

# Form ADV, Part II A

## Global X Management Company LLC

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This Brochure provides information about the qualifications and business practices of Global X Management Company LLC. If you have any questions about the contents of this Brochure, please contact us at (212) 644-6440 or [bdelama@globalxfunds.com](mailto:bdelama@globalxfunds.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Global X Management Company LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Global X Management Company LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

### New Format for Part 2 of Form ADV

Global X Management Company LLC's most recent annual update to Part 2 of Form ADV was made in January 2011. Material changes to Global X Management Company LLC' Part 2 of Form ADV since January 2011 are disclosed below. In 2010, the SEC required significant changes to the content and format of Part 2 of Form ADV beginning in the year 2011. This Brochure, which reflects those changes, is materially different from brochures used by Global X Management Company LLC in prior years.

### Global X Management Company LLC Manages Additional Series of Global X Funds

In January 2011, Global X Management Company LLC served as investment adviser to forty-two separate portfolios of Global X Funds, twenty of which were actively trading. As of the date of this Brochure, Global X Management Company LLC serves as an investment adviser to eighty-seven separate portfolios of Global X Funds, thirty-two of which are actively trading.

### New Financial Industry Affiliations

Bruno del Ama, Chief Executive Officer of Global X Management Company LLC, and Jose C. Gonzalez, Chief Operating Officer of Global X Management Company, each have an interest in Toroso Investments, LLC, a newly organized investment adviser. In addition, Michael Venuto, an employee of Global X Management Company also has an interest in Toroso Investments, LLC. Bruno del Ama, Jose C. Gonzalez and Michael Venuto each have an interest in Toroso Investments, LLC of more than 10% but less than 25%.

### New Sources of Referrals

Global X Management Company LLC has entered into new agreements with E\*TRADE to encourage the sale of shares of the Global X Fund portfolios. Global X makes payments to E\*TRADE out of its own internal resources and profits.

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## Item 4 – Advisory Business

Global X Management Company LLC ("Global X") is a Delaware limited liability company with its principal offices located at 399 Park Avenue, 32nd floor, New York, New York 10022. Global X started operations in 2008. The principal owners of Global X are Bruno del Ama, Chief Executive Officer, and Jose C. Gonzalez, Chief Operating Officer.

Global X serves as the investment adviser and the administrator for Global X Funds (the "Trust"). The Trust is a registered investment company that currently consists of eighty-seven exchange-traded funds (each a "Fund"). Subject to the supervision of the Board of Trustees, Global X is responsible for managing the investment activities of each Fund and the Funds' business affairs and other administrative matters.

Each Fund seeks to invest in a portfolio of securities that tracks a particular benchmark index (the "Underlying Index"). The investment objective of each Fund is to track the performance, before fees and expenses, of the Underlying Index. Currently thirty-two Funds are actively trading as of the date of this brochure:

Global X FTSE Nordic Region ETF (GXF)	Global X Uranium ETF (URA)
Global X FTSE Norway 30 ETF (NORW)	Global X Auto ETF (VROM)
Global X FTSE Colombia 20 ETF (GXG)	Global X Pure Gold Miners ETF (GGGG)
Global X Brazil Mid Cap ETF (BRAZ)	Global X Fertilizers/Potash ETF (SOIL)
Global X Brazil Consumer ETF (BRAQ)	Global X S&P/TSX Venture 30 Canada ETF (TSXV)
Global X Brazil Financials ETF (BRAJ)	Global X FTSE ASEAN 40 ETF (ASEA)
Global X China Consumer ETF (CHIQ)	Global X FTSE Andean 40 ETF (AND)
Global X China Energy ETF (CHIE)	Global X FTSE Argentina 20 ETF (ARGT)
Global X China Financials ETF (CHIX)	Global X Canada Preferred ETF (CNPJ)
Global X China Industrials ETF (CHIL)	Global X SuperDividend ETF (SDIV)
Global X China Materials ETF (CHIM)	Global X FTSE Greece 20 ETF (GREK)
Global X NASDAQ China Technology ETF (CHIB)	Global X NASDAQ 400 Mid Cap ETF (QQQM)
Global X Aluminum ETF (ALUM)	Global X NASDAQ 500 ETF (QQQV)
Global X Copper Miners ETF (COPX)	Global X Permanent ETF (PERM)
Global X Gold Explorers ETF (GLDX)	Global X Social Media ETF (SOCL)
Global X Lithium ETF (LIT)	
Global X Silver Miners ETF (SIL)	

As of March 23, 2012, Global X had \$1,324.9 million in assets under management, all on a discretionary basis.

## Item 5 – Fees and Compensation

Pursuant to the Supervision and Administration Agreement and subject to the general supervision of the Board of Trustees of the Trust, Global X provides or causes to be furnished, all supervisory, administrative and other services reasonably necessary for the operation of the Funds and also bears the costs of various third-party services required by the Funds, including audit, certain custodial, portfolio accounting, legal, transfer agency and printing costs. The

Supervision and Administration Agreement also requires the Adviser to provide investment advisory services to the Funds pursuant to an Investment Advisory Agreement.

Each Fund pays the Adviser a fee ("Management Fee") in return for providing investment advisory, supervisory and administrative services under an all-in fee structure. The fee is based on the daily net asset value of the each Fund and is deducted from the Fund's assets in arrears on a monthly basis. The fee is negotiated with, and subject to approval by, the Board of Trustees of the Funds. Each Fund's prospectus sets forth the applicable Management Fee, which generally ranges from 0.40% to 1%. GXMC has entered into expense limitation agreements with certain of the Funds.

In addition, each Fund bears other fees and expenses that are not covered by the Supervision and Administration Agreement, which may vary and will affect the total expense ratio of the Fund, such as taxes, brokerage fees, commissions and other transaction expenses, interest and extraordinary expenses (such as litigation and indemnification expenses). Item 12 further describes the factors that Global X considers in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation (e.g., commissions). Certain of the Funds also bear asset-based custodial fees not covered by the Supervision and Administration Agreement. Global X may earn a profit on the Management fee paid by the Funds. Also, Global X, and not Fund shareholders, would benefit from any price decreases in third-party services, including decreases resulting from an increase in net assets.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Global X does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Global X provides portfolio management services to SEC-registered investment companies, which currently includes only one client, Global X Funds, which currently consists of eighty-seven exchange-traded funds, thirty-two of which are actively trading as of the date of this Brochure.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

The Adviser will use a "passive" or indexing approach to try to achieve the Funds' investment objective. Unlike many investment companies, the Funds do not try to "beat" the Underlying Index and do not seek temporary defensive positions when markets decline or appear overvalued. Each Fund uses a replication or representative sampling indexing strategy.

As with any investment, you could lose all or part of your investment in the Funds, and the Funds' performance could trail that of other investments. The Funds are subject to the principal risks noted below, any of which may adversely affect the Funds' net asset value ("NAV"), trading price, yield, total return and ability to meet their investment objective.

#### Global X FTSE Nordic Region ETF (GXF)

*Risks Related to Investing in the Nordic Region:* Investments are concentrated in companies in Sweden, Denmark, Norway and Finland. The Nordic economies are heavily dependent on natural resources, trade amongst one another and with the members of the European Union, and their historically generous welfare programs.

#### Global X FTSE Norway 30 ETF (NORW)

*Risks Related to Investing in Norway:* Because Norway's economy is heavily dependent on the export of natural resources, volatility in commodity prices may have a material impact on the Fund's investments. Although not a member of the European Union, the Norwegian economy may be materially affected by developments in the member states or the European Union as a whole. Pension reform, union regulation, and further cuts in liberal social programs will likely need to be addressed in the near future, which may adversely impact investments in the Fund.

#### Global X/InterBolsa FTSE Colombia 20 ETF (GXG)

*Risk Related to Investing in Colombia:* Colombia has experienced high interest rates, economic volatility, inflation, currency devaluations, high unemployment rates and high level of debt and public spending. The economy is heavily dependent on exports and commodities. The level of violence associated with internal conflicts and drug-trafficking has fallen but remains high by international standards. There is no assurance that past capital controls restricting the inflow and repatriation of capital and free transfers of securities will not be reinstated or changed again and without prior warning, which could adversely affect the trading of the Shares.

#### Global X Brazil Mid Cap ETF (BRAZ)

*Risks Related to Investing in Brazil:* Investments in securities of Brazilian companies are subject to regulatory and economic interventions that the Brazilian government has frequently exercised in the past, including the setting of wage and price controls, blocking access to bank accounts, imposing exchange controls and limiting imports. Investments are also subject to certain restrictions on foreign investment as provided by Brazilian law. The Brazilian economy has historically been subject to high rates of inflation and a high level of debt, all of which may stifle economic growth. Despite rapid development in recent years, Brazil still suffers from high levels of corruption, crime and income disparity. There is the possibility that such conditions may lead to social unrest and political upheaval in the future, which may have adverse effects on the Fund's investments.

*Mid-Capitalization Companies Risk:* Mid cap companies may have greater volatility in price than the stocks of large companies due to limited product lines or resources or a dependency upon a particular market niche.

#### Global X Brazil Consumer ETF (BRAQ)

*Risks Related to Investing in Brazil* as described above.

*Risks Related to Investing in the Consumer Sector:* The consumer sector may be strongly affected by fads, marketing campaigns and other factors affecting supply and demand, including performance of the overall domestic and international economy, interest rates, currency exchange rates, consumer confidence and changes in demographics. Companies in the

consumer sector may be subject to severe competition, which may also have an adverse impact on their profitability.

#### Global X Brazil Financials ETF (BRAJ)

*Risks Related to Investing in Brazil* as described above.

*Risks Related to Investing in the Financial Sector:* Companies in the financial sector are subject to extensive governmental regulation, which may adversely affect the scope of their activities. Governmental regulation may change frequently. The financial sector is exposed to certain risks, such as operating with substantial financial leverage, which may impact the value of investments more severely than investments outside the sector. Recently, the deterioration of the credit markets has caused an adverse impact in a broad range of mortgage, asset-backed, auction rate and other markets, including U.S. and international credit and interbank money markets generally, thereby affecting a wide range of financial services institutions and markets. This situation has created instability in the financial services markets and caused certain financial services companies to incur large losses or even become insolvent or bankrupt.

#### Global X China Consumer ETF (CHIQ)

*Risks Related to Investing in China:* Investments in securities of Chinese companies are subject to legal, regulatory, monetary, political, social instability and economic risks.

*Risks Related to Investing in the Consumer Sector* as described above.

#### Global X China Energy ETF (CHIE)

*Risks Related to Investing in China* as described above.

*Risks Related to Investing in the Energy Sector:* Investments in securities in the Energy sector are subject to swift energy price and supply fluctuations caused by events relating to international politics; energy conservation; the success of exploration projects; natural disasters or other catastrophes; changes in exchange rates, interest rates, or economic conditions; changes in demand for energy products and services; and tax and other governmental regulatory policies.

#### Global X China Financials ETF (CHIX)

*Risks Related to Investing in China* as described above.

*Risks Related to Investing in the Financial Sector* as described above.

#### Global X China Industrials ETF (CHII)

*Risks Related to Investing in China* as described above.

*Risks Related to Investing in the Industrials Sector:* Investments in securities in the Industrials sector are subject to fluctuations in supply and demand for their specific product or service. The products of manufacturing companies may face product obsolescence due to rapid technological developments. Government regulation, world events and economic conditions

affect the performance of companies in the Industrials sector. Companies may also be adversely affected by environmental damage and product liability claims.

#### Global X China Materials ETF (CHIM)

*Risks Related to Investing in China* as described above.

*Risks Related to Investing in the Materials Sector:* Investments in securities in the Materials sector are subject to changes in commodity prices, exchange rates, import controls and worldwide competition. At times, worldwide production of industrial materials has exceeded demand, leading to poor investment returns or outright losses. Issuers in the Materials sector are at risk of depletion of resources, technical progress, labor relations, governmental regulations and environmental damage and product liability claims.

#### Global X China Technology ETF (CHIB)

*Risks Related to Investing in China* as described above.

*Risks Related to Investing in the Technology Sector:* Investments in securities in the Technology sector are subject to rapid changes in technology product cycles; rapid product obsolescence; government regulation; and increased competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Technology companies and companies that rely heavily on technology tend to be more volatile than the overall market, and are also heavily dependent on patent and intellectual property rights.

#### Global X Aluminum ETF (ALUM)

*Relationship to Aluminum Price:* The Underlying Index measures the performance of companies primarily involved in the aluminum industry and not the performance of aluminum price itself. The securities of companies involved in the aluminum industry may under- or over-perform aluminum price itself over the short-term or the long-term.

*Risk Related to Investing in the Aluminum Industry:* Securities in the Fund's portfolio may be significantly subject to the effects of competitive pressures in the aluminum industry and the price of aluminum itself. These prices may fluctuate substantially over short periods of time so the Fund's share price may be more volatile than other types of investments. In addition, aluminum companies may also be significantly affected by import controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices.

#### Global X Copper Miners ETF (COPX)

*Relationship to Copper Price:* The Underlying Index measures the performance of companies involved in the copper mining industry and not the performance of copper price itself. The securities of companies involved in the copper mining industry may under- or over-perform copper price itself over the short-term or the long-term.

*Risk Related to Investing in the Copper Mining Industry:* Securities in the Fund's portfolio may be significantly subject to the effects of competitive pressures in the copper mining industry and the price of copper itself. These prices may fluctuate substantially over short periods of time so



the Fund's share price may be more volatile than other types of investments. In addition, copper mining companies may also be significantly affected by import controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices.

#### Global X Gold Explorers ETF (GLDX)

*Relationship to Gold Bullion:* The Underlying Index measures the performance of companies involved in the gold mining industry and not the performance of gold bullion itself. The securities of companies involved in the gold mining industry may under- or over-perform gold bullion over the short-term or the long-term.

*Risk Related to Investing in the Gold Mining Industry:* Securities in the Fund's portfolio may be significantly subject to the effects of competitive pressures in the gold mining industry and the price of gold bullion. These prices may fluctuate substantially over short periods of time so the Fund's share price may be more volatile than other types of investments. In addition, gold mining companies may also be significantly affected by import controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices.

#### Global X Lithium ETF (LIT)

*Exposure to Non-Lithium Markets:* Although the Fund invests a large percentage of its assets in the securities of companies that are active in the exploration and/or mining of lithium, these companies may derive a significant percentage of their profits from other business activities including, for example, the production of fertilizers and/or specialty and industrial chemicals. As a result, the performance of these markets and the profits of these companies from such activities may significantly impact the Fund's performance.

*Relationship to Lithium Price:* The Underlying Index measures the performance of companies involved in the lithium mining and lithium-ion battery industries and not the performance of lithium price itself. The securities of companies involved in the lithium industry may under- or over-perform lithium price itself over the short-term or the long-term.

*Risk Related to Investing in the Lithium-Ion Battery Industry:* Securities in the Fund's portfolio involved in the manufacturing of lithium-ion batteries are subject to the effects of price fluctuations of traditional and alternative sources of energy, developments in battery and alternative energy technology, the possibility that government subsidies for alternative energy will be eliminated and the possibility that lithium-ion technology is not suitable for widespread adoption.

*Risk Related to Investing in the Lithium Mining Industry:* Securities in the Fund's portfolio may be significantly subject to the effects of competitive pressures in the lithium mining industry and the price of lithium itself. These prices may fluctuate substantially over short periods of time so the Fund's share price may be more volatile than other types of investments. In addition, lithium mining companies may also be significantly affected by import controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices.

#### Global X Silver Miners ETF (SIL)

*Relationship to Silver Bullion:* The Underlying Index measures the performance of companies involved in the silver mining industry and not the performance of silver bullion itself. The securities of companies involved in the silver mining industry may under- or over-perform silver bullion over the short-term or the long-term.

*Risk Related to Investing in the Silver Mining Industry:* Securities in the Fund's portfolio may be significantly subject to the effects of competitive pressures in the silver mining industry and the price of silver bullion. These prices may fluctuate substantially over short periods of time so the Fund's share price may be more volatile than other types of investments. In addition, silver mining companies may also be significantly affected by import controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices.

#### Global X Uranium ETF (URA)

*Relationship to Uranium Price:* The Underlying Index measures the performance of companies involved in the uranium industry and not the performance of uranium price itself. The securities of companies involved in the uranium industry may under- or over-perform uranium price itself over the short-term or the long-term.

*Risk Related to Investing in the Uranium Industry:* Securities in the Fund's portfolio may be significantly subject to the effects of competitive pressures in the uranium industry and the price of uranium itself. These prices may fluctuate substantially over short periods of time so the Fund's share price may be more volatile than other types of investments. In addition, uranium companies may also be significantly affected by import controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices.

#### Global X FTSE Argentina 20 ETF (ARGT)

*Risk Related to Investing in Argentina:* Argentina has experienced high interest rates, economic volatility, inflation, currency devaluations and high unemployment rates. The economy is heavily dependent on exports and commodities. Argentina's default on its debt in 2001, and its recent nationalization of private pensions, continues to impact the confidence of investors in Argentina, which might adversely impact returns in the Fund.

#### Global X Pure Gold Miners ETF (GGGG)

*Risk Related to Investing in the Gold Mining Industry:* Securities in the Fund's portfolio may be significantly subject to the effects of competitive pressures in the gold mining industry and the price of gold bullion. These prices may fluctuate substantially over short periods of time so the Fund's share price may be more volatile than other types of investments. In addition, gold mining companies may also be significantly affected by import controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices.

#### Global X FTSE Andean 40 ETF (AND)

*Central and South American Economic Risk:* The economies of Chile, Colombia and Peru are affected by the economies of Central and South American countries, some of which have experienced high interest rates, economic volatility, inflation, currency devaluations and high unemployment rates. Any adverse economic event in one country can have a significant effect on other countries of this region.

#### Global X FTSE ASEAN 40 ETF (ASEA)

*Asian Economic Risk:* Investments in Asian markets involve risks not typically associated with investments in securities of issuers in more developed countries that may negatively affect the value of your investment in the Fund. The countries in Asia present different economic and political conditions from those in Western markets, and less social, political and economic stability. Political instability could have an adverse effect on economic or social conditions in these economies and may result in outbreaks of civil unrest, terrorist attacks or threats or acts of war in the affected areas, any of which could materially and adversely affect the companies in which the Fund may invest.

#### Global X S&P/TSX Venture 30 Canada ETF (TSXV)

*Risk Related to Investing in Resource Exploration Companies:* The TSX Venture Exchange includes many resource exploration companies. The exploration and development of mineral deposits involve significant financial risks and may be significantly affected by competitive pressures in the gold exploration industry, the price of gold bullion, import and export controls, liability for environmental damage and mandated expenditures for safety and pollution control devices.

*Risk Related to Investing in Technology Ventures:* The TSX Venture Exchange includes high technology ventures. Technology ventures can be significantly affected by the failure to obtain, or delays in obtaining, financing or regulatory approval, intense competition, product compatibility, consumer preferences, corporate capital expenditure, rapid obsolescence and research and development expenses. Companies in the technology sector also face competition with numerous alternative technologies.

#### Global X Fertilizers/Potash ETF (SOIL)

*Risk Related to Investing in the Fertilizer Industry:* Securities in the Fund's portfolio may be significantly subject to the effects of competitive pressures in the fertilizer industry and the price of fertilizer commodities. These prices may fluctuate substantially over short periods of time so the Fund's share price may be more volatile than other types of investments. In addition, fertilizer companies may also be significantly affected by import controls, worldwide competition, liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control devices.

#### Global X SuperDividend ETF (SDIV)

*Risk of High Dividend Yield Stocks:* 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 the Fund's performance.

#### Global X Canada Preferred ETF (CNPF)

*Preferred Stock Risk:* Preferred stock is subject to many of the risks associated with debt securities, including interest rate risk. As interest rates rise, the value of the preferred stocks held by the Fund are likely to decline. 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.

*Risks Related to Investing in Canada:* Any negative changes in the natural resources markets could have an adverse impact on the Canadian economy. The Canadian economy is heavily dependent upon trading with its key partners. Any reduction in this trading may cause an adverse impact on the economy in which the Fund invests. Past demands for sovereignty by the province of Quebec have significantly affected equity valuations and foreign currency movements in the Canadian market.

#### Global X Auto ETF (VROM)

*Risk Related to Investing in the Automotive Industry:* The automotive industry can be highly cyclical, and companies in the industry may suffer periodic operating losses. The industry can be significantly affected by labor relations and fluctuating component prices. While most of the major manufacturers are large, financially strong companies, many others are small and can be non-diversified in both product line and customer base.

#### Global X FTSE Greece 20 ETF (GREK)

*Risks Related to Investing in Greece:* Investments are concentrated in companies in Greece. Greece's economy is heavily dependent on the services sector and has a large public sector. Key trading partners are member states of the EU, most notably Germany, Spain, Italy and the United Kingdom. Decreasing demand for Greek products and services or changes in governmental regulations on trade may have a significantly adverse effect on Greece's economy. Greece's ability to repay its sovereign debt is in question, and the possibility of default is not unlikely, which could limit its ability to borrow in the future. Greece has been required to impose harsh austerity measures on its population in order to receive financial aid from the IMF and EU member countries. The persistence of these factors may seriously reduce the economic performance of Greece and pose serious risks for the country's economy in the future. The increased volatility in the Greek market may result in the increased use of fair value pricing.

#### Global X Social Media Index ETF (SOCL)

*Risks Related to Investing in the Social Media Industry:* The Fund invests in securities of companies engaged in the social media industry, including companies that provide social networking, file sharing, and other web-based media applications. The risks related to investing

in such companies include disruption in service caused by hardware or software failure, interruptions or delays in service by third-party data center hosting facilities and maintenance providers, security breaches involving certain private, sensitive, proprietary and confidential information managed and transmitted by social media companies, and privacy concerns and laws, evolving Internet regulation and other foreign or domestic regulations that may limit or otherwise affect the operations of such companies. Furthermore, the business models employed by the companies in the social media industry may not prove to be successful.

#### Global X NASDAQ 500 ETF (QQQV)

*Risks Related to Investing in the Technology Sector:* Investments in securities in the Technology sector are subject to rapid changes in technology product cycles; rapid product obsolescence; government regulation; and increased competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Technology companies and companies that rely heavily on technology tend to be more volatile than the overall market, and are also heavily dependent on patent and intellectual property rights.

#### Global X NASDAQ 400 Mid Cap ETF (QQQM)

*Risks Related to Investing in the Technology Sector:* Investments in securities in the Technology sector are subject to rapid changes in technology product cycles; rapid product obsolescence; government regulation; and increased competition, both domestically and internationally, including competition from foreign competitors with lower production costs. Technology companies and companies that rely heavily on technology tend to be more volatile than the overall market, and are also heavily dependent on patent and intellectual property rights.

*Mid-Capitalization Companies Risk:* Mid-capitalization companies (i.e., companies that generally have market capitalizations ranging from approximately \$500 million to \$10 billion) often have greater price volatility, lower trading volume and less liquidity than larger more established companies. In addition, these companies are often subject to less analyst coverage and may be in early and less predictable periods of their corporate existences. These companies tend to have smaller revenues, narrower product lines, less management depth and experience, smaller shares of their product or service markets, fewer financial resources and less competitive strength than larger companies.

#### Global X Permanent ETF (PERM)

*Risk Related to Investing in Large-Capitalization Stocks:* Large-capitalization stocks may trail the returns of the overall stock market. Large-capitalization stocks tend to go through cycles of doing better – or worse – than the stock market in general. These periods, have, in the past, lasted for as long as several years.

*Risk Related to Investing in Small-Capitalization Stocks:* Small-capitalization stocks may have greater volatility in price than the stocks of large-capitalization companies due to limited product lines or resources or a dependency upon a particular market niche.

*Risk Related to Investing in International Stocks:* The Fund's investments in foreign stocks can be riskier than U.S. stock investments. The prices of foreign stocks and the prices of U.S. stocks have, at times, moved in opposite directions. In addition, world events – such as political upheaval, financial troubles, or natural disasters – could adversely affect the value of securities issued by companies in foreign countries or regions. Stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.

*Risk Related to Investing in Real Estate Stocks:* Real estate stocks and Real Estate Investment Trusts (REITs) are particularly vulnerable to decline in the event of deflationary economic conditions, and are subject to interest rate risk, leverage risk, property risk and management risk. REITs tend to be small- or mid-capitalization stocks and there is the possibility that returns from REITs may trail returns from the overall stock market.

*Risk Related to Investing in Natural Resource Stocks:* Any decline in the general level of prices of oil & gas, minerals or agricultural commodities would be expected to have an adverse impact on these stocks. The prices of these stocks are particularly vulnerable to decline in the event of deflationary economic conditions.

*Risk Related to Investing in U.S. Treasury Bills and Bonds:* Investments in debt securities are generally affected by changes in prevailing interest rates and the creditworthiness of the issuer. Prices of U.S. Treasury securities fall when prevailing interest rates rise. Price fluctuations of long-term U.S. Treasury securities are greater than price fluctuations for shorter term U.S. Treasury securities, and may be as extensive as the price fluctuations of common stock. The Fund's yield on investments in U.S. Treasury securities will fluctuate as the securities in the Fund are rebalanced and reinvested in securities with different interest rates. Investments in bonds are also subject to credit risk. Credit risk is the risk that an issuer of debt securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to make required principal and interest payments. This is broadly gauged by the credit ratings of the debt securities in which the Fund invests. However, credit ratings are only the opinions of the rating agencies issuing them, do not purport to reflect the risk of fluctuations in market value and are not absolute guarantees as to the payment of interest and the repayment of principal.

*Risk Related to Investing in Gold and Silver:* The Fund invests in gold and silver ETFs and/or ETCs. Gold and silver generate no interest or dividends, and the return from investments in gold and silver will be derived solely from the price gains or losses from the commodity. Investing in commodity-linked instruments such as ETFs or ETCs may subject the Fund to greater volatility than investments in traditional securities. Gold and silver may also be significantly affected by developments in the gold and silver mining industry respectively and prices of gold and silver may fluctuate sharply over short periods of time.

Other risks common to several Funds:

*Asset Class Risk:* Securities in the Underlying Index or a Fund's portfolio may underperform in comparison to the general securities markets or other asset classes.

*Cash Transaction Risk:* Unlike most exchange-traded funds, the Global X FTSE Colombia 20 ETF (GXG), Global X Brazil Mid Cap ETF (BRAZ), Global X Brazil Consumer ETF (BRAQ), Global X Brazil Financials ETF (BRAQ) and Global X FTSE Andean 40 ETF (AND) intend to effect all creations and redemptions partially for cash, rather than in-kind securities. As a result,

an investment in these Funds may be less tax-efficient than an investment in a more conventional ETF.

*Commodity Exposure Risk:* Certain markets and sectors in which the Funds invest are susceptible to fluctuations in commodity markets. Any negative changes in commodity markets could have a great impact on these Funds.

*Concentration Risk:* The Fund may invest in securities denominated in foreign currencies. Because the Fund's NAV is determined in U.S. dollars, the Fund's NAV could decline if a foreign currency depreciates against the U.S. dollar.

*Currency Risk:* To the extent that a Fund's investments hold securities denominated in foreign currencies, because the Fund's NAV is determined in U.S. dollars, the Fund's NAV could decline if foreign currencies depreciate against the U.S. dollar.

*Custody Risk:* Less developed markets are more likely to experience problems with the clearing and settling of trades.

*Emerging Market Risk:* Emerging markets may be subject to a greater risk of loss than investments in developed markets.

*Equity Securities Risk:* Equity securities are subject to changes in value and their values may be more volatile than other asset classes.

*Foreign Security Risk:* Investments in the securities of foreign issuers are subject to the risks associated with investing in those foreign markets, such as heightened risks of inflation or nationalization. You may lose money due to political, economic and geographic events affecting a foreign issuer or market.

*Geographic Risk:* A natural disaster could occur in a geographic region in which a Fund invests.

*Issuer Risk:* A Fund's performance depends on the performance of individual companies in which the Fund invests. Changes to the financial condition of any of those companies may cause the value of their securities to decline.

*Management Risk:* A Fund is subject to the risk that Global X's investment management strategy may not produce the intended results.

*Market Risk:* A Fund's NAV could decline over short periods due to short-term market movements and over longer periods during market downturns.

*Market Trading Risks:* A Fund faces numerous market trading risks, including the potential lack of an active market for Shares, losses from trading in secondary markets, and disruption in the creation/redemption process of the Fund. Any of these factors may lead to Fund Shares trading at a premium or discount to NAV.

*Non-Diversification Risk:* A Fund may invest a large percentage of its assets in securities issued by or representing a small number of issuers. As a result, the Fund's performance may depend on the performance of a small number of issuers.

*Passive Investment Risk:* The Funds are not actively managed and the Adviser does not attempt to take defensive positions in declining markets.

*Privatization Risk:* Several countries in which the Funds invest have begun a process of privatizing certain entities and industries. Privatized entities may lose money or be re-nationalized.

*Reliance on Trading Partners Risk:* Certain Funds invests in economies that are heavily dependent upon trading with key partners. Any reduction in this trading may cause an adverse impact on the economies in which the Fund invests. Funds are exposed to *Asian Economic Risk, Central and South American Economic Risk, European Economic Risk and U.S. Economic Risk*.

*Securities Lending Risk:* Securities lending involves the risk that a Fund loses money because the borrower fails to return the securities in a timely manner or at all. A Fund could also lose money in the event of a decline in the value of the collateral provided for loaned securities or of investments made with cash collateral. These events could also trigger adverse tax consequences for the Fund.

*Securities Market Risk:* Because certain securities markets in the countries in which the Fund may invest are small in size, underdeveloped, and are less regulated and less correlated to global economic cycles than those markets located in more developed countries, the securities markets in such countries are subject to greater risks associated with market volatility, lower market capitalization, lower trading volume, illiquidity, inflation, greater price fluctuations and uncertainty regarding the existence of trading markets.

*Small- and Mid-Capitalization Companies Risk:* A Fund may invest a significant percentage of its assets in small- or medium-capitalization companies, which are typically subject to lower trading volume, less liquidity, greater price volatility and less analyst coverage than larger more established companies.

*Tracking Error Risk:* The performance of a Fund may diverge from that of the Underlying Index.

*Valuation Risk:* The value of the securities in a Fund's portfolio may change on days when shareholders will not be able to purchase or sell the Fund's Shares.

Each Fund's Prospectus and Statement of Additional Information ("SAI") describes these risks in more detail and can be obtained from or charge by contacting us at (888) GX-FUND-1 (888-493-8631) or [info@globalxfunds.com](mailto:info@globalxfunds.com).

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Global X or the integrity of Global X's management. Global X has no legal or disciplinary events to disclose.



## **Item 10 – Other Financial Industry Activities and Affiliations**

Jose Gonzalez, Chief Operating Officer of Global X, is President and owner of GWM Group, Inc. a registered broker-dealer. GWM Group, Inc. shares premises with Global X. Mr. Gonzalez spends a material amount of his time on activities related to GWM Group, Inc. Mr. Gonzalez does not provide clients of Global X with services or products from GWM Group, Inc.

If GWM Group Inc. were to act as broker in connection with the sale of securities to or by a Fund, Global X and GWM Group Inc. will act in accordance with Section 17(e)(2) of the Investment Company Act of 1940, which provides that a Fund affiliate may not receive any compensation exceeding the limits set forth in Section 17(e)(2) and Rule 17e-1. To date, GWM Group Inc. has not executed any trades for any of the Funds.

Bruno del Ama, Chief Executive Officer of Global X, and Jose C. Gonzalez, Chief Operating Officer of Global X, each have an interest in Toroso Investments LLC, a newly organized investment adviser. In addition, Michael Venuto, an employee of Global X, also has an interest in Toroso Investments LLC. Bruno del Ama, Jose C. Gonzalez and Michael Venuto each have an interest in Toroso Investments, LLC of more than 10% but less than 25%. Toroso Investments LLC shares premises with Global X. In addition, Global X assists Toroso Investments LLC with certain of its operations. Bruno del Ama and Jose C. Gonzalez believe that the relationship and arrangement between Global X and Toroso Investments LLC does not create a material conflict of interest with its client, Global X Funds.

## **Item 11 – Code of Ethics**

Global X has adopted a code of ethics (the "Code of Ethics") that establishes the standard of business conduct that all of its employees must follow. The Code of Ethics also addresses personal trading and investments by its employees who are access persons. Employees are required to acknowledge in writing that they have received the Code of Ethics and each subsequent amendment thereto, that they comprehend the Code of Ethics, and that they have complied (as applicable) and will comply with the Code of Ethics.

The Code of Ethics sets forth specific policies and procedures for its employees to follow regarding material, non-public information ("inside information") and other confidential information of clients and Global X. While Global X does not expect its employees to be in receipt of inside information, it requires any employee receiving inside information to refrain from trading on the information and to discuss the information only with the Chief Compliance Officer to determine an appropriate course of action.

The Code of Ethics also details policies and procedures regarding personal securities transactions by employees. Employees who are access persons are required to provide initial, annual and quarterly securities transaction reports, which are reviewed by the Chief Compliance Officer or his designee. Access persons who also meet the definition of investment personnel

are required to pre-clear investments in initial public offerings, limited offerings and securities that are included as a component of an Underlying Index or for which public notice has been given that such security will be added to, or deleted from, an Underlying Index. A copy of Global X's Code of Ethics is available to clients and prospective clients upon request. Global X's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at (212) 644-6440 or bdelama@globalxfunds.com.

The Code of Ethics allows Global X and its affiliates, as well as the personnel subject to it, to trade and invest for their own accounts in securities, including securities that may be held or purchased by the Fund. Where any such conflict exists, portfolio managers will not make any such investment for a Fund without:

- causing Global X to fully disclose the nature and extent of the conflict prior to the transaction, including any direct or indirect compensation the portfolio manager or Global X receives in connection with the transaction;
- make the investment only if he or she has a reasonable belief that the investment is in the Fund's best interest; and
- ensuring compliance with any relevant procedures set forth in the Code of Ethics.

## **Item 12 – Brokerage Practices**

The policy regarding purchases and sales of securities for each Fund is that primary consideration will be given to obtaining the most favorable prices and efficient executions of transactions. Consistent with this policy, when securities transactions are effected on a stock exchange, the policy is to pay commissions that are considered fair and reasonable without necessarily determining that the lowest possible commissions are paid in all circumstances. In seeking to determine the reasonableness of brokerage commissions paid in any transaction, Global X relies upon its experience and knowledge regarding commissions generally charged by various brokers and in various jurisdictions. Global X effects transactions for the Funds with those brokers and dealers that Global X believes provide the most favorable prices and are capable of providing the most efficient and best execution of trades. The primary consideration of Global X is to seek prompt execution of orders at the most favorable net price. The sale of Shares by a broker-dealer is not a factor in the selection of broker-dealers. Global X and its affiliates do not currently participate in any soft dollar transactions, although Global X relies on Section 28(e) of the 1934 Act in effecting or executing transactions for the Funds. Accordingly, in selecting broker-dealers to execute a particular transaction, Global X may consider the brokerage and research services (as those terms are defined in Section 28(e) of the 1934 Act) provided to the Funds and/or other accounts over which Global X or its affiliates exercise investment discretion. Global X may cause a Fund to pay a broker-dealer that furnishes brokerage and research services a higher commission than that which might be charged by another broker-dealer for effecting the same transaction, provided that Global X determines in good faith that such commission is reasonable in relation the value of the brokerage and research services provided by such broker-dealer, viewed in terms of either the particular transaction or the overall responsibilities of Global X to the Funds. Such brokerage and

research services might consist of reports and statistics on specific companies or industries or broad overviews of the securities markets and the economy. Shareholders of the Funds should understand that the services provided by such brokers may be useful to Global X in connection with its services to other clients.

Global X assumes general supervision over placing orders on behalf of the Funds for the purchase or sale of portfolio securities. Global X generally does not aggregate purchase and sale transactions for the Funds. Not bundling or bunching transactions for the Funds may result in less favorable prices for portfolio securities and higher brokerage commissions.

### **Item 13 – Review of Accounts**

The professionals primarily responsible for the day-to-day management of the Fund are Bruno del Ama and Jose C. Gonzalez (“Portfolio Managers”). Mr. del Ama, who is the Chief Executive Officer of the Adviser, and Mr. Gonzalez, who is the Chief Operating Officer of the Adviser, have been Portfolio Managers of the Fund since inception. The accounts managed are under continuous review by the two Portfolio Managers. With respect to the Funds, additional reviews of a Fund's account may be triggered by changes in such Fund's Underlying Index or by updates in the Prospectus.

Quarterly reports regarding each Fund operations are provided to the Funds' Board of Trustees. In addition, the Funds' daily and quarterly performance is posted on the Funds' website. The Funds' website also publishes quarterly factsheets, semi-annual reports, and audited annual reports for each Fund.

### **Item 14 – Client Referrals and Other Compensation**

Global X and InterBolsa S.A. (“InterBolsa”), one of the leading broker-dealers located in Colombia, have entered into an agreement, pursuant to which InterBolsa agrees to provide certain marketing, marketing-related and other services. Under this agreement, InterBolsa has agreed to make an initial payment to Global X regarding certain start-up expenses for the Global X FTSE Colombia 20 ETF and Global X has agreed to share with InterBolsa fifty percent (50%) of Global X's legitimate profits and losses with respect to the Global X FTSE Colombia 20 ETF.

Global X and MCCA Lithium ETF, LLC (“MCCA”), a single purpose limited liability firm, have entered into an agreement, pursuant to which MCCA has agreed to assist the Adviser, in its capacity as sponsor of the Global X Lithium ETF, by providing initial capital and additional financial resources to the Adviser in connection with the listing, launch and the continuing operation of the Global X Lithium Fund. In return, the Adviser has agreed to compensate MCCA for its financial assistance to the Adviser with respect to the Global X Lithium ETF by sharing with MCCA fifty percent of the Adviser's Net Profits with respect to the Global X Lithium ETF. For this purpose, the term Net Profits means, for any calendar quarter, the total management fees received by the Adviser with respect to the Global X Lithium ETF less direct

expenses, marketing expenses and overhead expenses for the Global X Lithium ETF during such quarter. In the event that there are no Net Profits with respect to the Global X Lithium ETF in any calendar quarter, MCCA shall pay fifty percent of the negative shortfall in Net Profits to the Adviser. The agreement between the parties does not contemplate that MCCA or any of its affiliates will be involved directly or indirectly in the distribution of shares of the Global X Lithium ETF.

In connection with the marketing and sales of Fund shares, Global X has entered into a marketing services agreement with NAV Capital Partners, LLC dba NAVCAP, a Michigan limited liability company ("NAVCAP") whose principals are registered representatives of broker-dealer, Investment Planners Incorporated. Pursuant to the terms of the agreement, NAVCAP uses its reasonable best efforts to (i) inform prospective clients about the Funds and (ii) introduce Global X and the Funds to prospective clients. In return, Global X pays out of its internal resources and profits a fee based on increases in net assets directly attributable to purchases of Fund shares by prospects.

Also, Global X has entered into agreements with Interactive Brokers LLC ("Interactive Brokers") and E\*TRADE Securities LLC and E\*TRADE Clearing LLC ("E\*TRADE"). Pursuant to the terms of the agreements, Interactive Brokers and E\*TRADE offers its brokerage clients commission-free trading of Fund shares. In return, Global X pays out of its internal resources and profits a per share traded fee to Interactive Brokers and a fee for average new net assets of Global X Fund shares to E\*TRADE. The agreements may be terminated for any reason upon 30 days' notice to Interactive Brokers and 60 days' notice to E\*TRADE.

In addition, Global X may make payments out of its own internal resources and profits from all sources to other financial intermediaries to encourage the sale of shares of the Funds. The payments are intended to compensate financial intermediaries (including broker-dealers) for, among other things: marketing shares, which may consist of payments relating to the Funds, including but not limited to: inclusion on preferred or recommended fund lists or in certain sales programs from time to time sponsored by the financial intermediaries; access to the financial intermediaries registered sales persons; and /or other specified services of persons intended to assist in the marketing of the Funds. Such payments may be based on various factors, including levels of assets and /or sales (based on gross or net sales or some other criteria). These payments may create an incentive for a financial intermediary to sell and recommend certain investment products, including the Funds, over other products for which it may receive less compensation. You may contact your financial intermediary if you want information regarding any payment it receives from Global X.

## **Item 15 – Custody**

Global X may be deemed to have custody based solely on the ability to debit advisory fees. Global X publishes on the Funds' website the prior Business Day's NAV of each Fund on a daily basis, as well as a quarterly factsheet of each Fund. The website also posts the Funds' semi-

annual and audited annual reports. Global X urges you to carefully review such statements and information.

### **Item 16 – Investment Discretion**

Global X has discretionary authority to trade. In all cases, however, such discretion is to be exercised in a manner consistent with each Fund's investment objective. In managing the Funds, Global X uses a "passive" or indexing approach to try to achieve each Fund's investment objective..

### **Item 17 – Voting Client Securities**

The Funds have delegated proxy voting responsibilities to Global X, subject to the Boards of Trustees' oversight. In delegating proxy responsibilities, the Board has directed that proxies be voted consistent with the Funds' and their shareholders' best interests and in compliance with all applicable proxy voting rules and regulations. Global X has adopted its own proxy voting policies and guidelines for this purpose and has engaged a third party proxy solicitation firm, Glass Lewis & Co., to assist it in its duties.

It is Global X's policy to vote proxies of securities held in each Fund's portfolio in a manner that is consistent with the interests of the Fund. The proxy voting policies and procedures are designed to maximize returns for the Funds through identifying and avoiding financial, audit and corporate governance risks. The proxy voting procedures address, among other things, material conflicts of interest that may arise between the interests of the Funds and the interests of Global X.

Information on how the Funds voted proxies relating to portfolio securities during the most recent 12 month period is available (1) without charge, upon request, by calling 1-888-843-7824 and (2) on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. Global X has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Global X has not included a balance sheet because it does not require or solicit prepayment of fees.