Scientific Beta ETFs

SCIU	SCID	SCIX	SCIJ
United States	Europe	Asia ex-Japan	Japan

Don't just be smart. Be Scientific.

OVERVIEW

The Global X Scientific Beta ETFs are a family of funds that provide core equity exposure to U.S. and international markets. While preserving the lower costs and transparency of an ETF, the Scientific Beta ETFs may be considered viable alternatives to actively managed funds as they seek to outperform market capitalization weighted indexes by following a methodology rooted in academic research.

	Scientific Beta U.S. ETF	Scientific Beta Europe ETF	Scientific Beta Asia ex-Japan ETF	Scientific Beta Japan ETF
Ticker	SCIU	SCID	SCIX	SCIJ
Total Expense Ratio	0.19%	0.38%	0.38%	0.39%
Number of Potential Components in Starting Universe	500	600	200	300
Geography	United States	Europe	Asia ex-Japan	Japan
Approximate Weighting Global Equity Portfolio[1]	50%	25%	4%	8%
Country Exposure	United States	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, U.K	Australia, Hong Kong, New Zealand, Singapore	Japan

[1]Based on weights of each geography in the MSCI All Country World Index.

GLOBAL X

Beyond Ordinary ETFs

600 LEXINGTON AVE
20TH FL
NEW YORK, NY10022

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The Scientific Beta Approach[1]

Starting Universe

Scientific Beta utilizes a starting universe of the 500 largest stocks in the U.S. to construct four separate factor indexes.

500 Largest Stocks in US

- VALUE index
- SIZE index
- MOMENTUM index
- LOW VOLATILITY index

Selection

1. Each factor index selects the 250 stocks from the starting universe that exhibit the academic definition for that factor.

- Lowest 250 by P/B
- Lowest 250 by Market Cap
- Highest 250 by 12-month returns (excluding last month)
- Lowest 250 by 104-week Volatility

Multi-factor Screen

2. The 20% of stocks with the lowest multi-factor scores are removed to Improve the overall factor-intensity of the index.

Lowest 20% by multi-factor score removed

Weighting Scheme

3. Each factor index then applies a multi-strategy weighting scheme to those 200 stocks to diversify unrewarded risks such as concentration and model specific risks.

Diversified Weighting Scheme Applied

Combination

4. The four factor indexes are combined to form a multi-factor index. Individual factors are weighted to reduce the tracking error of the multi-factor strategy versus U.S. large cap benchmarks.

Equal risk contribution of 4-factor indexes

- VALUE
- SIZE
- MOMENTUM
- LOW VOLATILITY

[1] Scientific Beta U.S. ETF
[2] Weighting schemes are defined on the following page.

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Tilt to desired factors "beta"	+	Diversify undesired risks "smart" weighting	=	SMART BETA 2.0

SMART BETA 2.0

Thirty years of academic and industry research have been incorporated into the Scientific Beta index methodology. The result is a robust methodology that seeks to avoid the pitfalls of other smart beta strategies.

Smart Beta 1.0 Problem	Potential Issue	Scientific Beta Solution
One Factor or Wrong Factor	• Not diversified versus cyclical nature of factor outperformance • Incorrect factor classification of factor leads to non-persistent outperformance versus overall market	Four academically accepted factors: • Value • Size • Low Volatility • Momentum
Sophisticated Factor Definitions	Susceptible to data mining as attempts to capture factor exposure are over-analyzed	Basic definitions for each factor: • Value: Price to Book • Size: Market Capitalization • Low Volatility: 104-Week historical volatility • Momentum: last 52-week total return, excluding most recent month
Single Weighting Scheme	Weighting scheme impacts factor exposures and risks: • Market Cap: Momentum Factor Bias • Equal Weight: Size Factor bias • Fundamental/Economic Size: Value Factor Bias	Incorporates four weighting schemes[1] to diversify model risk and unwanted risks: • Maximum Deconcentration • Maximum Decorrelation • Diversified Risk Weighted • Efficient Maximum Sharpe Ratio

[1] Scientific Beta Weighting Schemes:

- **Maximum Deconcentration:** Equal weights each component to minimize firm-specific risk.
- **Maximum Decorrelation:** Minimizes portfolio volatility based on historical correlations between stocks.
- **Diversified Risk Weighted:** Risk parity weighting scheme assigns lower weights to high volatility stocks and higher weights to less volatile stocks.
- **Efficient Maximum Sharpe Ratio:** Seeks maximize risk-adjusted performance based on expected returns and volatilities.

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Carefully consider the Funds' investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Funds' summary or full prospectus, which may be obtained by calling 1-888-GX-FUND-1 (1.888.493.8631), or by visiting www.globalxfunds.com. Read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. In addition to the normal risks associated with investing, 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. The Funds are non-diversified. For the Scientific Beta Japan ETF, the Japanese economy may be subject to considerable degrees of economic, political and social instability, which could have a negative impact on Japanese securities. In addition, Japan is subject to the risk of natural disasters, such as earthquakes, volcanoes, typhoons and tsunamis, which could negatively affect the Fund.

Diversification may not protect against market risk. There is no assurance the goals of the strategy discussed will be met.

Shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. Global X NAVs are calculated using prices as of 4:00 PM Eastern Time. The closing price is the Mid-Point between the Bid and Ask price as of the close of exchange.

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20TH FL
NEW YORK, NY 10022

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