



**XYLU LN**  
IE0002L5QB31

# Global X S&P 500 Covered Call UCITS ETF



A fund that seeks to generate income by replicating a buy-write index via premiums received from selling covered calls. This may allow investors to benefit from both reduced volatility and potential income, with underlying equity exposure designed to match constituents of the S&P 500 Index.

## WHAT IS THE GLOBAL X S&P 500 COVERED CALL UCITS ETF (XYLU LN)?

XYLU LN implements a covered call strategy on the S&P 500 Index (SPX). The ETF maintains exposure to the stocks in the S&P 500 while selling at-the-money call options on the index each month.

## WHAT IS A COVERED CALL STRATEGY?

A covered call strategy is an option-based income strategy that involves selling call options against owned stocks to generate income while mitigating downside risk. This strategy can also provide a variety of diversification benefits.<sup>1</sup>

## WHAT ARE CALL OPTIONS?

Call options contracts give a buyer the right, but not the obligation, to purchase a security at a pre-determined price within a specific time frame. This is known as the strike price. The option seller must sell the security at the strike price if the buyer chooses to exercise the option.<sup>2</sup>

## DID YOU KNOW?

XYLU can serve as a versatile premium income solution. Benefits of a covered call strategy may include attractive yields, diversification, risk mitigation, and regular income distributions\*.

- **Comparative High Yield:** The covered call strategy employed has recently maintained a relatively higher yield. With a 12-month yield of 9.9%, XYLU outperforms global high yield bonds (7.7%) and emerging market bonds (7.0%) as well as traditional asset classes such as Corporate Bonds (5.3%) and U.S. Equities (1.4%).<sup>3</sup>
- **Diversification & Income:** XYLU offers the potential for equity sector diversification within an income portfolio. Investors who focus on high dividend strategies often have limited exposure to growth-leaning sectors like IT, healthcare, and consumer discretionary. XYLU is designed to allow investors to capitalize on implied volatility, mitigate risk in these growth-style sectors, and potentially enhance equity portfolio diversification.
- **Outperformance during Downtrends:** Covered call ETFs have historically demonstrated outperformance compared to their respective equity indices during both steep and gradual market declines. This is due to the short call component providing a level of downside risk mitigation.
- **Monthly Distributions:** XYLU aims to provide monthly distributions (for the distribution share class only).

\*Note: \*For distributing share classes only.



## FUND DETAILS

Inception Date	11 July 2023
Total Expense Ratio	0.45%
Ongoing Charges	0.45%
Swap Fee	-0.07%
Primary ISIN	IE0002L5QB31
Primary Ticker	XYLU LN
SFDR Classification	Article 6
Underlying Index	Cboe S&P 500 BuyWrite 15% WHT Index

### Registered Countries:

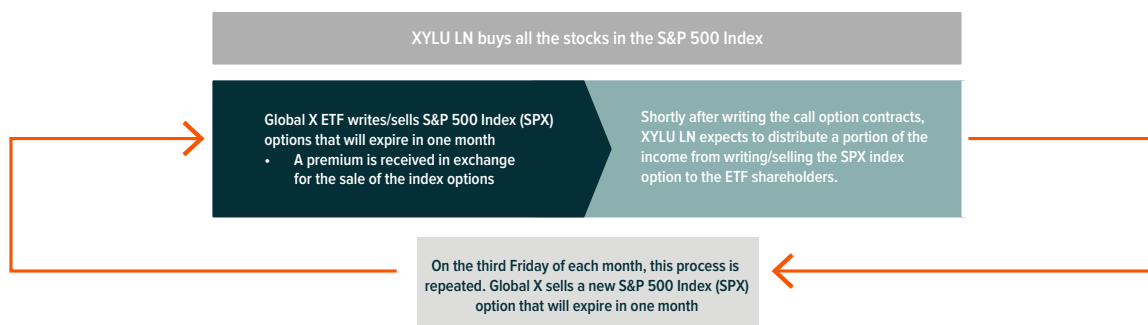
Austria, Denmark, Finland, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Spain, Sweden, United Kingdom, Switzerland, Singapore [Restricted]

## FUND INVESTMENT APPROACH

- The Global X S&P 500 Covered Call UCITS ETF (XYLU LN) seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Cboe S&P 500 BuyWrite 15% WHT Index (BXMU).
- The fund maintains equal notional exposure to the long S&P 500 Index component and the short call option component. This means that the short call option position is “covered” by the long S&P 500 Index component.
- The composition of the S&P 500 index component will be reviewed in March, June, and September, following the schedule set by the Index.
- The BXMU Index stipulates that each S&P 500 Index call option in the hypothetical portfolio must be held until maturity, which generally occurs on the third Friday of each month.

## COVERED CALL PROCESS EXPLAINED

Source: Global X ETFs. For illustration purposes only.

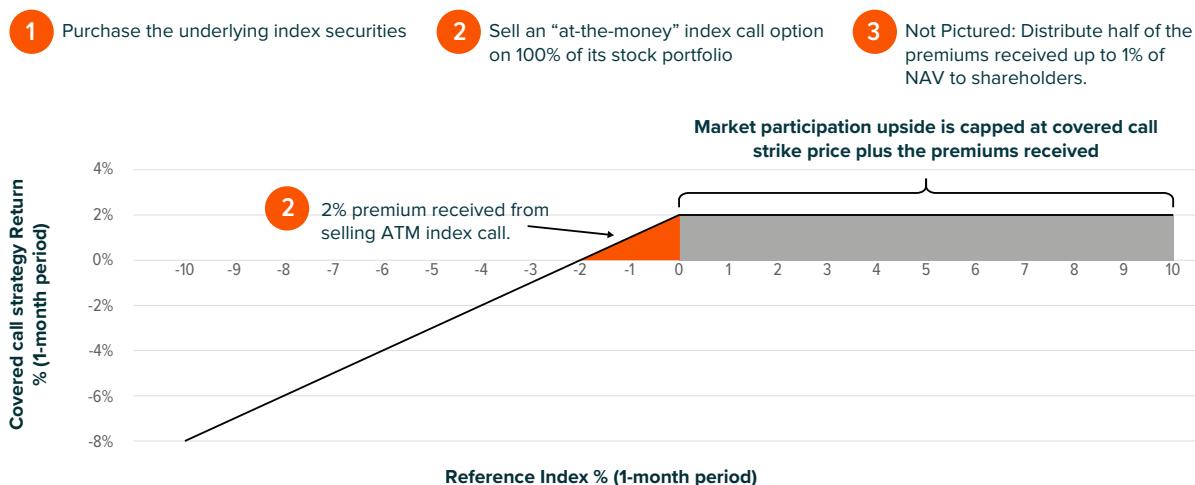


As an example of how an ETF can implement a covered call strategy, the Global X S&P 500 Covered Call ETF (XYLU) maintains exposure to the stocks in the S&P 500, while writing call options on the index each month

## GLOBAL X COVERED CALL ETFs: HOW IT WORKS (WITH PREMIUMS)

Source: Global X ETFs.

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

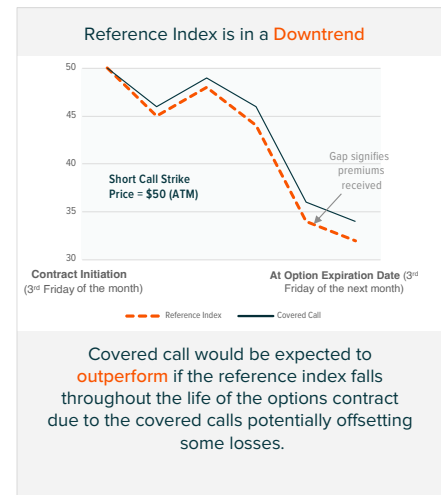
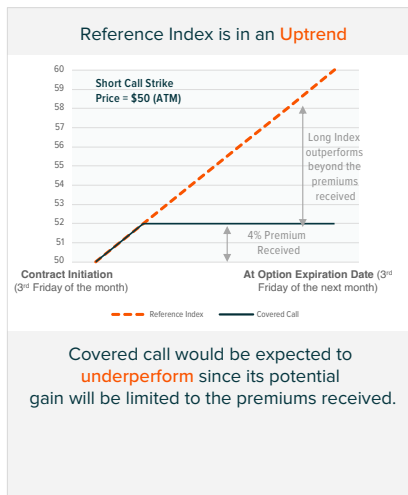


For illustrative purposes only to demonstrate mathematical principal. This is not a guarantee of future results. Covered call strategy does not reflect fund fees, which would further reduce returns. Fund market price returns may vary from NAV total returns.



## COVERED CALL PERFORMANCE SCENARIOS

Source: Global X ETFs.



Flat/choppy market assumes no fluctuation below the strike price.

Capital at Risk. All financial investments involve an element of risk. Therefore, the value of your investment and the income from it will vary and your initial investment amount cannot be guaranteed.

Prospectuses and Key Investor Information Documents (KIID) for this ETF are available in English at <https://globalxetfs.eu/funds/xylyl/>. For more information on the Index, please visit [Cboe's](https://www.cboe.com) website.



<sup>1</sup>Source: Global X ETFs, XYLU Presentation, March 2024.

<sup>2</sup>Source: Ibid

<sup>3</sup>Source: Global X ETFs & Bloomberg as of 30/3/2024. Asset class representations are as follows, MLPs, S&P MLP Index; High Yield Bonds, Bloomberg U.S. 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; Corporate Bonds, Bloomberg U.S. Corporate Total Return Index; High Dividend Equities, S&P 500 High Dividend Total Return Index; REITs, FTSE NAREIT All Equity REITs Total Return Index; U.S. Equities, S&P 500 Total Return Index; U.S. Aggregate Bonds, Bloomberg U.S. Aggregate Index. XYLU's yield is indicated by its 12-month yield. XYLU typically earns income dividends from stocks and options premiums. These amounts, net of expenses, are typically passed along to XYLU shareholders as dividends from net investment income. 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." XYLU collect dividends from the S&P 500 Index companies and monthly options premium from selling S&P 500 (SPX) Index options in which portions have been passed to shareholders as monthly distributions. A portion of the distribution may include a return of capital. These do not imply rates for any future distributions. 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, 30-Day SEC Yield, and a copy of the fund prospectus, please click here

#### Disclosures

The Global X UCITS ETFs are regulated by the Central Bank of Ireland.

This is a marketing communication.

Please refer to the relevant prospectus, supplement, and the Key Information Document ("KID") of the relevant UCITS ETFs before making any final investment decisions.

Investors should also refer to the section entitled "Risk Factors" in the relevant prospectus of the UCITS ETFs in advance of any investment decision for information on the risks associated with an investment in the UCITS ETFs, and for details on portfolio transparency. The relevant prospectus and KID for the UCITS ETFs are available in English at [www.globalxetfs.eu/funds](http://www.globalxetfs.eu/funds).

Investment in the UCITS ETFs concern the purchase of shares in the UCITS ETFs and not in a given underlying asset such as a building or shares of a company, as these are only the underlying assets that may be owned by the UCITS ETFs.

A UCITS ETF's shares purchased on the secondary market cannot usually be sold directly back to a UCITS ETF. Investors must buy and sell shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when buying shares and may receive less than the current net asset value when selling them. Changes in exchange rates may have an adverse effect on the value price or income of the UCITS ETF.

Past performance of a UCITS ETF does not predict future returns. Future performance is subject to taxation which depends on the personal situation of each investor, and which may change in the future. Neither past experience nor the current situation are necessarily accurate guides to the future growth in value or rate of return of a UCITS ETF.

Investment may be subject to sudden and large falls in value, and, if it is the case, the investor could lose the total value of the initial investment. Income may fluctuate in accordance with market conditions and taxation arrangements. The difference at any one time between the sale and repurchase price of a share in the UCITS ETF means that the investment should be viewed as medium term to long term.

Any investment in a UCITS ETF may lead to a financial loss. The value of an investment can reduce as well as increase and, therefore, the return on the investment will be variable.

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#### Information for Investors in Switzerland

This is an advertising document. The state of the origin of the fund is Ireland. In Switzerland, the representative is 1741 Fund Solutions AG, Burggraben 16, CH-9000 St.Gallen. The paying agent is Tellco Bank Ltd, Bahnhofstrasse 4, 6430 Schwyz.

The prospectus, the key information documents, the articles of association as well as the annual and semi-annual reports may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.