GARP

Global X S&P World ex Australia GARP ETF

Growth at a Reasonable Price.

Core

FUND DETAILS

ASX Code	GARP
Bloomberg Code	GARP AU Equity
IRESS Code	GARP.AXW
Benchmark	S&P World Ex-Australia GARP Index
Mgt. Fee (% p.a.)*	0.30
Rebalance Frequency	Semi-Annually
Distribution Frequency	Semi-Annually
W-8 BEN Form Required	No

* Calculated on the Net Asset Value (NAV) of the Fund. All fees and costs are inclusive of GST. Refer to the PDS for a complete list of fees and costs.

KEY FEATURES

High Growth at a Fair Price
Exposure to companies with robust earnings growth and solid financial strength trading at reasonable valuations.

Broad Global Diversification
Gain diversified exposure to 250 companies spread across multiple countries and sectors.

Disciplined, Low-Cost Approach
Access a strategy balancing both growth and value investing, with potential outperformance over a broad global share market at a competitive management fee.

INTRODUCING GARP

The Global X S&P World ex Australia GARP ETF (GARP) provides investors with exposure to global companies with strong earnings growth, solid financial strength, and trading at reasonable valuations. These characteristics are common when describing stocks that meet the definition of an investing strategy known as Growth at a Reasonable Price (GARP).

DID YOU KNOW?

- The origins of GARP can be traced back to legendary investors like Peter Lynch, who popularised the strategy in the 1980s. Lynch's success with the GARP approach led his fund returning on average 29% p.a. making it the best-performing mutual fund in the world during his tenure.[1]
- A company's earnings growth is the engine that drives long-term wealth creation, as earnings have accounted for the majority of total shareholder return over the long-term, compared to the smaller portion derived from dividends and multiple expansion.[2]
- A GARP investing strategy has outperformed the broader global share market over 90% of the time, with an average excess return of 3-4% p.a.[3]

HOW TO USE GARP IN A PORTFOLIO

- GARP can serve as a core global equity strategy in portfolios, effectively balancing growth and value across different market cycles.
- To access exposure to 250 quality companies from a broad range of sectors and countries that have grown their earnings and aren't too expensive relative to their growth.
- A lower-cost alternative to traditional actively managed growth equity funds.[4]

HOW GARP WORKS

The Global X S&P World ex Australia GARP ETF (GARP) tracks the S&P World Ex-Australia GARP Index, which invests in 250 global companies that exhibit GARP characteristics. This includes filtering the broader investment universe based on multiple factors, such as:

- Growth – Sales and Earnings Growth
- Value – Price to Earnings (PE) ratio
- Quality – Financial Leverage (i.e. debt) and Return on Equity (ROE)

Each company's weight is calculated by multiplying its Float Market Capitalisation by its Growth score, with a maximum security weight of 5% and sector cap of 40%. The index is rebalanced semi-annually, and distributions are paid semi-annually.

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CONSIDERATIONS FOR INVESTING IN GARP

GARP investing may pose some risk, as the market cycle can impact the performance of GARP stocks. During periods of extreme market optimism, high-growth stocks may outperform, potentially leaving GARP investors with relatively modest gains. Expensive stocks may keep getting more expensive if multiple expansion continues. Conversely, in a downturn, the value component of GARP can provide some downside protection, but it may not be as defensive as pure value stocks or defensive assets.

For more information on Global X S&P World ex Australia GARP ETF (ASX Code: GARP), please speak to Global X ETFs.

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[1] Nasdaq (March 2014): How Peter Lynch Earned 29% a Year for 13 years

[2] Morgan Stanley (May 2024): The importance of discipline in the long game

[3] S&P as of 30 June 2024. Based on Winning Periods which refers to the excess return outperformance of the S&P World Ex-Australia GARP vs the S&P World Ex-Australia Index during respective rolling periods since index inception

[4] Morningstar using average fee of actively-managed Equity World Large Growth funds.

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