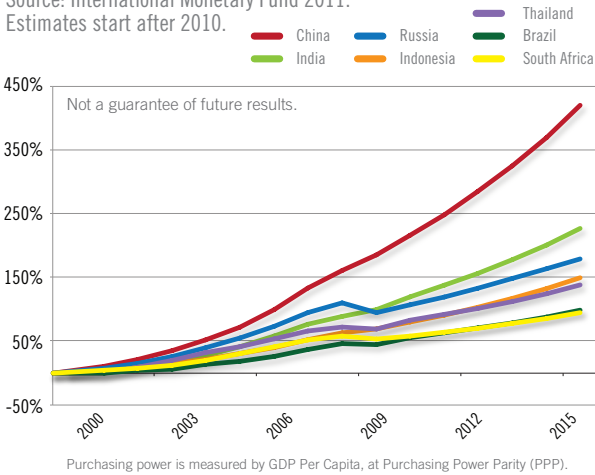


FUND PROFILE: FOOD ETF

www.globalxfunds.com/EATX

GROWTH OF PURCHASING POWER IN EMERGING MARKETS

Source: International Monetary Fund 2011. Estimates start after 2010.



Food accounts for **30-70%** of household spending in emerging market countries (Financial Times, 2011)

International Exposure, International Growth

As food companies become increasingly global, revenue growth is likely to be driven in large part by presence in international markets. The Global X Food ETF provides exposure to this trend, and is comprised of global food companies from countries all over the world.

- “Emerging markets are key to unlocking future growth because their economies are growing at a significantly higher rate than developed markets; the middle-class in emerging markets will eventually outnumber the combined populations of the US and Europe.” – Heinz Chairman/CEO William Johnson, 2011
- “Nearly 60 percent of our revenues are generated outside of the United States. And we’ve doubled our presence in fast-growing, higher-margin instant consumption channels. As a result, we’re now on a new growth trajectory.” Kraft Chairman/CEO Irene Rosenfeld, 2011
- According to Hershey, the company is on track to reach \$1 billion of international net sales growth by 2015
- “Emerging markets represent the future for ready-to-eat cereal growth as the number of middle-class consumers increases.” - General Mills Chairman/CEO Ken Powell, 2011
- Food companies continue to seek acquisitions and organic growth in the BRIC countries (Brazil, Russia, India, and China), where Fitch forecasts GDP growth of 7.3% in 2011, to boost their overall earnings growth (Fitch Ratings 2011).

CONSUMER EXPECTATIONS IN EMERGING MARKETS

MARKET	Income Threshold	ESSENTIAL GOODS AND SERVICES	
		Do you expect to spend more on dairy products in the next 12 months?	How do you think your consumption of meat is likely to change in the next 12 months?
INDIA	< \$ 1,000	62%	2%
	\$ 1,000 - 2,000	67%	10%
	> \$ 2,000	61%	-6%
INDONESIA	< \$ 1,000	52%	7%
	\$ 1,000 - 2,000	75%	36%
	> \$ 2,000	73%	30%
EGYPT	< \$ 1,000	61%	-20%
	\$ 1,000 - 2,000	76%	-3%
	> \$ 2,000	64%	59%
CHINA	< \$ 1,000	52%	1%
	\$ 1,000 - 2,000	51%	0%
	> \$ 2,000	51%	-5%
BRAZIL	< \$ 1,000	33%	5%
	\$ 1,000 - 2,000	36%	-3%
	> \$ 2,000	27%	-6%
RUSSIA	< \$ 1,000	26%	13%
	\$ 1,000 - 2,000	26%	18%
	> \$ 2,000	36%	25%

Strategic M&A Activity

M&A activity has been on the rise as global food producers seek to expand their reach. Some key drivers for M&A activity in the food industry include:

- **Product Diversification** - because products within the food industry perform differently depending on consumer preferences, many food producers look to M&A as a way to diversify their product offerings and adapt quickly to the consumer (Stout Risius Ross, 2011).
- **Geographic Diversification** - growth potential in emerging markets has driven multinational food companies to expand through mergers or by acquiring a stake in companies with a strong local brand presence.
- **Operational Efficiencies** - economies of scale can often be achieved through acquisitions, giving food producers more direct involvement in their food supply chain.

All income thresholds measured in USD. The numbers for dairy consumption show the % of respondents within each income bracket in each market that gave positive answers to each question. For meat consumption, the ratios in the table show the net % of respondents that expected to consume more versus less.
Source: Credit Suisse Emerging Consumer Survey, 2011

In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Narrowly focused investments may be subject to higher volatility. Securities in the Fund's portfolio may be significantly subject to government policies and regulations affecting the agricultural sector and related industries; a broad range of environmental laws and regulations; demographic and product trends and fads, marketing campaigns; environmental factors; adverse changes in general economic conditions; evolving consumer preferences; nutritional and health-related concerns; federal, state and local food inspection and processing controls; consumer product liability claims; risks of product tampering; the availability and expense of liability insurance, and the possibility of product recalls.

Carefully consider the Funds' investment objectives, risk factors, charges, and expenses before investing. This and additional information can be found in the Funds' prospectus, which may be obtained by calling 1-888-GX-FUND-1 (1.888.493.8631), or by visiting www.globalxfunds.com. Read the prospectus carefully before investing.

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