

# RATE

## Global X Interest Rate Hedge ETF

### Fund Description

RATE is an actively managed fund, using over-the-counter swaptions, which seeks to provide a hedge against sharp increases in long-term US interest rates. The fund is also expected to benefit during periods of market stress when interest rate volatility rises.

### FactSet Analyst Report

RATE aims to provide a tactical hedge against sharply rising long-term interest rates while positioning the portfolio to benefit during periods of increased interest rate volatility. While the fund has the ability to use put options on US Treasury ETFs and/or Treasury futures, the portfolio typically consists of 85% cash equivalent collateral and 15% payer swaption contracts. The swaption exposure may fluctuate up to 25%. Swaption contracts are based on the 10-year rate swap and typically have less than a year to expiration. Contracts are typically out-of-the-money when purchased, subjecting the fund to some interest rate risk. The 10-year rate swap is benchmarked to the 10-Year Secured Overnight Financing Rate (SOFR). As such, strategy looks to produce a short-term inverse correlation to long-term treasury bonds and a high correlation to longer-dated interest rate movements. Global X actively manages the portfolio. Prior to November 14, 2022, the fund traded under the ticker IRHG.

