



# Global X Russell 2000 Covered Call ETF (RYLD)

## Important Information

Investing involves risk, including the possible loss of principal. 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.

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. Beginning October 15, 2020, market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates current NAV per share. Prior to October 15, 2020, market price returns were based on the midpoint between the Bid and Ask price. NAVs are calculated using prices as of 4:00 PM Eastern Time. The returns shown do not represent the returns you would receive if you traded shares at other times. Indices are unmanaged and do not include the effect of fees, expenses or sales charges. One cannot invest directly in an index.

***This material must be preceded or accompanied by the fund's prospectus. Please read it carefully before investing.***

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Bonds and bond funds will decrease in value as interest rates rise. High yield bonds involve greater risks of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Real estate and REIT investments are subject to changes in economic conditions, credit risk and interest rate fluctuations. Preferred stock is subject to many of the risks associated with debt securities, including interest rate risk. Companies may not pay a dividend, an issuer may suspend payment of dividends at any time, and in certain situations an issuer may call or redeem its preferred stock or convert it to common stock. Investments in securities of MLPs involve risk that differ from investments in common stock including risks related to limited control and limited rights to vote on matters affecting the MLP. MLP common units and other equity securities can be affected by macro economic and other factors affecting the stock market in general, expectations of interest rates, investor sentiment towards MLPs or the energy sector, changes in a particular issuer's financial condition, or unfavorable or unanticipated poor performance of a particular issuer (in the case of MLPs, generally measured in terms of distributable cash flow).

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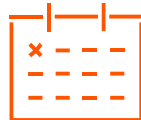
# RYLD: Global X Russell 2000 Covered Call ETF

Tracking the Cboe Russell 2000 BuyWrite Index, RYLD purchases the Global X Russell 2000 ETF and/or the stocks in the Russell 2000 Index and sells “at-the-money” covered calls on the same index.



### High Income Potential

RYLD seeks to generate income through covered call writing, which historically produces higher yields in periods of volatility.<sup>1</sup>



### Monthly Distributions

RYLD has made monthly distributions 5 years running.



### Efficient Options Execution

RYLD writes call options on the Russell 2000 Index, saving investors the time and potential expense of doing so individually.

Key Facts	Inception Date: 04/17/19 Ticker: RYLD Tracking Index: Cboe Russell 2000 BuyWrite Index Bloomberg Index Ticker: BXR	Stats & Fees	Net Expense Ratio: 0.60% <sup>4</sup>	30-Day SEC Yield: 0.36% <sup>2</sup>
	Gross Expense Ratio: 0.63% Number of Holdings: 12 <sup>3</sup>		Unsubsidized 30-Day SEC Yield: 0.32% <sup>2</sup> 12-Month Yield: 13.22% <sup>2</sup>	

Key Characteristics	<h3>SECTOR BREAKDOWN<sup>3</sup></h3> <ul style="list-style-type: none"> <li>Industrials</li> <li>Financials</li> <li>Health Care</li> <li>Information Technology</li> <li>Consumer Discretionary</li> <li>Energy</li> <li>Real Estate</li> <li>Materials</li> <li>Consumer Staples</li> <li>Utilities</li> <li>Communication Services</li> <li>Other</li> </ul>	<h3>PERFORMANCE<sup>2,3</sup></h3> <table border="1"> <thead> <tr> <th></th> <th></th> <th>1-Month</th> <th>3-Months</th> <th>1-Year</th> <th>3-Years</th> <th>5-Years</th> <th>Annualized Since Inception</th> </tr> </thead> <tbody> <tr> <td rowspan="2">RYLD</td> <td>NAV</td> <td>-0.48%</td> <td>-2.13%</td> <td>0.04%</td> <td>-3.32%</td> <td>2.59%</td> <td>3.16%</td> </tr> <tr> <td>Market Price</td> <td>-0.48%</td> <td>-2.31%</td> <td>-0.08%</td> <td>-3.41%</td> <td>2.55%</td> <td>3.12%</td> </tr> <tr> <td>Russell 2000 Index</td> <td></td> <td>-0.93%</td> <td>-3.28%</td> <td>10.06%</td> <td>-2.58%</td> <td>7.00%</td> <td>6.67%</td> </tr> </tbody> </table> <p>Performance represents 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. Performance current to the most recent month-end available at <a href="http://globalxetfs.com">globalxetfs.com</a>.</p>			1-Month	3-Months	1-Year	3-Years	5-Years	Annualized Since Inception	RYLD	NAV	-0.48%	-2.13%	0.04%	-3.32%	2.59%	3.16%	Market Price	-0.48%	-2.31%	-0.08%	-3.41%	2.55%	3.12%	Russell 2000 Index		-0.93%	-3.28%	10.06%	-2.58%	7.00%	6.67%
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<sup>1</sup> Covered call writing can limit the upside potential of the underlying security. <sup>2</sup> Source: Global X ETFs, as of 06/30/2024. <sup>3</sup> Bloomberg, as of 06/30/2024. <sup>4</sup> Net Expense Ratio: Reflects fees incurred by the Fund after waivers and reimbursements – fee waivers are contractual and in effect until at least March 1, 2025 for RYLD.

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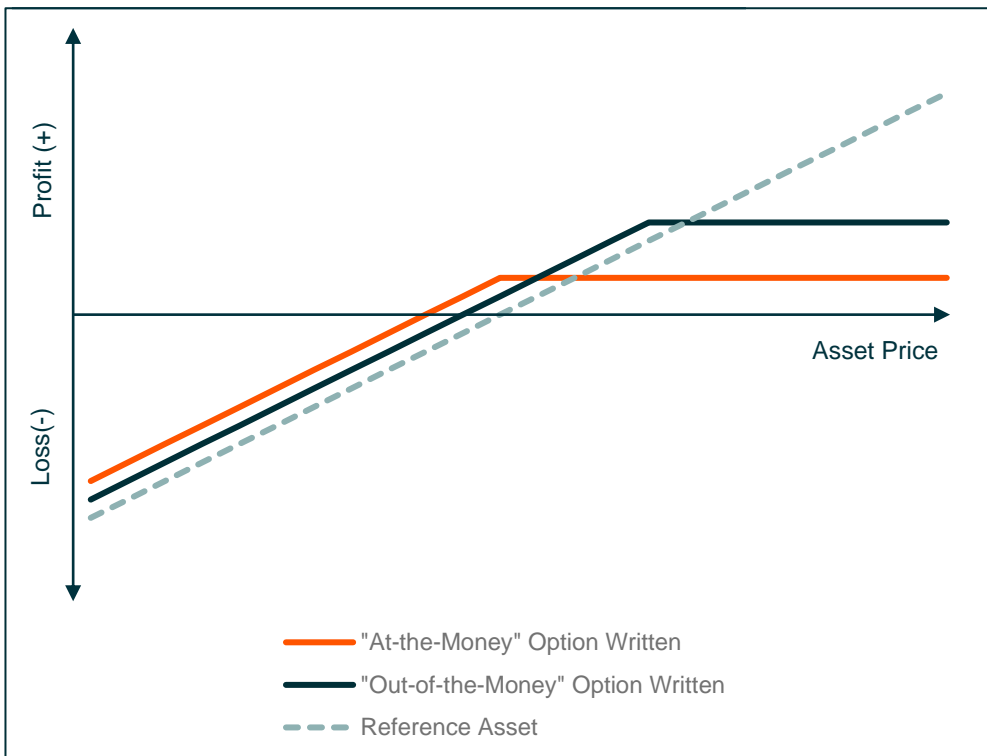
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## Covered Call Strategy Summary

A covered call is an option strategy in which an investor writes (sells) a call option on an asset he/she already owns

Covered call strategy payoff



### Covered Call Features

- Generates option premium and potential income in exchange for upside potential. The upside is capped in the event that the stock appreciates beyond the strike price.
- Option premiums tend to increase during volatile markets, offering a potential risk management component.
- No additional downside protection beyond the premiums received.

## How This Works: Covered Call Strategy In Practice (RYLD)

RYLD is an ETF that implements a covered call strategy on the Russell 2000.

**Owens the Russell 2000 Index Components and may invest in the Global X Russell 2000 ETF**



**Writes monthly Call Options on the Russell 2000**

**Additional Info**

Components:	As per Russell 2000 Index
Weighting:	As per Russell 2000 Index

Style:	European
Strike Price (SP):	Closest listed SP above last value
Options Strategy:	Written monthly

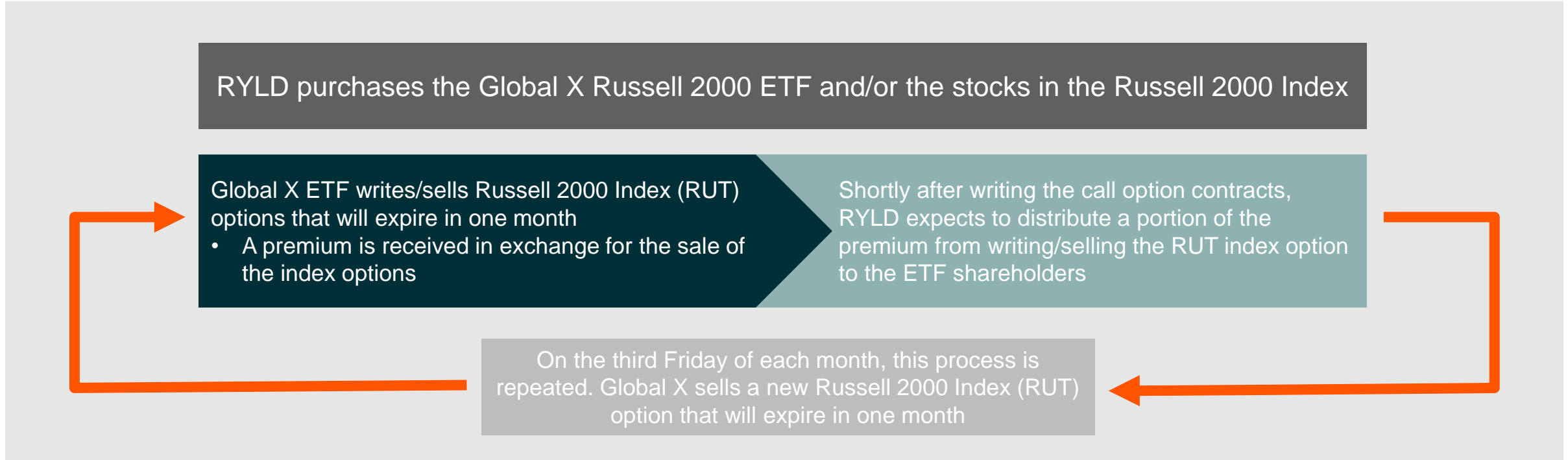
Ticker:	RYLD
Inception Date:	04/17/2019
Net Expense Ratio:	0.60%
Gross Expense Ratio:	0.63%
Distributions:	Paid Monthly

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. Fee waivers are contractual and in effect until at least March 1, 2025



## Covered Call Process Explained

As an example of how an ETF can implement a covered call strategy, the Global X Russell 2000 Covered Call ETF (RYLD) maintains exposure to the stocks in the Russell 2000, while writing call options on the index each month.



### Index Options Details:

- Cannot be called/exercised early
- Settlement is in Cash

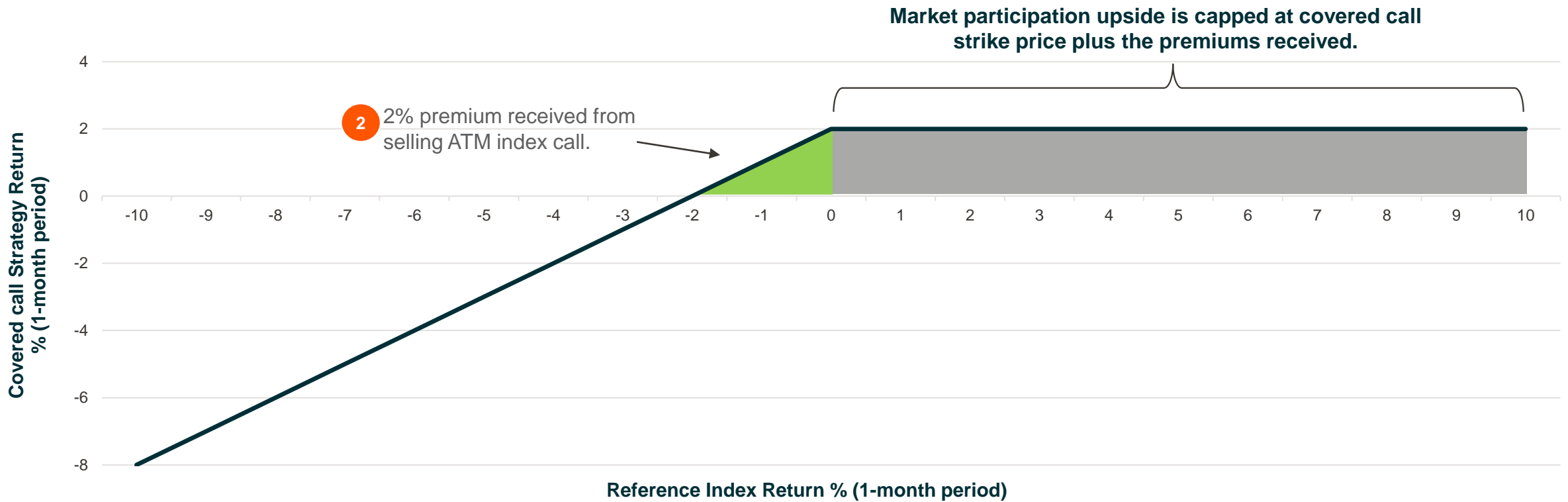
For Illustration Purposes Only



## Global X Covered Call ETFs: How it Works (with premiums)

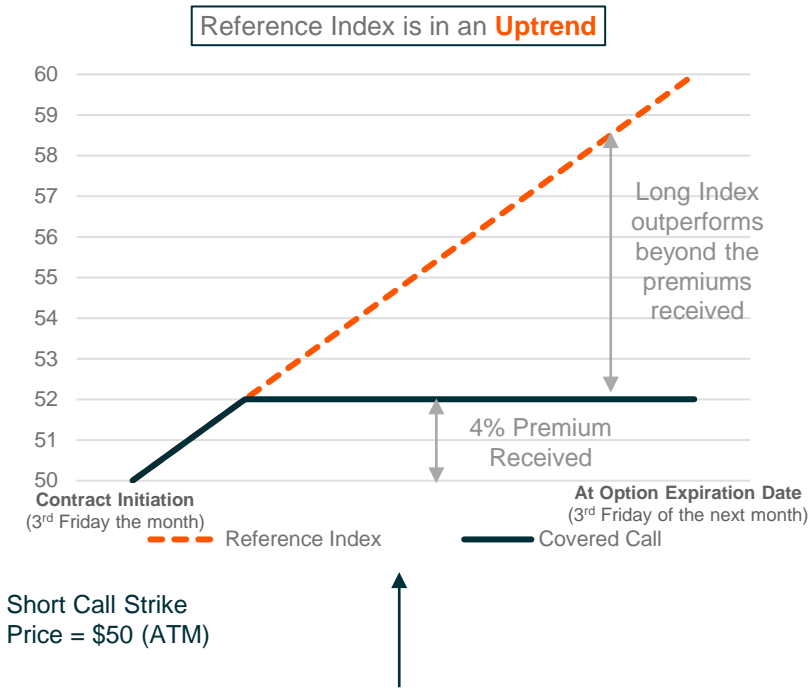
Assuming a 2% premium is received, we can visualize how Global X's Covered Call ETFs are expected to perform.

- 1** Purchase the underlying index securities
- 2** Sell an "at-the-money" index covered call option on 100% of its stock portfolio.
- 3** Not Pictured: Distribute half of the premiums received up to 1% of NAV to shareholders.

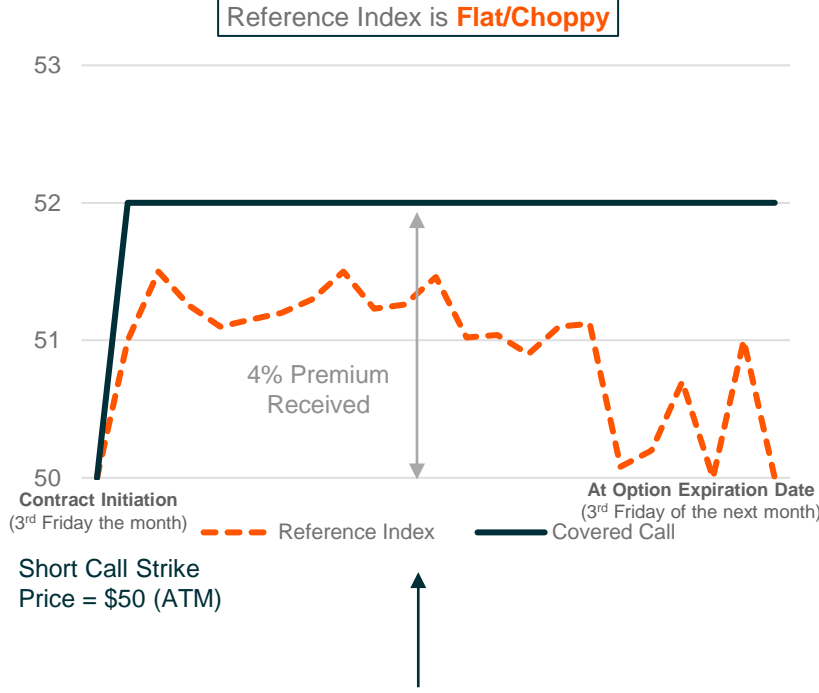


For Illustrative Purposes Only to demonstrate mathematical principal. This is not a guarantee of future results. Covered call Strategy does not reflect fund fees, which would further reduce returns. Fund market price returns may vary from NAV total returns.

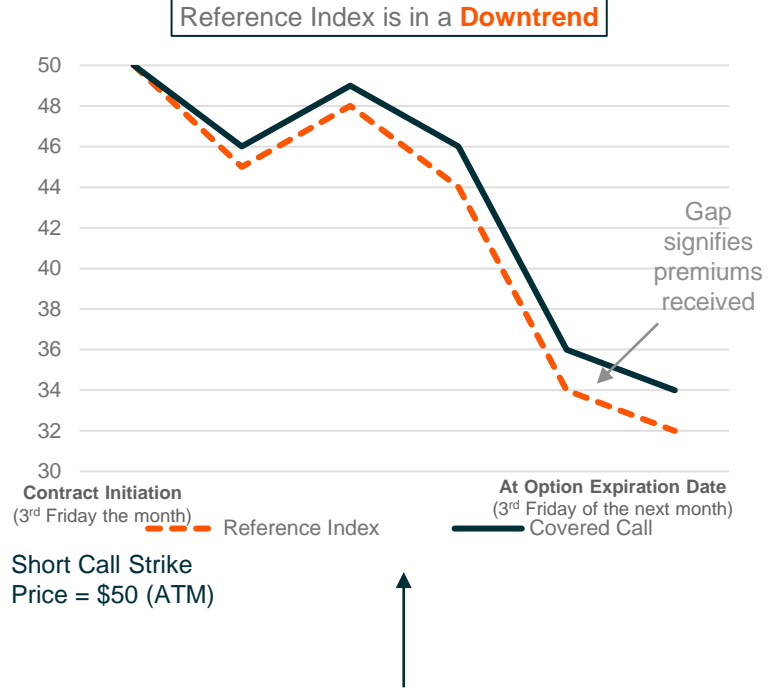
# Covered Call Performance Scenarios



Covered call would be expected to **underperform** since its potential gain will be limited to the premiums received.



Covered call would be expected to **outperform** if the reference index price at contract initiation ends at the same price upon contract expiration since its performance will be supported by the premium income collected from selling monthly index calls.



Covered call would be expected to **outperform** if the reference index falls throughout the life of the options contract due to the covered calls potentially offsetting some losses.

For illustrative purposes only. Flat/Choppy market assumes no fluctuations below the strike price.

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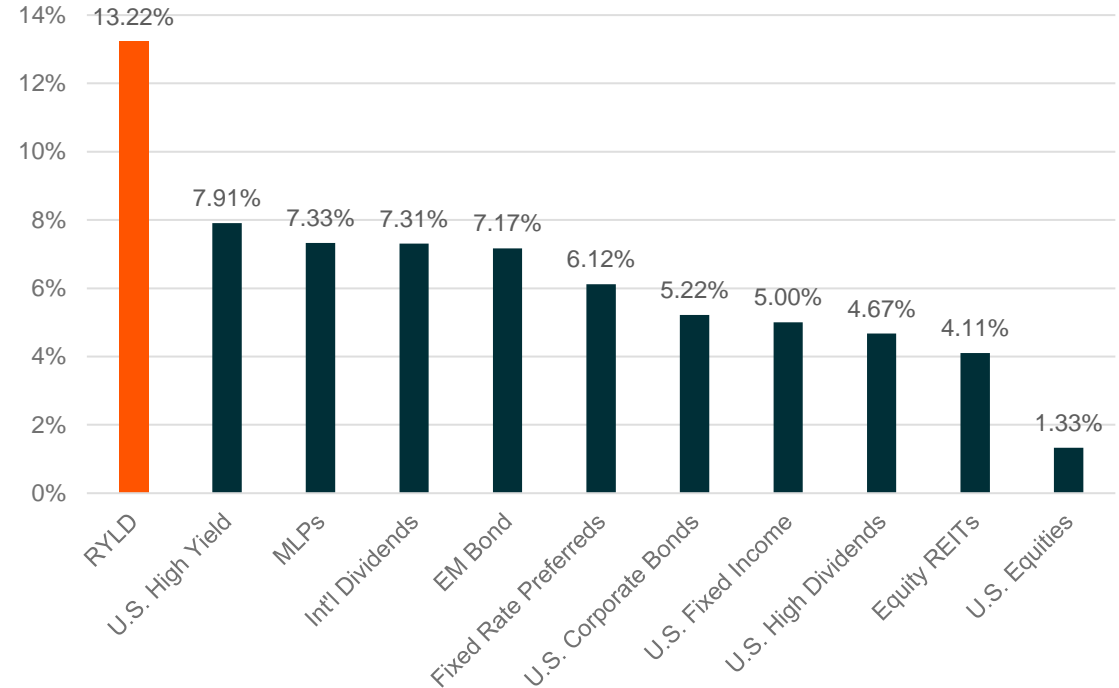
# Investment Case for RYLD

## What can an income-oriented investor potentially do to increase their portfolio's yield?

- A** Take more duration or credit risk in the bond markets, like high yield and Emerging Market bonds
- B** Look for alternative sources of income, such as high dividend stocks, MLPs, Real Estate Investment Trusts (REITs) or preferred.
- C** Consider an options-based, premium-generating strategy, such as **the Global X Russell 2000 Covered Call ETF (RYLD)**

The Global X Russell 2000 Covered Call ETF (RYLD) follows a “covered call” or “buy-write” strategy, in which the fund purchases the Global X Russell 2000 ETF and/or the stocks in the Russell 2000 Index and “writes” or “sells” corresponding call options on the Russell 2000 Index.

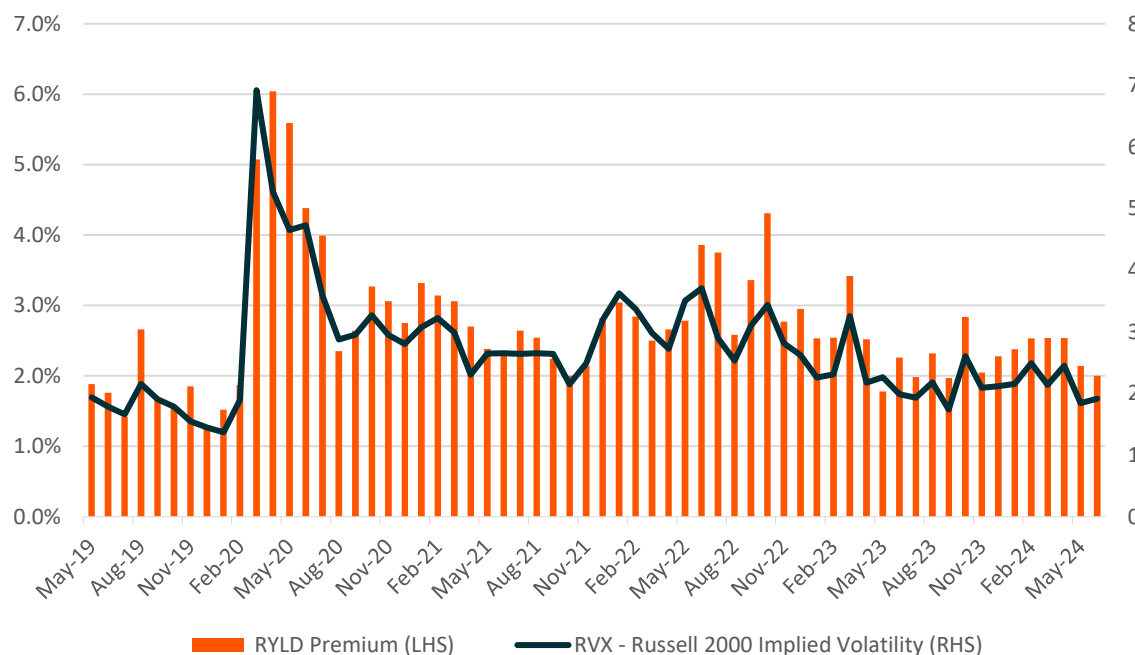
## Yields by Asset Class vs. RYLD 12-Month Yield<sup>1</sup> (%)



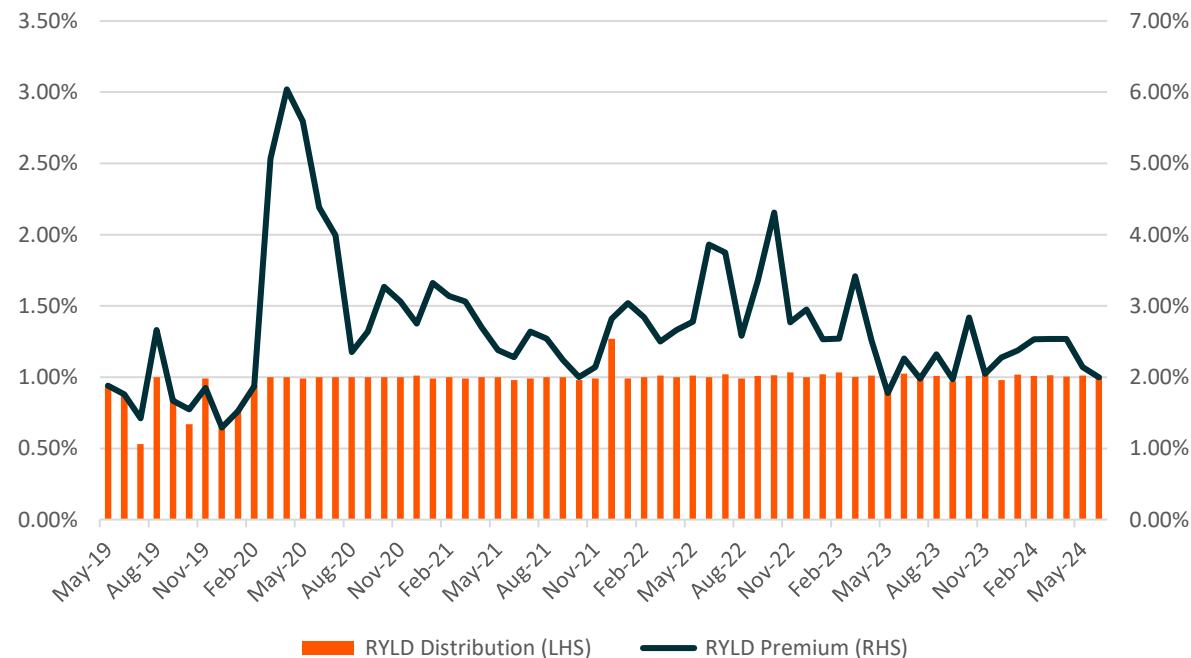
Source: Global X ETFs & Bloomberg as of 06/30/2024. Asset class representations are as follows, MLPs, S&P MLP Index; U.S. High Yield, Bloomberg US Corporate High Yield Total Return Index; Fixed Rate Preferreds, ICE BofA Fixed Rate Preferred Securities Index; Emerging Market (EM) Bonds, Bloomberg EM USD Aggregate Total Return Index; U.S. Corporate Bonds, Bloomberg US Corporate Total Return Index; U.S. High Dividends, S&P 500 High Dividend Total Return Index; Equity REITs, FTSE NAREIT All Equity REITs Total Return Index; U.S. Equities, S&P 500 Total Return Index; U.S. Fixed Income, Bloomberg US Aggregate Index; Int'l Dividends, Dow Jones EPAC Select Dividend TR Index. <sup>1</sup>RYLD's yield is indicated by its 12-month yield. RYLD typically earns income from stock dividends and option premiums. Net of expenses, the dividend income from stocks are typically passed along to shareholders as dividends from net investment income. The option premium reduces the cost of the option. The Fund realizes capital gains from writing options and capital gains or losses whenever it sells securities. Any net realized long-term capital gains are distributed to shareholders as “capital gain distributions.” RYLD collects dividends from the Russell 2000 companies and monthly options premium from selling Russell 2000 (RUT) Index options in which portions have been passed to shareholders as monthly distributions. A portion of the distribution may include a return of capital. For information on the breakdown of the distributions, please see the [Tax Supplements](#) on globalxetfs.com. These do not imply rates for any future distributions.

# Implied Volatility, A Key Determinant of Option Premiums

### RYLD Premium % vs. RVX (1-Month RUT Implied Vol)



### RYLD Premiums % vs. Distribution %



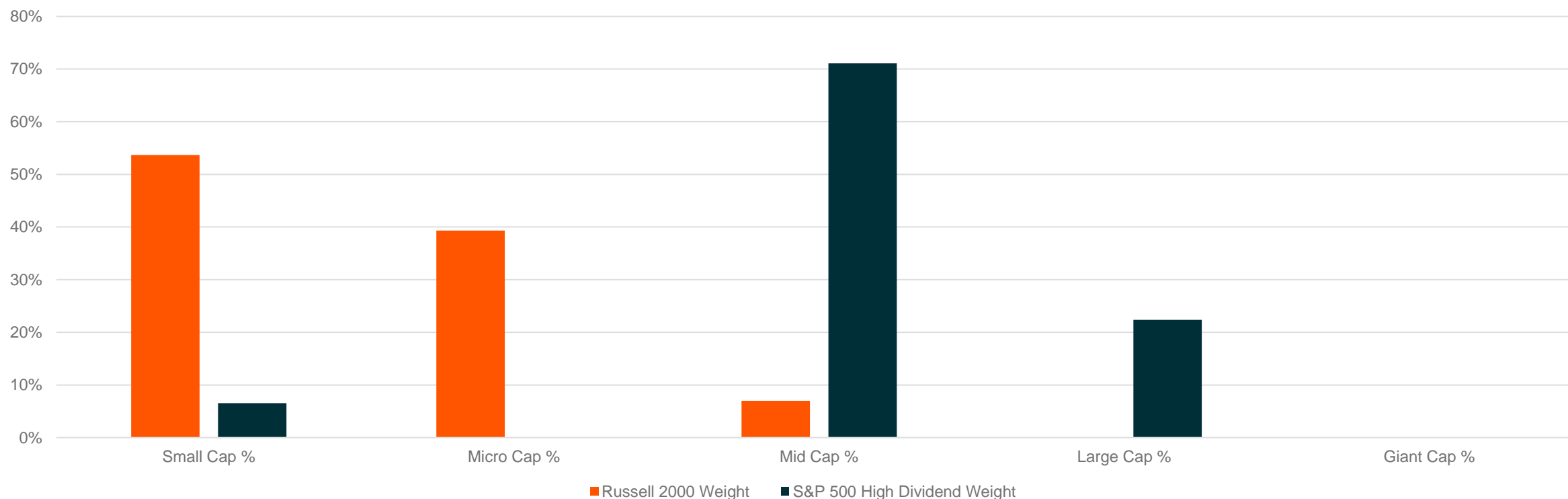
*The monthly distribution of RYLD is capped at the lower of: a) half the premiums received, and b) 1% of the net asset value (NAV). The excess of options premiums received, if applicable, is reinvested into the fund.*

Source: Global X, Bloomberg. Left-Hand chart data is from 05/17/19 to 06/21/24. Right-Hand chart is from 05/17/19 to 06/24/24. Implied Volatility is being measured by RVX, Cboe Russell 2000 Volatility Index<sup>SM</sup>

## Small-Caps May Offer Equity Income Portfolio Diversification

Historically, equity income portfolios have mainly utilized large-cap or mid-cap dividend strategies for income because income investors tend to be more risk averse and large-caps tend to exhibit less volatility than small-caps. However, the usage of covered calls overlaid on a small-cap index can provide a level of potential income and portfolio diversification.

### Market Cap Breakdowns – Russell 2000 vs. S&P 500 High Dividend

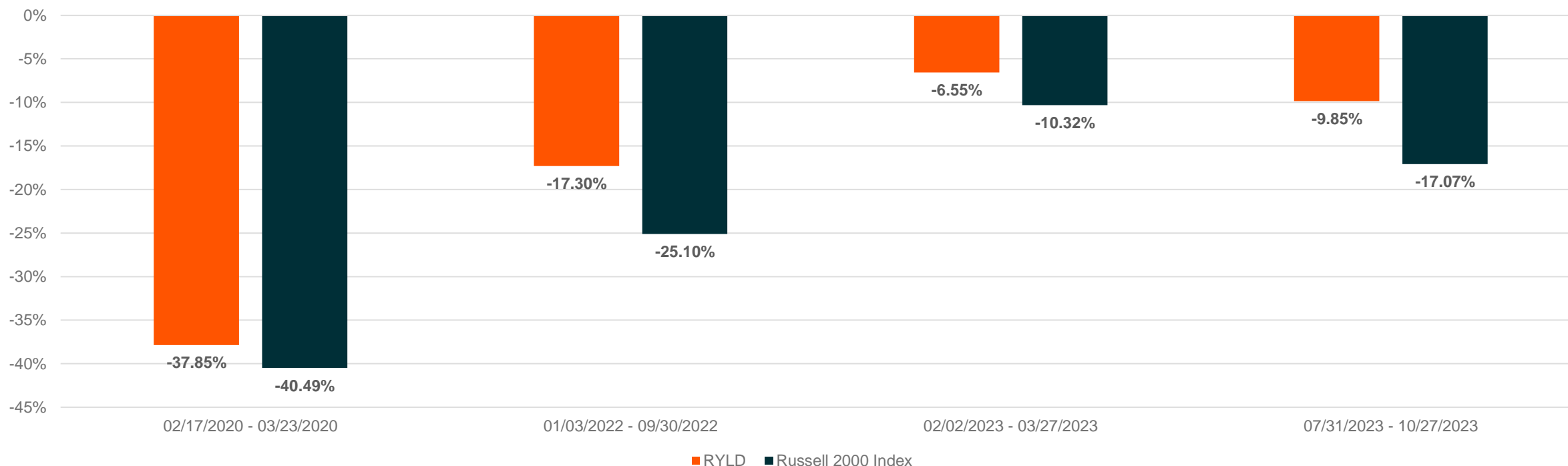


Source: Morningstar Direct. As of 06/30/2024

## RYLD During Drawdowns<sup>1</sup>

A covered call ETF offers the potential to outperform their equity indices during steep and gentle market declines. This is due to the short call component providing a level of downside risk mitigation.

**RYLD vs. Russell 2000 – Drawdown History**



Source: Morningstar Direct. As of 06/30/2024. Data presented represents past performance. RYLD returns signified by market price. Past performance does not guarantee future results. Performance data quoted represents past performance. 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. Current performance may be higher or lower than the performance quoted. <sup>1</sup>Market downturn of more than -10% for the equity index.



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## Glossary - Option Terminology

Term	Description
Call Option	An option that gives the holder the right to buy an underlying asset from another party at a fixed price over a specific period of time.
Put Option	An option that gives the holder the right to sell an underlying asset to another party at a fixed price over a specific period of time.
Long Call	A position in a call option contract in which one has the exercisable right under the contract. This position reflects bullish attitude.
Short Call	A position in a call option contract one has in which the right under the contract can be exercised against oneself. This reflects bearish attitude.
Long Put	A position in a put option contract in which one has the exercisable right under the contract. This reflects bearish attitude.
Short Put	A position in a put option contract one has in which the right under the contract can be exercised against oneself. This reflects bullish attitude.
Market/Spot Price	The current price of the underlying asset of the option contract, such as a stock.
Strike Price	The fixed price at which an option holder can buy or sell the underlying asset. Also called exercise price.
Risk Free Rate	The theoretical rate of return on an investment with zero risk. Government bond yields are the most commonly used risk-free rates.

Term	Description
Delta	The sensitivity of the price of an option to changes in the price of the underlying. Delta is a good approximation of how the option price will change for a small change in the value of the underlying.
Gamma	A numerical measure of how sensitive an option's delta (the sensitivity of the option's price) is to a change in the value of the underlying.
Time (Theta)	The change in price of an option associated with a one-day reduction in its time to expiration; the rate at which an option's time value decays.
Volatility (Vega)	A measure of the sensitivity of an option's price to changes in the underlying's volatility.
Premium	The amount of money a buyer pays and seller receives to engage in an option transaction.
Covered Call	An option strategy involving the holding of an asset and sale of a call option on the same asset.
At-the-money	An option in which the underlying's price equals the strike price.
In-the-money	Options that, if exercised, would result in the value received being worth more than the payment required to exercise.
Out-of-the-money	Options that, if exercised, would require the payment of more money than the value received and therefore would not be currently exercised.

## Glossary

Term	Description
12-Month Yield	The distribution yield an investor would have received if they had held the Fund over the last twelve months, assuming the most recent NAV. The 12-Month Trailing Yield is calculated by summing any income, capital gains and return of capital distributions over the past twelve months and dividing by the sum of the most recent NAV and any capital gain distributions made over the same period.
Volatility	The annualized standard deviation of the daily returns of the security and index using the closing levels of the index during the 22 index-day period preceding that day.
Standard Deviation	A statistical measurement of dispersion about an average, which, for a mutual fund, depicts how widely the returns varied over a certain period of time.
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.
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 Russell 2000 BuyWrite Index	The Cboe Russell 2000 BuyWrite Index (BXR) is a benchmark index that measures the performance of a theoretical portfolio that “sells” Russell 2000 Index (RUT) call options and “holds” against a portfolio of the stocks included in the Russell 2000 Index.
ICE BofA Fixed Rate Preferred Securities Index	This index tracks the performance of fixed rate, U.S. dollar denominated, investment-grade exchange-traded preferred securities (\$25 par) with outstanding market values of at least \$100 million issued in the U.S. domestic market.
S&P MLP Index	The index tracks the price movements in shares of the largest entities that are structured as Master Limited Partnerships (MLP) or Limited Liability Companies (LLCs) and that are engaged in the transportation, storage, processing, refining, marketing, exploration, production, or mining of natural resources.
FTSA NAREIT All Equity REITs Total Return Index	A free-float adjusted, market capitalization-weighted index of U.S. Equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.
Bloomberg EM USD Aggregate Bond Index	The Bloomberg EM USD Aggregate Bond Index is a flagship hard currency Emerging Markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

## Glossary (Continued)

Term	Description
Bloomberg U.S. Aggregate Index	The Bloomberg U.S. Aggregate Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).
Bloomberg U.S. Corporate Investment Grade Index	The Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility, and financial issuers.
Bloomberg U.S. Corporate High Yield Index	The Bloomberg U.S. Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg EM country definition, are excluded.
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.
S&P 500 High Dividend Index	Serves as a benchmark for income seeking equity investors. The index is designed to measure the performance of 80 high yield companies within the S&P 500 and is equally weighted to best represent the performance of this group, regardless of constituent size.

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