

May 2025

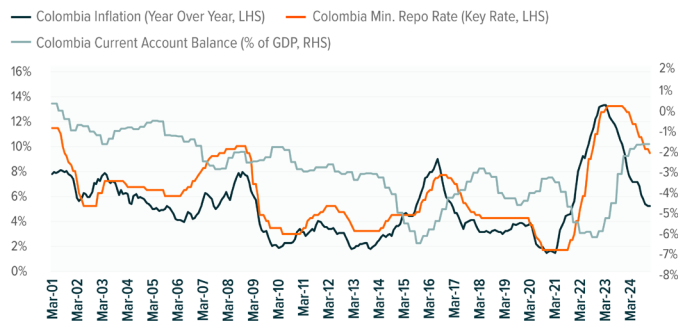
Why Colombia? And Why COLO?

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Why Colombia?

- **Deep Value:** The MSCI COLCAP Index, which measures the local Colombian equity market, traded at only a 7.9x price-to-earnings (P/E) ratio and 0.9x price-to-book (P/B) ratio with an almost 6.5% dividend yield even after the ~24% year-to-date rally through April 23, 2025.¹ Despite the move, the COLCAP Index is still roughly 17.4% and 14.7% below its respective 10yr P/E and P/B averages!²
- **Argentina 2.0?:** Colombian President Petro's popularity is low, falling below 40%, with nearly 80% of Colombians disagreeing with his handling of the deportation incident with the United States in January.³ This has turned the market's focus on the upcoming May 2026 Presidential election. Petro is unable to run again (by law), and we see a potential return to the center-right politically. Historically, Colombia has maintained a very credible policy framework, and a return to orthodox economic policies could lead to an expansion of valuation multiples similar to what happened in Argentina, especially given the market's discount to its 10yr averages.
- **Credible Policy Framework:** After several difficult years, Colombia has made significant progress in improving its current account. This was possible due to the country's credible policy frameworks (which include an inflation targeting regime, strong medium-term fiscal framework, flexible foreign exchange rate, and effective financial sector supervision and regulation), combined with a high-interest rate environment over the past two years. This helped rein in inflation, which fell to 5.2% at the end of 2024 (from a peak of 13.3% in 2023), while supporting a reduction in domestic and external imbalances.⁴ The Central Bank started a rate cutting cycle in December 2023, cutting a cumulative 375 basis points (bps) to 9.5% (as of March 31, 2025).⁵ We believe there is room for another 100-200bps of cuts.

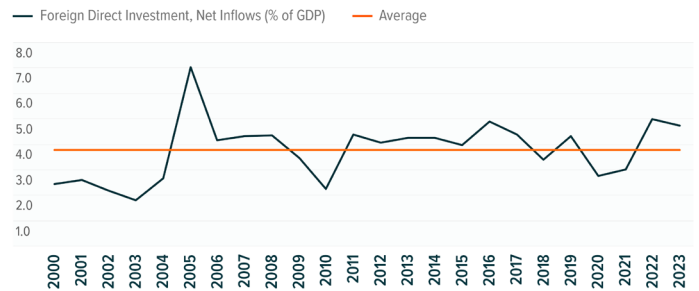
RELATIONSHIP BETWEEN CURRENT ACCOUNT, INFLATION, AND RATES



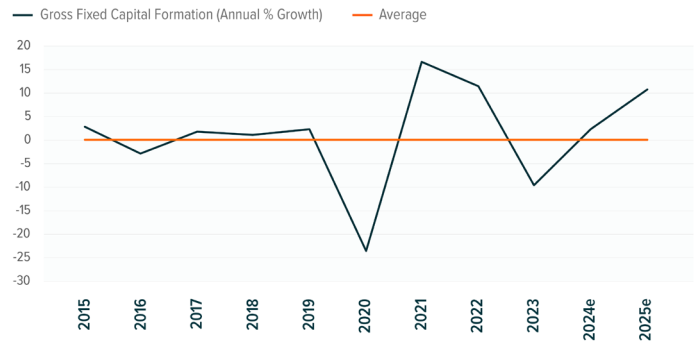
Source: Global X ETFs with information derived from: Bloomberg LP. Data from March 31, 2001 through December 31, 2024.

- **Potential New Investment Cycle:** After several years of decreasing foreign direct investment (FDI) after the pandemic, coupled with a slowdown in domestic investment, companies are finally starting to discuss the potential for a new capital expenditure (capex) cycle ahead of 2026 elections. FDI has been Colombia's main source of external financing and historically represented ~3.7% of GDP.⁶ After declining in 2020 and 2021, FDI rebounded in 2022 to 5% of GDP with indications of similar levels of investment in 2023, a level last seen in 2016 and only beaten by 2005's +7% figure.⁷ The OECD's 2024 Colombia Survey showed corporates began increasing investments in the second quarter of 2024, with gross fixed capital formation projected to grow 10.8% in 2025.⁸ This likely bodes well for growth, as potential political change is being channeled by CEOs and Colombia's strong institutional framework under a center-right leader could rapidly unlock the country's full growth potential.

START OF A NEW CAPEX CYCLE IN COLOMBIA?



Source: Global X ETFs with information derived from: World Bank Development Indicators. Data from 2000 through 2023.



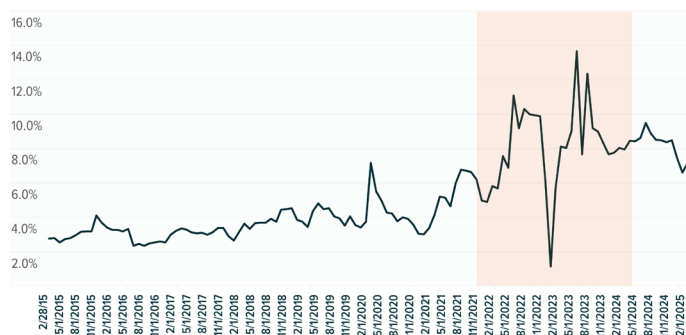
Source: Global X ETFs with information derived from: World Bank Development Indicators. Actual data from 2015 through 2023. 2024 and 2025 are estimates using information derived from the OECD Economic Survey on Colombia 2024. Data accessed on April 23, 2025. E indicates estimate.



- **Improving Corporate Governance:** Since the start of the Gilinski takeover attempt of a Grupo Empresarial Antioqueno (GEA) company in 2021, we have seen two important changes in Colombia. The first is increased transparency from corporates with a greater willingness to speak with the market. The second has been a gradual increase in dividends, which may provide an additional cushion for investing in Colombia.

GROWTH IN DIVIDEND YIELD POST GEA-GILINSKI SAGA

— MSCI COLCAP Index Dividend Yield — GEA - Gilinski Saga Timeline



Source: Global X ETFs with information derived from: Bloomberg LP. Data from February 28, 2015 through March 31, 2025.
The Gilinski saga refers to a series of acquisitions and attempted acquisitions led by Jaime Gilinski
Past performance is not a guarantee of future results.

- **Venezuela:** Colombia could be a beneficiary of potential government change in Venezuela due to a possible recovery in cross border work and a recovery in exports for corporates, coupled with a reduction in stress in the system from government spending on Venezuelan migrants in Colombia. At the same time, the continued integration of Venezuelan migrants provides upside potential to GDP growth, as the overall increase in the labor force has been a net positive for both investment and consumption. The World Bank estimates Venezuelan migrants could boost Colombian GDP by 0.7-0.9% per annum over the medium to long term.⁹

Why COLO

- **Client Friendly Structure:** The Global X MSCI Colombia ETF (COLO) offers the liquidity and transparency of an ETF with a competitive expense ratio of 0.62%.
- **Leadership:** The Global X MSCI Colombia ETF (COLO) is the first and only U.S.-listed ETF to directly target Colombian stocks.¹⁰ The fund seeks to provide results that generally correspond to the performance, before fees and expenses, of the MSCI All Colombia Select 25/50 Index
- **International Access:** COLO provides targeted exposure to a single country and securities that could be challenging for individual investors to access on their own.
- **Expertise:** While COLO is a passive product, Global X's team of experienced Emerging Market investors provides research and client support.

Related ETF

COLO – Global X MSCI Colombia ETF

*Click the fund name above to view current performance and holdings.
Holdings are subject to change. Current and future holdings are subject to risk.*



FOOTNOTES

1. Bloomberg LP. Data as of April 23, 2025.
2. Ibid.
3. Latin Times. (2025, Feb 14). Poll Reveals that Trump is More Popular than Petro in Colombia After Diplomatic Spat.
4. Bloomberg LP. Data as of March 31, 2025.
5. Ibid.
6. Banco de la Republica Colombia. (2025, Jan 22). Foreign Direct Investment in Non-Mining and Non-Oil Sectors.
7. Ibid.
8. Organization for Economic Cooperation and Development. (2024, Sep 17). OECD Economic Surveys: Colombia 2024.
9. World Bank Development Report. (2023, Apr). Adapting Public Policies in Response to an Unprecedented Influx of Refugees and Migrants: Colombia Case Study of Migration from Venezuela.
10. Bloomberg LP. Data as of April 8, 2025.

GLOSSARY

MSCI COLCAP Index The MSCI COLCAP Index is designed to represent the performance of Colombia's domestic equity market. It aims to include a minimum of 25 securities based on free float-adjusted market cap, liquidity, and international investability.

Current Account

A country's current account is the difference between its exports and imports. If exports exceed imports, a country has a trade surplus. If imports exceed exports, a country runs a trade deficit.

MSCI All Colombia Select 25/50 Index The MSCI All Colombia Select 25/50 Index is designed to represent the performance of the Broad Colombia Equity Universe. The Broad Colombia Equity Universe includes securities that are classified in Colombia according to the MSCI Global Investable Market Index Methodology, together with companies that are headquartered or listed in Colombia and carry out the majority of their operations in Colombia.

Minimum Repo Rate This is a key benchmark interest rate set by Colombia's Central Bank. It is the interest rate at which the Central Bank lends money to commercial banks for short-term needs.

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Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

Index returns are for illustrative purposes only and do not represent actual Fund performance. Indices are unmanaged and do not include the effect of fees, expenses or sales charges. One cannot invest directly in an index. Past performance does not guarantee future results. .

Carefully consider the fund's investment objectives, risks, and charges and expenses before investing. This and other information can be found in the fund's full or summary prospectuses, which may be obtained at globalxetfs.com. Please read the prospectus carefully before investing.

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