HAZ: Global X Active Global Dividend ETF

1. Transition Overview

Effective July 1, 2026, portfolio management responsibilities for Global X Active Global Dividend ETF (HAZ) transitioned to Mirae Asset Global Investments (USA) LLC, with AI-driven research from WealthSpot LLC.

During July, the portfolio was repositioned to align with the new investment framework focused on **Total Shareholder Return ("TSR")** - emphasizing companies with durable cash flow generation, capital efficiency, and a demonstrated commitment to returning capital through dividends and buybacks. The transition resulted in portfolio changes across holdings, sectors, and regions as legacy positions were evaluated against the new process and portfolio construction approach.

The transition was executed throughout July with attention to liquidity, transaction costs, tax considerations, and market impact. Trading activity was monitored by the portfolio management team and overseen through Global X's established operational and risk-management processes.

Transition Metric	Before (Jun 30, 2026)	After (Jul 31, 2026)	Change
Number of holdings	41	88	+47
Positions exited	—	28	—
Positions added	—	75	—
Positions retained	—	13 (31.0% of prior portfolio)	—
Portfolio turnover during transition	—	85.6% of portfolio value	—
Active share vs. MSCI World	75.3%	81.9%	+6.6 pts
Dividend yield (TTM)	1.7%	1.7%	—
Dividend + buyback yield (TTM)	3.4%	4.4%	+1.0 pts
Largest sector overweight	Energy (+7.3 pts)	Financials (+7.6 pts)	—
Largest regional overweight	Europe ex-UK (+6.8 pts)	United States (+6.4 pts)	—

Approximately 86% of the portfolio by value was repositioned during July as the new sub-advisor implemented the TSR North Star framework. **13 positions were retained** where holdings already satisfied all four principles. **28 names were exited**, primarily where headline yield did not meet the framework's criteria for total shareholder return or cash-flow sustainability. **75 names were added**, concentrated in companies executing meaningful net buyback programs alongside growing dividends. The portfolio's total shareholder yield (dividends plus net buybacks) rose from 3.4% to 4.4% as a result of the transition.

2. Why the Portfolio Changed

The new portfolio construction process focuses on several key areas:

- **Broader definition of shareholder return:** The strategy evaluates both dividends and buybacks rather than focusing primarily on headline dividend yield. This may result in exposure to companies with moderate dividend yields but stronger total capital-return profiles.
- **Greater emphasis on cash-flow quality:** Companies are assessed on free-cash-flow durability, balance-sheet strength, and capital efficiency to help support sustainable shareholder distributions not just in the short term but over time.
- **Systematic, data-driven security selection:** The portfolio incorporates WealthSpot's quantitative AI research framework alongside portfolio manager oversight to identify companies exhibiting improving TSR characteristics and other quantitative factors.
- **Global opportunity set repositioning:** Sector and regional exposures were adjusted to better reflect where the new process identified the strongest TSR opportunities globally.

3. Notable Additions and Exits During Transition

Notable Additions

Company	Action	Rationale
Visa Inc.	Added	Meets all four principles of the TSR North Star framework, and is also selected by the AI engine: capital efficiency has been sustained in the top tier, cash-flow sustainability ranks in the top decile of the global universe, and growing returns are positive on every test the framework applies.
Lam Research Corporation	Added	Meets all four principles of the TSR North Star framework, and is also selected by the AI engine: capital efficiency has been sustained in the top tier, ranking in the top decile of the global universe, and the dividend has been raised again.
Mastercard Incorporated	Increased	Meets all four principles of the TSR North Star framework, and is also selected by the AI engine: capital efficiency has been sustained in the top tier and ranks in the top decile of the global universe, and cash-flow sustainability also ranks in the top decile.
Texas Instruments Incorporated	Added	Meets all four principles of the TSR North Star framework, and is also selected by the AI engine: capital efficiency has been sustained in the top tier, and capital efficiency and cash-flow sustainability both rank in the top quartile of the global universe.
Dell Technologies Inc.	Added	Meets all four principles of the TSR North Star framework, and is also selected by the AI engine: capital efficiency has been sustained in the top tier and ranks in the top quartile of the global universe, and the dividend has been raised again.

Notable Exits and Reductions

Company	Action	Rationale
Apple Inc.	Exited	Meets the principles of the TSR North Star framework but was not selected by the AI engines, and does not meet the framework's tighter criteria on growing returns: total shareholder yield is no longer growing and neither dividend nor buyback growth is positive.
The Williams Companies, Inc.	Exited	Does not meet the capital efficiency and growing returns principles: cash-flow return on capital ranks in the top tier neither currently nor over time, and total shareholder yield is no longer growing.
ASML Holding N.V.	Reduced	Meets the principles of the TSR North Star framework but was not selected by the AI engines, and does not meet the framework's tighter criteria on shareholder commitment and growing returns: total shareholder yield has been trending down over five years and the most recent quarter's capital return is below the year-ago level. The model is therefore reducing the position over successive rebalances rather than exiting outright.
Alphabet Inc.	Exited	Meets the principles of the TSR North Star framework but was not selected by the AI engines, and does not meet the framework's tighter criteria on growing returns: total shareholder yield is no longer growing and neither dividend nor buyback growth is positive, in part for want of a full history.
Broadcom Inc.	Reduced	Does not meet the capital efficiency and growing returns principles: cash-flow return on capital has deteriorated and no longer ranks in the top tier, and total shareholder yield is declining as buybacks have been reduced. The model is therefore reducing the position over successive rebalances.

4. How the Portfolio Profile Shifted

	Before (Jun 30, 2026)	After (Jul 31, 2026)
Largest sector weight	Information Technology, 26.9%	Information Technology, 28.3%
Largest sector shift	—	Consumer Discretionary, +9.6 pts
Largest regional weight	United States, 66.6%	United States, 76.7%
Largest regional shift	—	United States, +13.97 pts
Top 10 concentration	47.4%	33.4%

Sector Positioning Changes

Sector	Before (%)	After (%)	Change (pts)
Information Technology	24.71	28.29	+3.58
Financials	17.03	24.41	+7.38
Consumer Discretionary	6.11	15.68	+9.57
Industrials	9.85	12.77	+2.92
Health Care	8.94	6.78	-2.16
Energy	10.92	4.93	-5.99
Consumer Staples	5.73	3.17	-2.56
Communication Services	6.30	1.72	-4.58
Materials	0.62	1.12	+0.50
Real Estate	2.58	0.56	-2.02
Cash	6.18	0.55	-5.63
Utilities	1.04	0.00	-1.04

Regional Positioning Changes

Region	Before (%)	After (%)	Change (pts)
United States	62.75	76.72	+13.97
Canada	4.28	3.62	-0.66
United Kingdom	5.20	0.42	-4.78
Europe ex-UK	20.48	11.95	-8.53
Japan	0.00	4.01	+4.01
Asia-Pacific ex-Japan	1.12	2.72	+1.60
Cash	6.18	0.55	-5.63

The largest sector shift was an increase in Consumer Discretionary (+9.6 pts), alongside a further build in Information Technology (+3.6 pts), reflecting the framework's emphasis on total capital return rather than headline yield. The corresponding reductions came in Energy (-6.0 pts), Communication Services (-4.6 pts) and Utilities (-1.0 pts, to nil), where high headline yields were not matched by cash-flow durability or capital efficiency.

Regionally, the portfolio tilted toward the U.S. (62.7% to 76.7%), where net buyback activity is most prevalent.

5. Strategy Going Forward

Following the July repositioning, HAZ now reflects the new TSR-focused investment process managed by Mirae Asset Global Investments (USA) and WealthSpot. Going forward, the portfolio will continue to emphasize companies demonstrating the four key principles of the TSR framework:

- **Capital efficiency:** disciplined deployment of capital into opportunities that earn returns above the cost of that capital.
- **Cash flow sustainability:** free cash flow durable enough to fund distributions through a full cycle, not only at the peak.
- **Shareholder commitment:** a consistent record of returning capital through both dividends and share repurchases.
- **Growing returns:** a focus on companies with a record of increasing capital returned to shareholders over time.

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