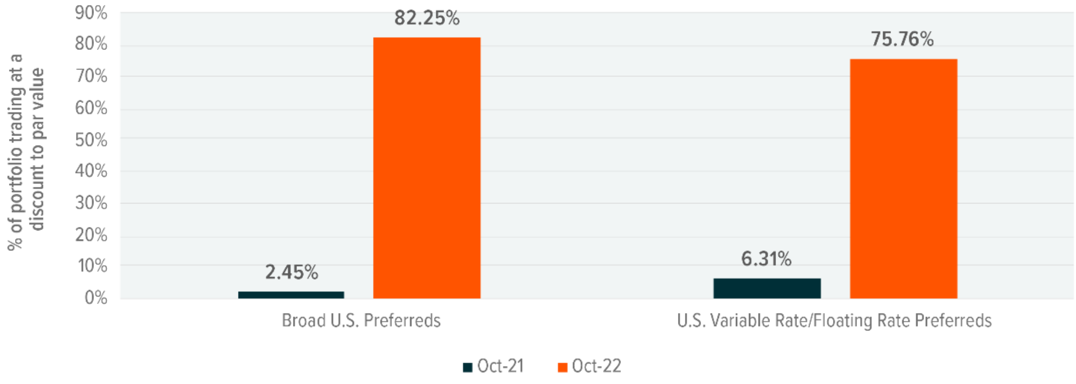
GLOBAL X PREFERRED STOCK ETFS’ WEIGHTED AVERAGE PREMIUM/DISCOUNT TO PAR VALUE

Sources: Global X ETFs with information derived from: Bloomberg (n.d.). [Data set]. Data as of 10/31/21 and 10/31/2022 and accessed on November 08, 2022 from Global X Bloomberg Terminal. “Broad U.S. Preferreds” is measured by the Global X U.S. Preferred ETF’s (PFFD) holdings. This includes different categories of preferreds, such as floating, variable and fixed-rate preferreds. “U.S. Variable Rate/Floating Rate Preferreds” are measured by Global X Variable Rate Preferred ETF’s (PFFV) holdings.



PERCENT OF PORTFOLIO PREFERREDS TRADING AT A DISCOUNT TO PAR VALUE

Sources: Global X ETFs with information derived from: Bloomberg (n.d.). [Data set]. Data as of 10/31/2021 and 10/31/2022 and accessed on November 08, 2022 from Global X Bloomberg Terminal. “Broad U.S. Preferreds” is measured by the Global X U.S. Preferred ETF’s (PFFD) holdings. This includes different categories of preferreds such as floating, variable and fixed-rate preferreds. “U.S. Variable Rate/Floating Rate Preferreds” are measured by Global X Variable Rate Preferred ETF’s (PFFV) holdings.



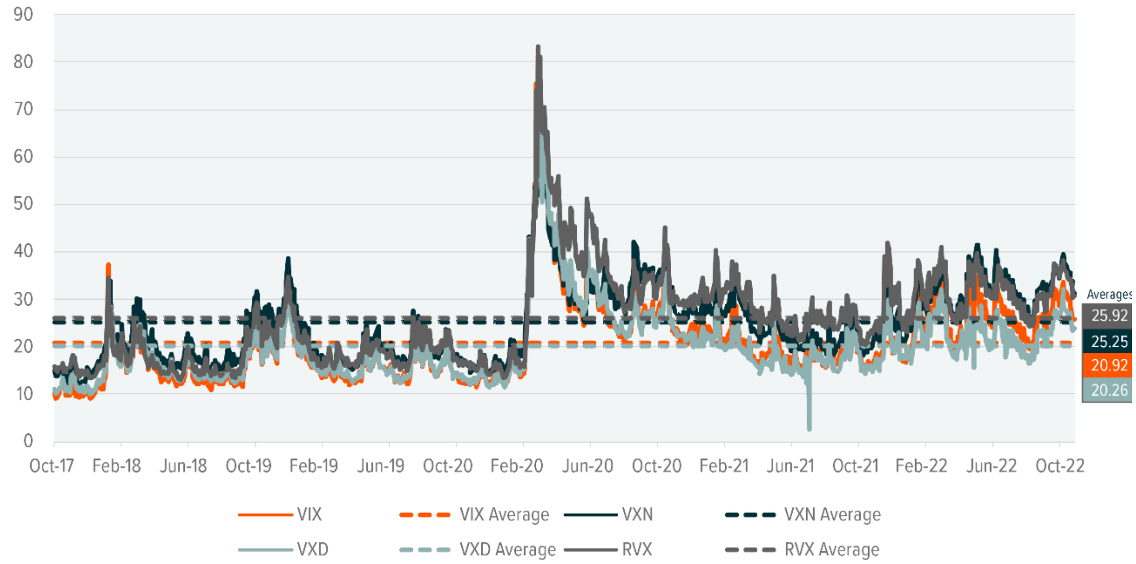
Covered Calls

Covered Call strategies with major equity indices as the underlying asset have the potential to monetize current levels of volatility in those equity markets. Through options premiums garnered by selling covered calls, this strategy generates income from sources that are not associated with traditional income-oriented investments such as fixed income securities, whose income is mainly determined by the level of interest rates, and dividend equities, whose income is affected by the financial health of the company issuing the stock. On the other hand, covered call strategies generate income from call option premiums which are historically correlated with the underlying asset’s level of implied volatility.

Options premiums received by the Global X Covered Call ETF suite continued to stay elevated in 2022 as implied volatility levels on their reference indices have increased above historical 5-year averages.[10] Options premiums may stay elevated if that backdrop persists and offers the potential for a covered call strategy to outperform its reference index during periods of uncertainty where equity markets are either flat/choppy or declining in value. Global X’s covered call strategies – on the Nasdaq 100 (QYLD), S&P 500 (XYLD), Russell 2000 (RYLD), and the Dow Jones Industrial Average (DJIA) – cover 100% of their equity portfolios with “at-the-money” covered calls in an effort to maximize the potential premiums received from the aforementioned trends. Our Covered Call & Growth strategies, which are structured by writing calls on 50% of the index’s value, can offer similar potential benefits as well as taking part in half of its reference index’s upside should markets begin to recover from their current, lower levels. These strategies on the Nasdaq 100 (QYLG), S&P 500 (XYLG), and the Russell 2000 (RYLG) also offer income potential though through the call writing.

IMPLIED VOLATILITY FOR THE S&P 500, NASDAQ 100, DOW JONES INDUSTRIAL AVERAGE, & THE RUSSELL 2000

Sources: Global X ETFs with information derived from Morningstar. Implied volatility measured by the Cboe Volatility Index (VIX) for the S&P 500, the Cboe NASDAQ Market Volatility Index (VXN) for the NASDAQ 100, the Cboe DJIA Volatility Index (VXD), and the Cboe Russell 2000 Volatility Index (RVX). [October 31st, 2017 to October 31st, 2022]. Data accessed on November 25th, 2022 from Global X Morningstar Direct License.



GLOBAL X COVERED CALL PREMIUMS

Sources: Global X ETFs with information derived from Bloomberg L.P. (n.d.) [Global X covered call premiums] [Data set]. Data as of November 18th, 2022 and accessed on November 25th, 2022 from Global X Bloomberg Terminal. As a general guideline, the monthly distribution of each fund is capped at the lower of: a) half of premiums received, or b) 1% (for QYLD, RYLD, XYLD and DJIA)/0.5% (for QYLG, XYLG, and RYLG) of net asset value (NAV). The excess amount of option premiums received, if applicable, is reinvested into the fund. Year-end distributions can exceed the general guideline due to capital gains that are paid out at the end of the year.

DATE	QYLD		XYLD		RYLD		DJIA	
	Monthly Distribution Cap: 1%		Monthly Distribution Cap: 1%		Monthly Distribution Cap: 1%		Monthly Distribution Cap: 1%	
	Option Premium	Distribution	Option Premium	Distribution	Option Premium	Distribution	Option Premium	Distribution
Jan-22	2.76%	0.99%	2.09%	1.00%	3.04%	0.99%	-	-
Feb-22	3.03%	1.01%	2.38%	1.02%	2.84%	1.00%	-	-
Mar-22	2.83%	1.00%	2.26%	1.00%	2.50%	1.01%	1.76%	0.89%
Apr-22	2.94%	1.00%	2.09%	1.01%	2.66%	1.00%	1.74%	0.80%
May-22	3.12%	1.01%	2.51%	1.01%	2.78%	1.01%	1.45%	0.72%
Jun-22	4.27%	1.00%	3.32%	1.00%	3.86%	1.00%	2.37%	1.00%
Jul-22	3.62%	1.00%	2.75%	1.01%	3.75%	1.02%	1.76%	0.90%
Aug-22	2.78%	1.00%	2.01%	0.99%	2.58%	0.99%	1.29%	0.66%
Sep-22	4.02%	1.01%	3.06%	1.01%	3.36%	1.01%	2.31%	1.01%
Oct-22	4.36%	1.01%	3.61%	1.01%	4.31%	1.01%	3.21%	1.00%
Nov-22	3.09%	1.02%	2.42%	1.02%	2.77%	1.03%	1.57%	0.79%

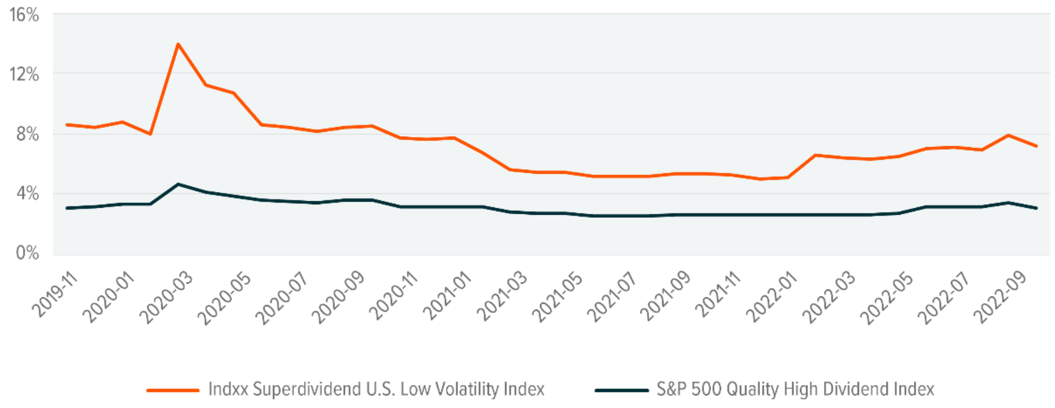
DATE	QYLG		XYLG		RYLG	
	Monthly Distribution Cap: 0.50%		Monthly Distribution Cap: 0.50%		Monthly Distribution Cap: 0.50%	
	Option Premium	Distribution	Option Premium	Distribution	Option Premium	Distribution
Jan-22	1.40%	0.50%	1.04%	0.50%	-	-
Feb-22	1.55%	0.50%	1.17%	0.50%	-	-
Mar-22	1.44%	0.50%	1.14%	0.49%	-	-
Apr-22	1.47%	0.51%	1.05%	0.51%	-	-
May-22	1.57%	0.50%	1.25%	0.50%	-	-
Jun-22	2.14%	0.49%	1.66%	0.50%	-	-
Jul-22	1.78%	0.49%	1.38%	0.50%	-	-
Aug-22	1.38%	0.51%	1.00%	0.50%	-	-
Sep-22	1.95%	0.50%	1.52%	0.50%	-	-
Oct-22	2.07%	0.49%	1.79%	0.49%	2.17%	0.50%
Nov-22	1.50%	0.50%	1.21%	0.50%	1.41%	0.50%

Dividends

Dividend-Equity Strategies have been exceptionally popular throughout 2022 as this segment of the U.S.-Listed ETF market has seen roughly $58 Billion in net new assets, as of 10.31.2022. Year-to-date, the net flows from dividend equity ETF strategies have surpassed all other equity strategic beta categories in flows.[11] U.S. dividend equity strategies, in particular, present a potential opportunity and our Investment Forum team currently exhibits an overweight regional macro view for U.S. equities overall. A U.S. Quality Dividend strategy, such as the Global X S&P 500 Quality Dividend ETF (QDIV), offers equity income investors the potential to increase portfolio yield while an additional quality factor screen taken provides potential exposure to companies with strong and/or strengthening balance sheets. A Low Volatility Dividend strategy on U.S. equities, such as the Global X SuperDividend® U.S. ETF (DIV), provides exposures to high dividend paying companies that have historically exhibited lower levels of volatility than the broader market. This may provide access to mature companies who have consistently paid high dividends, some of which are well-known company brands such as Kellogg Co., Kraft Heinz Co., International Business Machines, and 3M. Dividend investing tends to offer exposure to the value factor as well and both aforementioned dividend strategies are still showing attractive valuations relative to broader U.S. Equities notated by the S&P 500 index.

MONTHLY HISTORICAL INDEX DIVIDEND YIELDS

Source: Global X ETFs with information derived from: Morningstar (n.d.). [Data set]. Data as of 10/31/2022 and accessed on November 22, 2022 from Global X Morningstar Direct License.



MONTHLY PRICE-TO-EARNINGS RATIOS

Source: Global X ETFs with information derived from: Morningstar (n.d.). [Data set]. Data as of 10/31/2022 and accessed on November 22, 2022 from Global X Morningstar Direct License.

Conclusion

It's been a "bumpy ride" for major market indices in 2022. Equity and fixed income markets alike have declined in significant value throughout the year which has resulted in investors re-evaluating their current portfolio allocations to ensure their preparedness to meet goals moving forward. Tax-loss harvesting can be a useful tool for an investor in this re-evaluation process and offers the ability to potentially lower tax bills. Across the thematic & income ETF landscapes, Global X has multiple strategies that can potentially stand to benefit from market trends moving forward and supplement portfolio allocations during this re-evaluation process.

Footnotes

1. Internal Revenue Service. (2022, November 25). *Topic No. 409 Capital Gains and Losses*.
2. Ibid.
3. Pearson, Kevin & Such, Michael & Wise, Auburn (2022, August 3). *Inflation Reduction Act Would Extend Renewable Tax Credits.* JD Supra.
4. Bloomberg (n.d.). [Data set]. Data as of 10/31/2022 and accessed on November 08, 2022 from Global X Bloomberg Terminal. "Lithium & Battery Tech Theme" is notated by the holdings found within the Global X Lithium & Battery Tech ETF (LIT) on 10/31/2022.
5. Fitzgerald, Jay. (2022, July 1). *The 10 Biggest Data Breaches of 2022 (So Far)*. Computer Reseller News.
6. Craig, Lev. (2022 June). *U.S. Passes New Cybersecurity Legislation in June 2022*. EC-Council Cybersecurity Exchange.
7. Bloomberg (n.d.). [Data set]. Data as of 10/31/2022 and accessed on November 08, 2022 from Global X Bloomberg Terminal.
8. Bloomberg (n.d.). [Data set]. Data as of 10/31/2022 and accessed on November 08, 2022 from Global X Bloomberg Terminal.
9. Bloomberg (n.d.). [Data set]. Data as of 10/31/2022 and accessed on November 08, 2022 from Global X Bloomberg Terminal.
10. Global X ETFs with information derived from Morningstar. Historical implied volatility measured by the Cboe Volatility Index (VIX), the Cboe NASDAQ-100 Volatility Index (VXN), the Cboe DJIA Volatility Index (VXD), and the Cboe Russell 2000 Volatility Index (RVX). [October 31st, 2017 to October 31st, 2022]. Data accessed on November 25th, 2022 from Global X Morningstar Direct license.
11. Morningstar. [Data set]. Data as of 10/31/2022 and accessed on November 08, 2022 from Global X Morningstar Direct License.

Glossary

S&P 500 Index: S&P 500 Index tracks the performance of 500 leading U.S. stocks and captures approximately 80% coverage of available U.S. market capitalization. It is widely regarded as the best single gauge of large-cap U.S. equities.

Nasdaq 100 Index: The Nasdaq-100 Index includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.

Russell 2000 Index: The Russell 2000 Index is a U.S. small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index. The index is maintained by FTSE Russell, a subsidiary of the London Stock Exchange Group.

Dow Jones Industrial Average: Maintained by S&P Global, the Dow Jones Industrial Average (The Dow), is a price-weighted measure of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities. The Dow can be used to provide an indicator of the general health of the U.S. economy as well as the way in which the economy is changing.

Bloomberg U.S. Aggregate Bond Index: a broad-based flagship benchmark that measures the investment grade, US dollar denominated, fixed-rate, taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities, asset-backed securities, and commercial mortgage-backed securities.

Duration: A measure of a bond’s price sensitivity to changes in interest rates.

CBOE Volatility Index: The Chicago Board Options Exchange Volatility Index commonly referred to as VIX, reflects a market estimate of future volatility of the S&P 500 index options, based on the weighted average of the implied volatilities.

Cboe NASDAQ-100 Volatility Index: The Chicago Board Options Exchange NASDAQ-100 Volatility Index commonly referred to as VXN, reflects a market estimate of future volatility of the Nasdaq 100 index options, based on the weighted average of the implied volatilities.

Cboe Russell 2000 Volatility Index: The Chicago Board Options Exchange Russell 2000 Volatility Index commonly referred to as RVX, reflects a market estimate of future volatility of the Russell 2000 index options, based on the weighted average of the implied volatilities.

Cboe DJIA Volatility Index: The Chicago Board Options Exchange DJIA Volatility Index commonly referred to as VXD, reflects a market estimate of future volatility of the Dow Jones Industrial Average’s index options, based on the weighted average of the implied volatilities.

Equity Strategic Beta: Widely referred to as “smart beta”— refers broadly to a growing group of equity indexes and the exchange-traded products and other funds and investment products that track them. The majority of these products seek to enhance equity returns or minimize equity risk relative to a traditional equity market capitalization weighted benchmark. These indexes and the investable products that track them exploit many of the same “factors” (size, value, quality, momentum, dividends) or to mitigate risk in a manner similar to active managers.

Dividend-Equity Strategy: Per Morningstar Inc., a group for strategic-beta products which seek to deliver equity income by employing a number of dividend-related screening and/or weighting criteria. Dividend-oriented strategies include screening a universe of stocks for dividend-paying firms, weighting stocks on the basis of dividend payments, screening on the basis of dividend growth or yield, isolating firms based on metrics that would indicate dividend stability, and other dividend-related criteria.

Indxx SuperDividend® U.S. Low Volatility Index: The Indxx SuperDividend® U.S. Low Volatility Index tracks the performance of 50 equally weighted common stocks, MLPs and REITs that rank among the highest dividend yielding equity securities in the United States, as defined by INDXX, LLC. The components of the Indxx SuperDividend® U.S. Low Volatility Index will have also paid dividends consistently over the last two years. The Indxx SuperDividend® U.S. Low Volatility Index is comprised of securities that INDXX, LLC determines to have lower relative volatility than the market.

S&P 500 Quality High Dividend Index: The S&P 500 Quality High Dividend Index measures the performance of S&P 500 stocks that exhibit both high quality and high dividend yield characteristics. Index constituents are equally-weighted, subject to a 25% Global Industry Classification Standard (GICS) Sector weight cap.

Dividend Yield: A financial ratio that indicates how much a company pays out in dividends each year relative to its share price. Dividend yield is represented as a percentage and can be calculated by dividing the dollar value of dividends paid in a given year per share of stock held by the dollar value of one share of stock.

Cost Basis: The original purchase price or value of an asset or investment made.

Realized Capital Gain: A capital gain in which the security owned is sold in the open market at a higher value than the original cost basis assumed by the investor.

Realized Capital Loss: A capital loss in which the security owned is sold in the open market at a lower value than the original cost basis assumed by the investor.

Net Capital Gain: An investment scenario where the net realized capital gain of a portfolio exceeds the net realized capital loss within the same portfolio.

Net Capital Loss: An investment scenario where the net realized capital loss of a portfolio exceeds the net realized capital gain within the same portfolio.

Unrealized Capital Gain: A capital gain in which the security owned is currently trading at a higher value than the original cost basis assumed by the investor. However, the investment has not been sold and is still held within the investor's portfolio.

Unrealized Capital Loss: A capital loss in which the security owned is currently trading at a lower value than the original cost basis assumed by the investor. However, the investment has not been sold and is still held within the investor's portfolio.

Taxable Income: The gross income amount used to calculate an individual's tax liability.

Capital Carryover: Occurs when an investor uses a capital loss in the current period to apply to future tax period(s).

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Forward looking measures are not a forecast of the funds' future performance.

Index returns are for illustrative purposes only and do not represent actual Fund performance. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Investing involves risk, including the possible loss of principal. Concentration in a particular industry or sector will subject the Funds to loss due to adverse occurrences that may affect that industry or sector. Investments in smaller companies and narrowly focused investments typically exhibit higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume.

There are additional risks associated with investing in lithium and the lithium mining industry. BUG invests in securities of companies engaged in Information Technology, which can be affected by rapid product obsolescence and intense industry competition. Cybersecurity Companies are subject to risks associated with additional regulatory oversight with regard to privacy/cybersecurity concerns. Declining or fluctuating subscription renewal rates for products/services or the loss or impairment of intellectual property rights could adversely affect profits.

Investments in blockchain companies may be subject to the following risks: the technology is new and many of its uses may be untested; theft, loss or destruction of key(s) to access the blockchain; intense competition and rapid product obsolescence; cybersecurity incidents; lack of liquid markets; slow adoption rates; lack of regulation; third party product defects or vulnerabilities; reliance on the Internet; and line of business risk. Blockchain technology may never develop optimized transactional processes that lead to realized economic returns for any company in which the Fund invests.

Preferred stocks are subject to many of the risks associated with debt securities, including interest rate risk. In addition, preferred stock may not pay a dividend, an issuer may suspend payment of dividends on preferred stock at any time, and in certain situations, an issuer may call or redeem its preferred stock or convert it to common stock. High yielding stocks are often speculative, high-risk investments. These companies can be paying out more than they can support and may reduce their dividends or stop paying dividends at any time, which could have a material adverse effect on the stock price of these companies and PFFD, PFFV, QDIV, and DIV's performance.

Variable and Floating Rate Securities may have limits on the maximum increases in coupon rates and may lag behind changes in market rates. A downward adjustment in coupon rates may decrease the Fund's income as a result of its investment in variable or floating rate securities. Performance of companies in the Financials sector may be adversely impacted by many factors, including, among others, government regulations, economic conditions, credit rating downgrades, changes in interest rates, and decreased liquidity in credit markets.

DIV may invest in MLPs, whose potential benefits depend on them being treated as partnerships for federal income tax purposes. Further, if the MLP is deemed to be a corporation then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distributions to DIV which could result in a reduction of DIV's value. The risks associated with real estate investment trusts including interest rate risk which may cause certain REIT holdings to decline in value if interest rates increase. REITs are subject to general risks related to real estate including default risk and the possibility of decreasing property values.

For a full list of DIV's current portfolio holdings, please click the link here to DIV's web page. Portfolio holdings are subject to change.

QYLD, QYLG, XYLD, XYLG, RYLD, RYLG, and DJIA engage 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 and writing a call option on that same asset with the goal of realizing additional income from the option premium. By selling covered call options, the funds limit their 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 funds. While the funds receive 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. Investors in these 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.

QYLD, QYLG, RYLD, RYLG, DJIA, LIT, BUG, BKCH, PFFD, PFFV, and DIV are 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.

This material must be preceded or accompanied by a current full or summary prospectus. Investors should read it carefully before investing or sending money.

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