



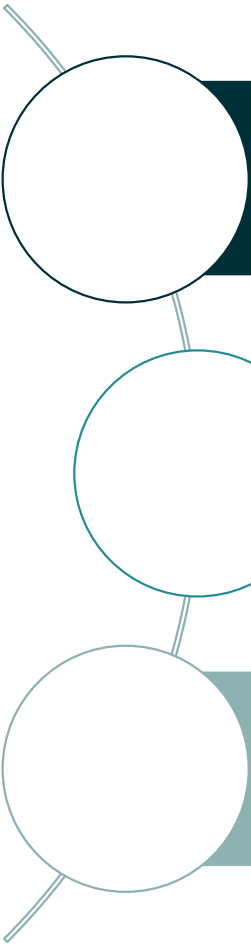
# Global X **Hang Seng TECH** Components **Covered Call** Active ETF (3417 HK)

# Global X Hang Seng Tech Components Covered Call Active ETF (3417 HK)

Investors should not base investment decisions on this website alone. Please refer to the Prospectus for details including product features and the risk factors. Investment involves risks. Past performance is not indicative of future performance. There is no guarantee of the repayment of the principal. Investors should note:

- Global X Hang Seng TECH Components Covered Call Active ETF (the "Fund") aims to generate income by primarily (i) investing in constituent equity securities in the Hang Seng TECH Index (the "Reference Index" or the "HS TECH"); and (ii) selling (i.e. "writing") call options on the Reference Index to receive payments of money from the purchaser of call options (i.e. "premium").
- The objective of adopting a covered call strategy is to generate income and reduce potential loss against the downward market. Each time the Fund writes a HS TECH Call Option, the Fund receives a premium. If the value of the securities relating to the Reference Index held by the Fund declines, the premium that the Fund received for writing the HS TECH Call Option may reduce such loss to some extent. However, the downside of adopting a covered call strategy is that the Fund's opportunity to profit from an increase in the level of the Reference Index is limited to the strike price of the HS TECH Call Options written, plus the premium received.
- The Fund employs an actively managed investment strategy. In addition to seeking to obtain exposure to the constituent equity securities in the Reference Index in substantially the same weightings as these securities have in the Reference Index through investing directly in constituent equity securities of the Reference Index and HS TECH ETF and long positions of HS TECH Futures, the Fund also writes call options on the Reference Index. For the avoidance of doubt, the Fund does not seek to track the Reference Index. The Fund may fail to meet its objective as a result of the implementation of investment process which may cause the Fund to underperform as compared to direct investments in the constituent equity securities of the Reference Index.
- The market value of a HS TECH Call Option may be affected by an array of factors including but not limited to supply and demand, interest rates, the current market price of the Reference Index in relation to the strike price of the HS TECH Call Options, the actual or perceived volatility of the Reference Index and the time remaining until the expiration date. The Fund's ability to utilise HS TECH Call Options successfully will depend on the ability of the Manager to correctly predict future price fluctuations, which cannot be assured and are subject to market behaviour or unexpected events.
- If a HS TECH Call Option expires and if there is a decline in the market value of the Reference Index during the option period, the premiums received by the Fund from writing the HS TECH Call Options may not be sufficient to offset the loss realised.
- The Fund may write HS TECH Call Options over an exchange or in the OTC market. The HS TECH Call Options in the OTC markets may not be as liquid as exchange-listed options. There may be a limited number of counterparties which are willing to enter into HS TECH Call Options as purchasers or the Fund may find the terms of such counterparties to be less favorable than the terms available for listed options. Moreover, the SEHK may suspend the trading of options in volatile markets. If trading is suspended, the Fund may not be able to write HS TECH Call Options at times that may be desirable or advantageous to do so.
- The use of futures contracts involves risks that are potentially greater than the risks of investing directly in securities and other more traditional assets. The risks include but not limited to market risk, volatility risk, leverage risk and negative roll yields and "contango" risk.
- Investing in HS TECH Futures and writing HS TECH Call Options generally involve the posting of margin. Additional funds may need to be posted as margin to meet margin calls based upon daily marking to market of the HS TECH Futures and the HS TECH Call Options. Increases in the amount of margin or similar payments may result in the need for the Fund to liquidate its investments at unfavourable prices in order to meet margin calls. If the Fund is unable to meet its investment objective as a result of margin requirements imposed by the HKFE, the SEHK and/or the Fund's brokers, the Fund may experience significant losses.
- HS TECH Futures and HS TECH Call Options are registered, cleared and guaranteed by the HKFE Clearing Corporation. In the event of the bankruptcy of the clearing house, the Fund could be exposed to a risk of loss with respect to its assets that are posted as margin.
- The Fund is subject to concentration risk as a result of tracking the performance of securities incorporated in, or with the majority of revenue derived from, or with a principal place of business in, the Greater China region. The Fund may likely be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations resulting from adverse conditions in a single region. In addition, to the extent that the constituent securities of the Reference Index are concentrated in Hong Kong listed securities of a particular sector or market (i.e., technology), the investments of the Fund may be similarly concentrated. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Fund may be more susceptible to adverse conditions in such particular market/sector.
- The borrower may fail to return the securities in a timely manner or at all. The Fund may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the Fund's ability in meeting delivery or payment obligations from redemption requests. As part of the securities lending transactions, the Fund must receive cash collateral of at least 100% of the valuation of the securities lent valued on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the securities lent or change of value of securities lent. This may cause significant losses to the Fund.
- The base currency of the Fund is HKD but the class currencies of the Shares are in HKD, RMB and USD. The Net Asset Value of the Fund and its performance may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.
- Payments of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction in the Net Asset Value per Share of the Fund and will reduce the capital available for future investment.
- The trading price of the Shares on the SEHK is driven by market factors such as the demand and supply of the Shares. Therefore, the Shares may trade at a substantial premium or discount to the Fund's Net Asset Value.

## Investment Case



[Option Premium] Covered Call Strategy based on Hang Seng Tech index offers higher option premium income as compared to that of other major indices due to higher volatility

[Dividend] ETF targets monthly distribution with option premium collected through monthly call option writing (Dividend rate is not guaranteed, distributions may be made out of capital)\*

[Protection] Provide downside protection with option premium

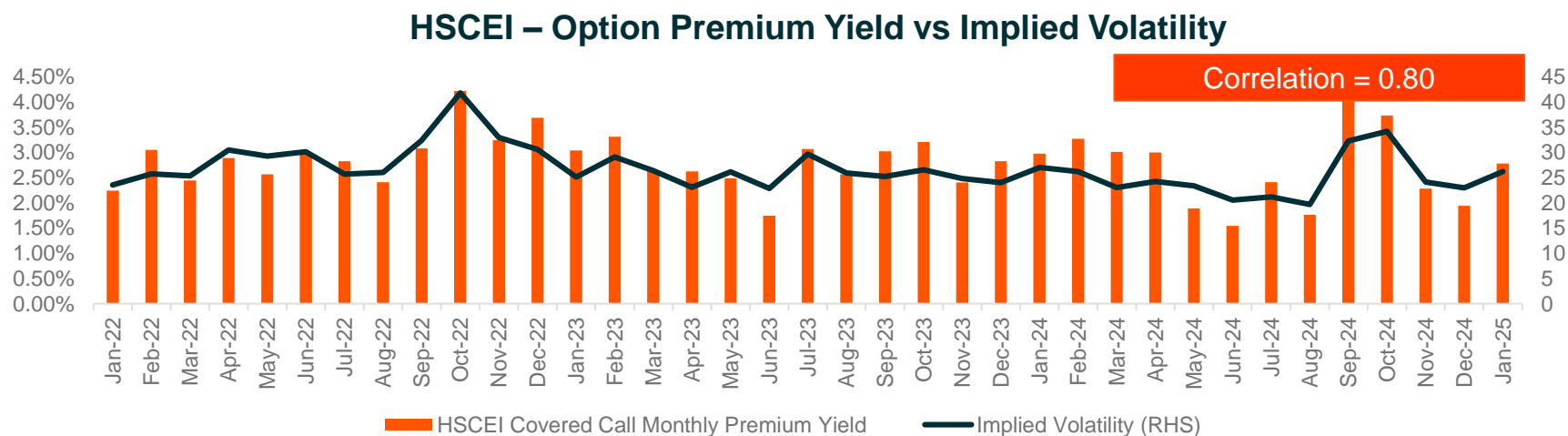
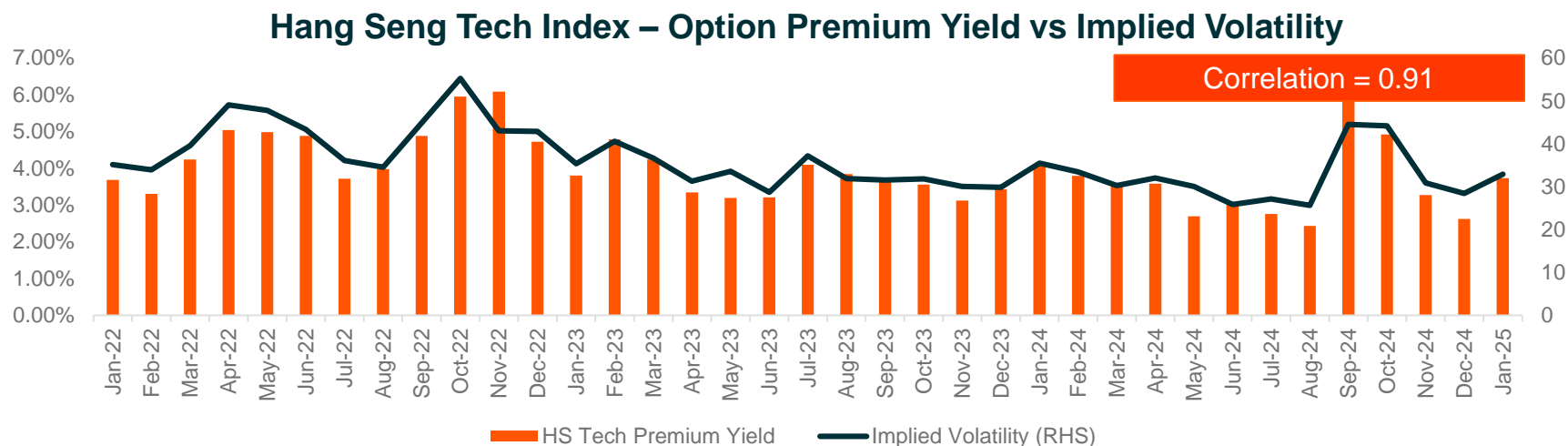
Source: Hang Seng Indexes; \* Index yield is not equivalent to yield/return of the fund. Positive yield does not mean positive return. Covered call writing can limit the upside potential of the underlying security. Payments of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction in the Net Asset Value per Share of the Fund and will reduce the capital available for future investment.

## Option Premium of HK Indexes Offers Decent Income Source



Source: Hang Seng Indexes; Bloomberg; Data as of 31 March 2025. Note: Option premium data for Hang Seng Tech Index, HSCEI, and Hang Seng Index are from Hang Seng; Others are estimated using Bloomberg data. For reference only. Index yield is not equivalent to yield/return of the fund. Positive yield does not mean positive return. Covered call writing can limit the upside potential of the underlying security. Payments of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction in the Net Asset Value per Share of the Fund and will reduce the capital available for future investment.

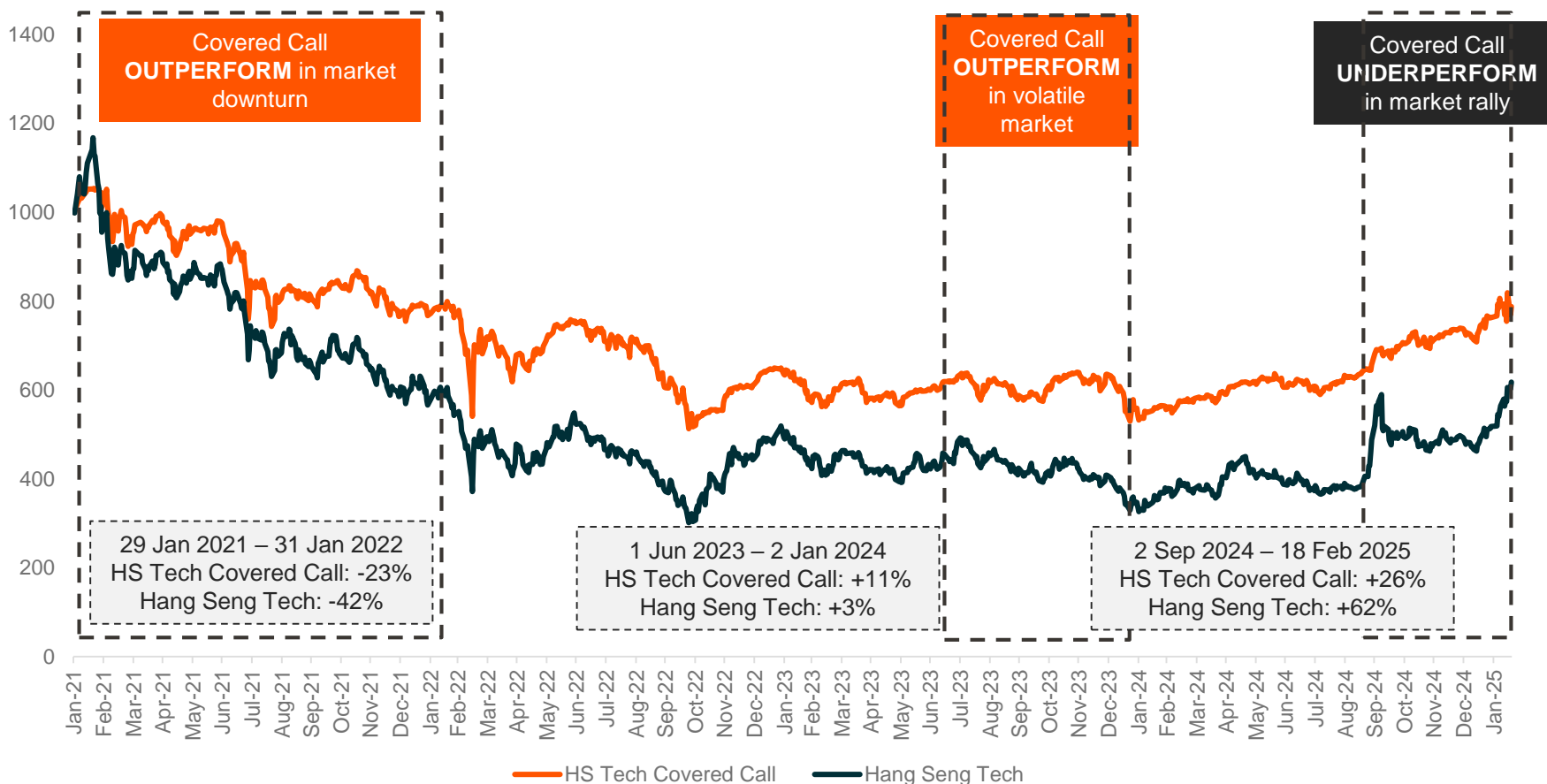
## Option Premium Increases in Tandem With Volatility



Source: Hang Seng Indexes; Bloomberg; Data as of February 2025. Note: Comparison of HS Tech and HSCEI. For illustration only

# Covered Call Strategies Help Investors Navigate Market Volatility

## Total Return Comparison – Hang Seng Tech Index vs HS Tech Covered Call Index



Source: Hang Seng Indexes; Bloomberg; February 2025. Note: Rebased to 1000 on 28 Jan 2021. Comparison based on index. For illustration only.

## [Protection] Case- Covered Call Strategy vs. Reference Index (HS TECH)

	Market	HS Tech Covered Call	Hang Seng Tech	Excess Return
Jan-24	Down	-16.2%	-20.1%	3.9%
Feb-24	Up	4.7%	14.2%	-9.4%
Mar-24	Up	4.2%	1.4%	2.7%
Apr-24	Up	1.7%	6.7%	-5.0%
May-24	Down	3.8%	-0.2%	3.9%
Jun-24	Down	-1.0%	-3.5%	2.5%
Jul-24	Down	0.3%	-0.8%	1.1%
Aug-24	Up	4.0%	1.2%	2.8%
Sep-24	Up	7.6%	33.5%	-25.9%
Oct-24	Down	3.4%	-5.3%	8.7%
Nov-24	Down	0.9%	-3.2%	4.1%
Dec-24	Up	3.5%	2.6%	0.9%
Annual Return				
2022	Down	-20.9%	-26.7%	5.8%
2023	Down	3.8%	-8.3%	12.0%
2024	Up	15.7%	19.9%	-4.2%

Source: Hang Seng Indexes; Bloomberg; Data as of 2024. Note: Theoretical option premium calculated using HSCEI Covered Call Index and HSCEI Index is displayed here.

## [Protection] Case- Covered Call Strategy vs. Reference Index (HSI)

	Market	HSI Covered Call	Hang Seng Index	Excess Return
Jan-24	Down	-6.1%	-9.2%	3.1%
Feb-24	Up	3.3%	6.6%	-3.3%
Mar-24	Up	2.4%	0.6%	1.7%
Apr-24	Up	1.6%	7.4%	-5.8%
May-24	Up	2.6%	2.5%	0.1%
Jun-24	Down	0.4%	-1.1%	1.5%
Jul-24	Down	-0.4%	-1.0%	0.6%
Aug-24	Up	3.2%	3.9%	-0.7%
Sep-24	Up	5.1%	18.3%	-13.3%
Oct-24	Down	0.9%	-3.8%	4.8%
Nov-24	Down	-1.1%	-4.2%	3.2%
Dec-24	Up	2.6%	3.3%	-0.7%
Annual Return				
2022	Down	-13.4%	-12.6%	-0.8%
2023	Down	1.9%	-10.5%	12.4%
2024	Up	14.9%	22.9%	-8.0%

Source: Hang Seng Indexes; Bloomberg; Data as of 2024. Note: Theoretical option premium calculated using HSCEI Covered Call Index and HSCEI Index is displayed here.



# Global X Hang Seng Tech Components Covered Call Active ETF (3417 HK)

Global X Hang Seng Tech Components Covered Call Active ETF (3417 HK) is an ETF That Implements a Covered Call Strategy on the Hang Seng Tech Index

**Owns the HS Tech Index Components**



**Writes Monthly Call Options on the HS Tech**

**Additional Info**

Components:	As per Hang Seng Tech Index
Weighting:	As per Hang Seng Tech Index
Index Information:	The Hang Seng TECH Index ("HSTECH") represents the 30 largest technology companies listed in Hong Kong that have high business exposure to technology themes

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

Ticker:	3417
Listing Date:	March 13, 2025
Expense Ratio:	0.75%
Dividend Distribution:	Aims at Monthly Distribution (Dividend rate is not guaranteed, distributions may be made out of capital <sup>1</sup> )

1. Positive distribution does not mean positive return. Payments of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction in the Net Asset Value per Share of the Fund and will reduce the capital available for future investment.

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# Appendix





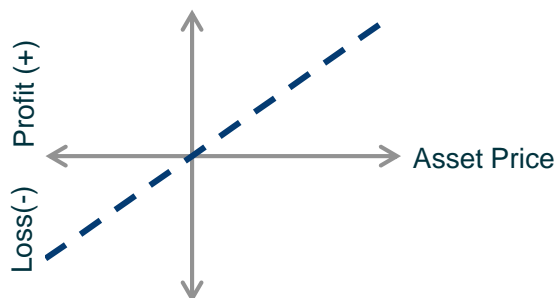
# **[Basic] What is Covered Call Strategy?**

## Covered Call Strategy Summary

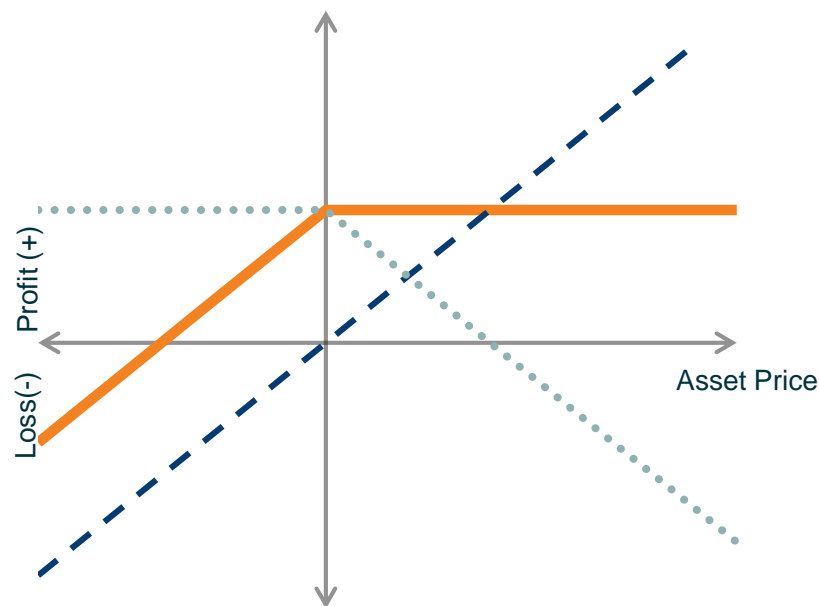
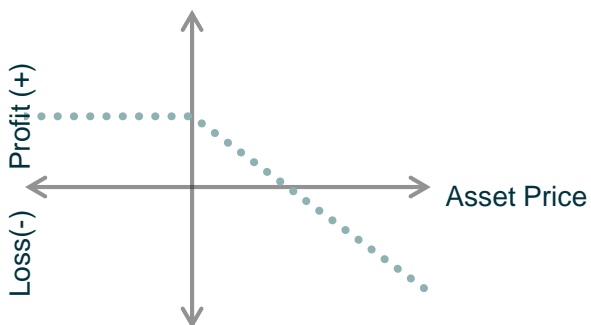
A covered call is an option strategy in which an investor sells a call option on stocks they already own.

### Covered Call Strategy Payoff

① Hang Seng Index stocks



② Selling Hang Seng Index Call option (at the Money) → Monthly Option Premium Income



## Covered Call Strategy Summary

A covered call is an option strategy in which an investor sells a call option on stocks they already own.

### Covered Call Strategy Payoff

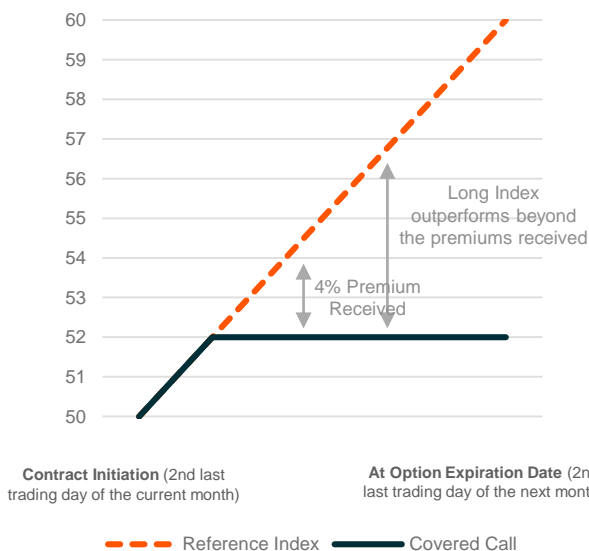


### Covered Call Features

- Generates higher income versus the underlying security itself due to the premiums received from selling call options.
- Upside potential 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.

## [Scenario] Covered Call Performance by Different Market Direction

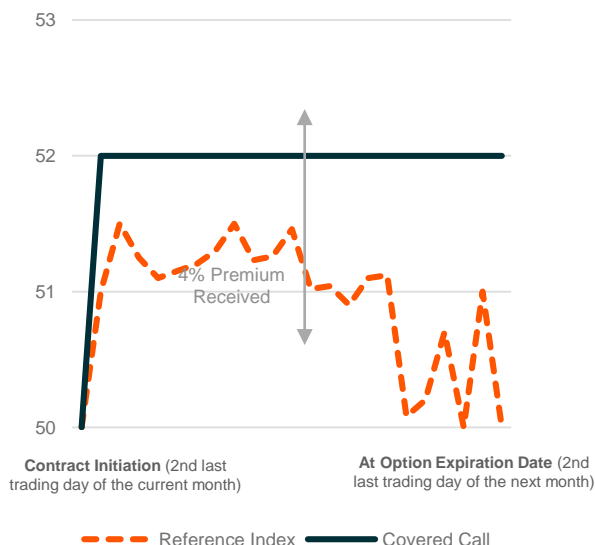
Reference Index is in an  
**Uptrend**



Short Call Strike  
Price = \$50 (ATM)

Reference Index is in an **Uptrend**: Covered call would be expected to **underperform** since its potential gain will be limited to the premiums received.

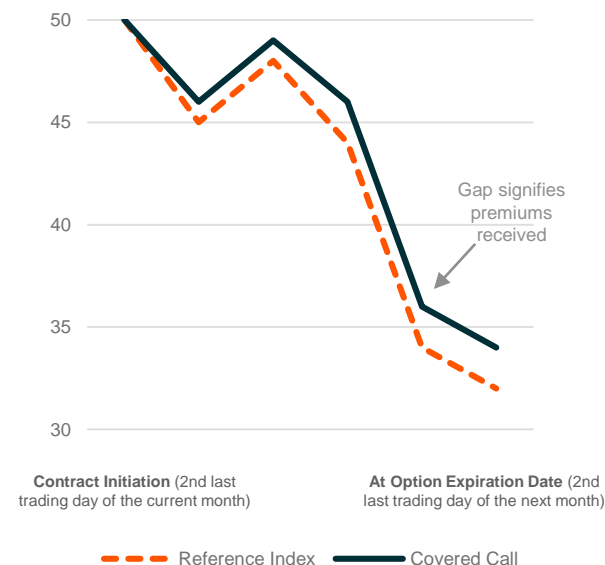
Reference Index is **Flat/Choppy**



Short Call Strike  
Price = \$50 (ATM)

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.

Reference Index is in a  
**Downtrend**



Short Call Strike  
Price = \$50 (ATM)

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 Illustration Purposes Only. Flat/Choppy market assumes no fluctuations below the strike price.

## [Scenario] China Market Strategy

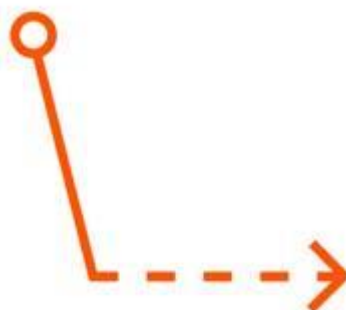
If expecting strong market rebound



Suite of China growth theme ETFs could be a good choice.

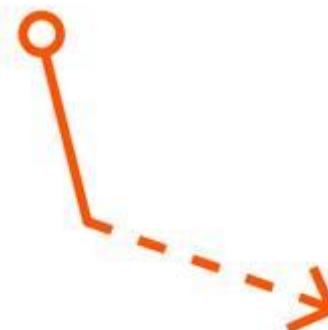
However, Income seeker or risk-averse investors also could enjoy meaningful income (Distribution is not guaranteed and may be made out of capital) by purchasing covered call ETFs<sup>1</sup>

If expecting market to remain flat



Covered Call ETFs could be an attractive investment choice in both absolute and relative return, as these products continue to provide premium income every month

If expecting market fall furthermore



Better to reduce exposure to China asset.  
Or, Covered Call ETFs could offer some protection, thanks to the premium income, as witnessed in the 2023 down turn

Source: Mirae Asset Global Investment (Hong Kong) Limited

1. Covered call writing can limit the upside potential of the underlying security. Payments of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction in the Net Asset Value per Share of the Fund and will reduce the capital available for future investment.

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# Disclosures





## Disclosures



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