Global X MSCI International Small and Mid Cap ETF

The Next Generation of Global Leaders

ISMD

ETF Category – Core

FUND DETAILS

ASX Code	ISMD
Bloomberg Code	ISMD AU Equity
IRESS Code	ISMD.AXW
Benchmark	MSCI World ex Australia SMID Cap Select Index
Mgt. Fee (% p.a.)	0.45
Rebalance Frequency	Semi-Annual
Distribution Frequency	Semi-Annual

* 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

Diversification Beyond Large Caps
Gaining exposure beyond mega-cap dominated technology companies, broadening sector diversification, and positioning for those that could drive the next phase of market leadership.

Complete Market Coverage
Complement existing large-cap holdings with exposure to both small and mid-cap (SMID) companies, providing cohesive access across the full market-cap spectrum.

Access Evolving Business Leaders
SMID companies have shown improving profitability and business quality, while at times trading at more attractive valuations than large-cap peers.

INTRODUCING ISMD

The Global X MSCI International Small and Mid Cap ETF (ISMD) provides exposure to global small and mid-capitalisation (SMID) companies through the MSCI World ex Australia SMID Cap Select Index. The Index targets 300 constituents, selected from developed market regions, with proportional diversification constraints applied across region, size and sector to the broader MSCI World ex Australia SMID Cap Index.

As global market leadership becomes increasingly concentrated, investors risk overlooking a significant portion of the global opportunity set that is often underrepresented in traditional global share exposures. SMID companies offer a potentially rare combination of attractive valuations, improving fundamentals and exposure to the next generation of market leaders.

DID YOU KNOW?

ISMD is the first Australian-listed index ETF to harness MSCI's marquee global equity universe that specifically targets the small and mid-cap opportunity set cohesively.

While some investors may favour active management for SMID exposure on the basis that it is a less efficient part of the market enabling potential active outperformance, the historical evidence paints a different picture. Despite the perceived opportunity for stock pickers to outperform, the majority of active small and mid-cap managers have underperformed their benchmarks over the past 15 years, often while charging materially higher fees than an index-based strategy.[1]

HOW TO USE ISMD IN A PORTFOLIO

- A core allocation to capture the full market opportunity set by complementing large-cap holdings with exposure to earlier-stage small and mid-cap companies cohesively in one trade.
- Diversify beyond mega-caps by reducing concentration risk and broadening exposure across a wider range of companies and sectors.
- Tactical position for improving financial conditions, as SMIDs have historically benefited from periods of economic expansion and interest rate easing cycles.[2]
- Replace traditional active SMID allocations with a transparent, diversified and lower-cost index-based approach[3].

HOW ISMD WORKS

ISMD tracks the MSCI World ex Australia SMID Cap Select Index, which selects around 300 small and mid-cap companies from developed markets, with diversification constraints applied across regions, size and sectors relative to the broader MSCI World ex Australia SMID Cap Index (the Parent Index).

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Securities are selected and weighted based on their representation in the Parent Index, with sector and size constraints applied to maintain broad neutrality and minimise style drift.

At each rebalance, individual security weights are capped at a 1% active overweight relative to the Parent Index, while a minimum weight floor of 0.1% is applied.

CONSIDERATIONS FOR INVESTING IN ISMD

Investors should be aware that small and mid-cap companies can be more volatile and less liquid than their large-cap counterparts, resulting in potentially larger price movements. These companies are often more sensitive to changes in economic activity, earnings expectations and interest rates, as they typically have less diversified funding sources and greater sensitivity to financing conditions than larger companies. Performance may also be influenced by the portfolio's overweight exposure to certain sectors such as industrials, materials, real estate and utilities. While diversified across approximately 300 companies, ISMD represents a subset of the broader SMID universe and may therefore experience higher rebalancing turnover and greater concentration in individual holdings than the Parent Index.

For more information on the Global X MSCI International Small and Mid Cap ETF (ASX: ISMD), please speak to Global X ETFs.

Client Services

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[1] S&P Dow Jones SPIVA U.S. Year-End 2025

[2] JP Morgan (12 August 2025): *Understanding small cap valuations*

[3] Morningstar using average fee of actively-managed Equity World Mid/Small funds.

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