



PRODUCT OBJECTIVE

AYLD aims to provide investors with a return that, before fees and expenses, tracks the performance of the S&P/ASX BuyWrite Index. The S&P/ASX BuyWrite Index measures the total return of a hypothetical “covered call” strategy applied to the S&P/ASX 200 Index. The index is made of two primary components: a “long” S&P/ASX 200 Index component, and a “short” Covered Call Option component. The two components are held in equal notional amounts.

For informational purposes only. This document should be used to highlight some of the criteria to be used by the index provider when publishing index constituents and is not comprehensive.*

KEY FEATURES



High Income
Potential



Efficient Options
Execution



Potential
Downside
Mitigation

S&P/ASX BUYWRITE INDEX METHODOLOGY

APPROACHES

- Option Roll Strategy:
 - Quarterly, on the business day before option expiration (Roll Date), a call option is initiated and held until the next Roll Date.
 - The expiring call option is bought back at the Time-weighted Average Price (TWAP) ask price between 4:20 pm and 4:25 pm Sydney time.
 - Simultaneously, a new at-the-money call option for the next quarter is sold at the TWAP bid price during the same time frame.
 - The strike price of the new call option is set to the closest S&P/ASX 200 call option strike price at or above the index’s closing value.
- Position Management:
 - Maintain nearly equal notional amounts between the long S&P/ASX 200 component and the short call option component to cover the short position.
- Premium and Dividend Reinvestment:
 - Reinvest the premium generated from selling call options into the equity component at the Opening Price Index Calculation (OPIC) level on the next business day.
 - Reinvest dividends paid by S&P/ASX 200 stocks according to S&P Dow Jones Indices’ policies.

This strategy involves systematic buying and selling of call options based on quarterly expirations, aiming to optimize returns while managing risk through covered call positions and systematic reinvestment of premiums and dividends.

INDEX CALCULATIONS

- Index Value Calculation (XBW_t):
 - The index value XBW_t on any business day t is determined by the formula: $XBW_t = \max(0, Equity_t - Call_t + Cash_t)$.
 - $Equity_t$ represents the notional investment in the S&P/ASX 200 index, adjusted for total return.
 - $Call_t$ is the value of the short call option position, and $Cash_t$ is the accumulated option premium.
- Roll Days (t is a Roll Day):
 - On roll days, values are updated:
 - $Equity_t$ is adjusted based on the total return index TR_t .
 - $Call_t$ is recalculated using the settlement price of the new call option and premiums from bid and ask prices of expiring and new options.
 - $Cash_t$ reflects the difference in bid and ask prices of these options.
- Next Business Day After Roll Day:
 - Premium received is reinvested at the OPIC level.
 - If necessary, equity adjustments are made based on OPIC values.

- All Other Days:
 - Values remain stable, with equity adjusted for changes in the total return index.
- Option and Strike Price Determination:
 - New call option quantities N_t are determined based on the previous index value.
 - Strike prices K_t for new call options are set just above the S&P/ASX 200 Price Index closing value.

This methodology ensures the S&P/ASX Buywrite Index accurately reflects market conditions through daily adjustments to equity, call options, and cash positions, optimizing returns while managing risks associated with option writing strategies.

REBALANCES/REVIEWS

- The option position is rolled over quarterly on the business day prior to the option expiration of March, June, September, and December.

For more information on the Index, please visit S&P Global's website here:

<https://www.spglobal.com/spdji/en/methodology/article/sp-asx-buywrite-index-methodology/>

*For the complete and current index methodology please refer to the index provider's website. This summary document is accurate as of the time of its publication and Global X does not guarantee that it is current at any point thereafter.

The selection of the index constituents and their weighting is made by the index provider at its sole discretion.

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