

Why Emerging Market Bonds? Why EMBD?

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Why Emerging Market Bonds?

- **Higher Yield Potential:** In our view, emerging market (EM) debt often offers higher yields compared with developed market debt. This is because EM bonds typically carry higher risk, which is compensated for by higher interest rates.
- **Diversification:** Adding EM debt to a portfolio can enhance diversification via regional, duration, and yield exposure.¹
- **Economic Growth Potential:** Emerging market economies generally have higher growth potential compared to developed market countries. Investing in these markets' debt may allow investors to benefit from this potential growth indirectly.²
- **Improving Fundamentals:** Though coming from a lower base, many emerging markets have improving economic fundamentals, such as increasing gross domestic product (GDP) growth rates, better fiscal management, and decreasing debt levels relative to GDP. These improvements can potentially enhance the creditworthiness of EM debt.
- **Underrepresentation:** We believe that EM debt is often underrepresented in global bond indices and investors' portfolios. Increasing exposure to this asset class can potentially capture opportunities not fully reflected in global benchmarks.³

Why EMBD?

- **Client Friendly Structure & Competitive Fee:** The Global X Emerging Markets Bond ETF (EMBD) offers active management with a competitive fee, along with the liquidity and transparency of the ETF structure.⁴
- **Active Expertise:** Global X is a wholly owned subsidiary of Seoul-based Mirae Asset – a pioneer in Asian active asset management with over USD 600bn in assets under management as of March 31, 2024.⁵ EMBD is supported by a dedicated nine-person investment and research team located in New York and Asia. Additionally, we have members from our Macro and Quantitative strategy teams who provide macroeconomic data analysis and statistical scenario analysis for top-down assessment. The fund is managed by two portfolio managers focused on both top-down and bottom-up analysis.
- **Investment Philosophy:** We look for opportunities across both the corporate and sovereign markets in EM with a focus on fundamental drivers, external forces, market inefficiencies, and managing downside risk. We believe that our ability to expand the EM debt investible universe to include corporate issuers (in addition to sovereign issuers) may potentially enhance the fund's risk-adjusted returns.
- **Investment Process:** A strict, proven, and repeatable investment process based on both top-down and bottom-up analysis, which includes macro, credit, sovereign, and relative valuation analysis.
- **Diversification:** EMBD provides diversified exposure to a broad range of both sovereign and corporate EM bonds, depending on where the team finds the most value.
- **Track Record:** EMBD has outperformed its benchmark since inception, with an annualized total return (based on net asset value) two percentage points higher than the JPMorgan EMBI Global Core Index.

EMBD PERFORMANCE THROUGH JUNE 30, 2024 (%)

Sources: Global X ETFs.

	Q2	1Y*	3Y*	Since Inception**
Net Asset Value (NAV)	0.62%	9.06%	-0.99%	2.31%
Market Price	0.43%	8.38%	-1.11%	2.30%
JPMorgan EMBI Global Core Index	0.30%	9.02%	-2.94%	0.31%

*Annualized

**Annualized from 6/1/2020, inception date of the Fund.

The performance data quoted represents past performance and does not guarantee future results. 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. For performance data current to the most recent month or quarter-end, [please click here](#). Total expense ratio: 0.39%.

The index tracks liquid, U.S. dollar emerging market (EM) fixed- and floating-rate debt instruments issued by sovereign and quasi-sovereign entities.



FOOTNOTES

1. International Monetary Fund. (2024, Mar). IMF Working Paper: Geoeconomic Fragmentation and International Diversification Benefits.
2. World Bank. (2024, Jun). Global Economic Prospects.
3. Bloomberg LP. Data accessed on July 22, 2024.
4. Morningstar. Morningstar Manager Research Summary on EMBD. Data as of June 30, 2024. "The portfolio maintains a cost advantage over competitors, priced within the lowest fee quintile among peers."
5. Global X ETFs. (2024, July 18). Global X ETFs Corporate Overview.

GLOSSARY

Duration: A measure of a bond's price sensitivity to changes in interest rates. In general, the higher the duration, the more a bond's price will drop as interest rates rise (and the greater the interest rate risk).

The information provided herein is for general informational purposes only and should not be considered an individualized recommendation or personalized investment advice.

Diversification does not ensure a profit and cannot protect against losses in declining markets.

Investing involves risk, including the possible loss of principal. 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. 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. EMBD is actively managed, which could increase its transaction costs (thereby lowering its performance) and could increase the amount of taxes you owe by generating short-term gains, which may be taxed at a higher rate.

As an actively managed Fund, EMBD does not seek to replicate a specified index and is subject to increased credit and default risk, where there is an inability or unwillingness by the issuer of a fixed income security to meet its financial obligations, debt extension risk, where an issuer may exercise its right to pay principal on an obligation later than expected, as well as interest rate/maturity risk, where the value of the Fund's fixed income assets will decline because of rising interest rates.

EMBD may invest in securities denominated in foreign currencies. Because the Fund's NAV is determined in U.S. dollars, EMBD's NAV could decline if currencies of the underlying securities depreciate against the U.S. dollar or if there are delays or limits on repatriation of such currencies. Currency exchange rates can be very volatile and can change quickly and unpredictably.

EMBD's benchmark index is the JPMorgan EMBI Global Core Index, which is a broad, diverse U.S. dollar denominated emerging markets debt benchmark that tracks the total return of actively traded debt instruments in emerging market countries. Indices are unmanaged and do not include the effect of fees, expenses, or sales charges. One cannot invest directly in an index.

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. The 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, and do not represent the returns you would receive if you traded shares at other times. NAVs are calculated using prices as of 4:00 PM Eastern Time.

Since the Fund's shares did not trade in the secondary market until several days after the Fund's inception, for the period from inception to the first day of secondary market trading in Shares, the NAV of the Fund is used to calculate market returns.

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 summary or full prospectuses, which may be obtained at globalxetfs.com. Please read the prospectus carefully before investing.

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