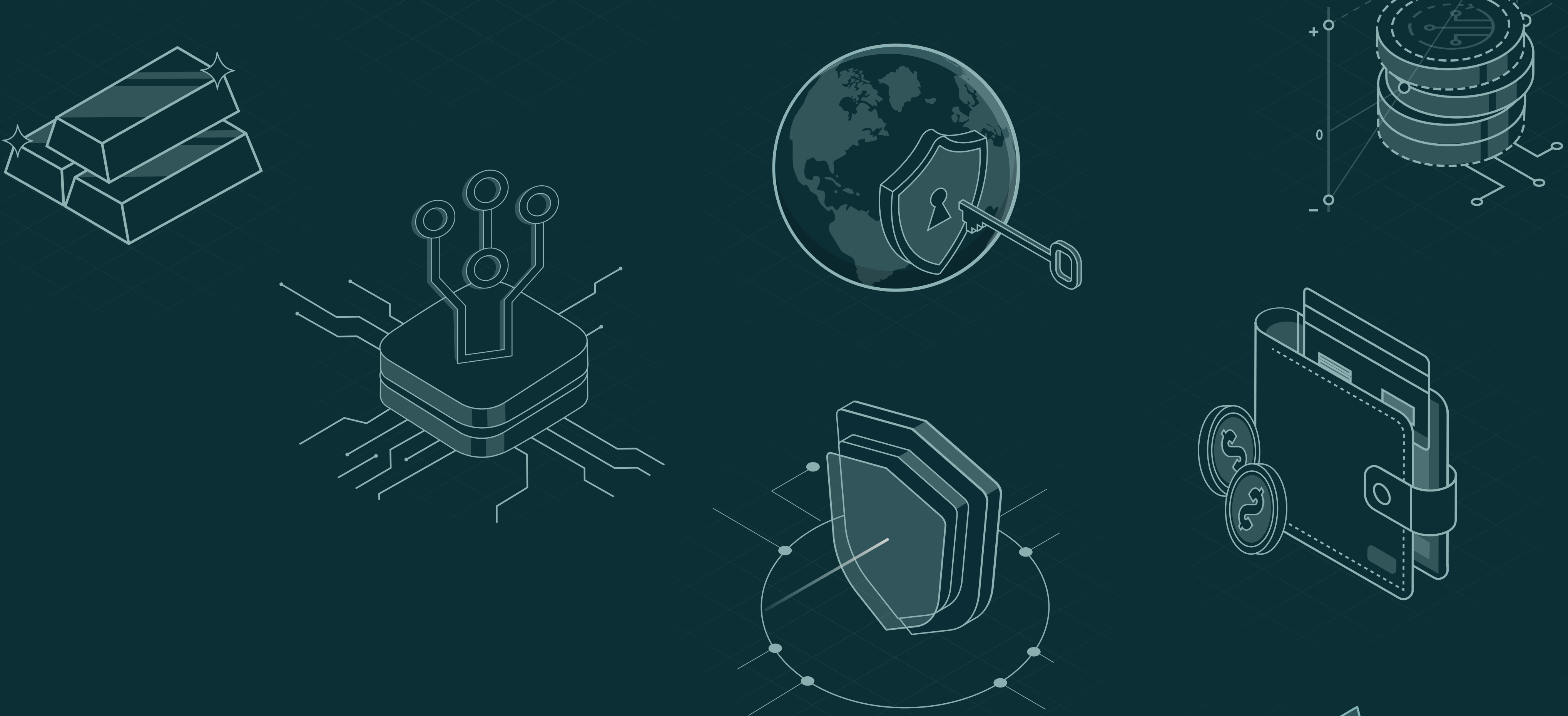

Game Plan

GLOBAL X
by Mirae Asset

| 2025 ETF Guide

Global X's 2025 ETF Game Plan provides a roadmap for investors to navigate the evolving market landscape and position their portfolios for the year ahead. This strategic guide highlights key investment ideas, emerging trends, and major economic shifts shaping global markets in 2025.

With insights into strategies ranging from areas of thematic growth to defensive income generation, we aim to empower investors with actionable tools to capitalise on opportunities and build resilient portfolios.

The Authors

Marc Jocum
SENIOR PRODUCT AND INVESTMENT STRATEGIST

Billy Leung
SENIOR INVESTMENT STRATEGIST

Justin Lin
INVESTMENT ANALYST

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Key Takeaways

1. The United States (US) may be set to lead global markets once again in 2025, driven by diversified sectoral growth, resilient GDP, high corporate returns, deregulation, and lower interest rates, solidifying its position as the growth and innovative epicentre of capital markets.

2. Artificial Intelligence (AI) is reshaping industries through automation, diagnostics, and predictive insights, while surging infrastructure investments in areas such as data centres are fuelling its transformative potential and broader adoption.

3. The AI revolution demands renewable energy to be an important source to power its growth, with nuclear and copper playing critical roles, driving investment opportunities across sustainable infrastructure and supporting AI's expanding global footprint.

4. Elevated equity valuations may urge investors to adopt a cautious approach to help balance growth potential and stability amidst potential slowing growth, stagflation concerns, and geopolitical volatility.

5. Alternative income sources, including banking credit solutions and covered call strategies, may offer resilience as dividend yields decline, providing attractive income opportunities in a potentially low-growth and volatile environment.

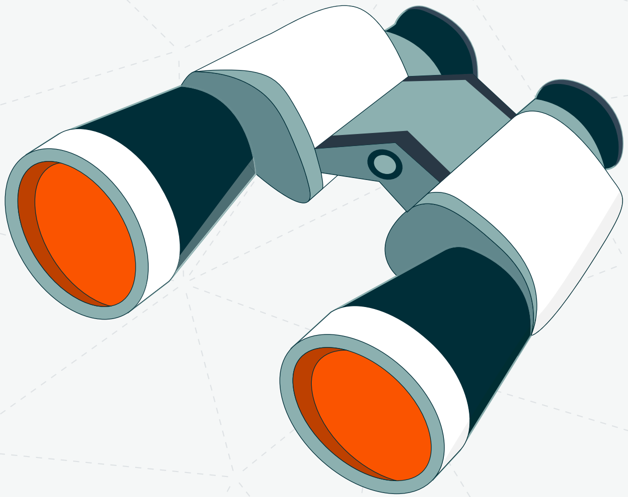
Broad Market Outlook

While 2024 felt like a "Goldilocks" year, marked by resilient global growth, double-digit returns across most asset classes, and major economies steering clear of recession, attention now shifts to 2025 to see if this exceptional performance can be replicated once again. As the global easing cycle progresses, central banks face the critical task of achieving a 'soft landing' amid a disinflationary environment and tight labour market.

The US may be poised to maintain its market leadership, fuelled by **economic resilience, corporate growth, and favourable policies**. Attention will also turn to the political landscape, with the inauguration of Trump 2.0 and what this could mean for broader global markets as the US seeks to reinforce its global competitiveness.

AI, the dominant theme of 2024, is entering a new phase of commercialisation and monetisation in 2025, which could provide the next leg of growth. While AI stocks experienced astonishing returns last year (e.g. **NVIDIA returned +171% vs the broader S&P 500 return of +25%**), there are broader players in the market that may continue to benefit from the seismic digital and automation revolution. Further, rising energy demands amplified by AI adoption underscore the urgency for sustainable and cost-effective energy solutions.

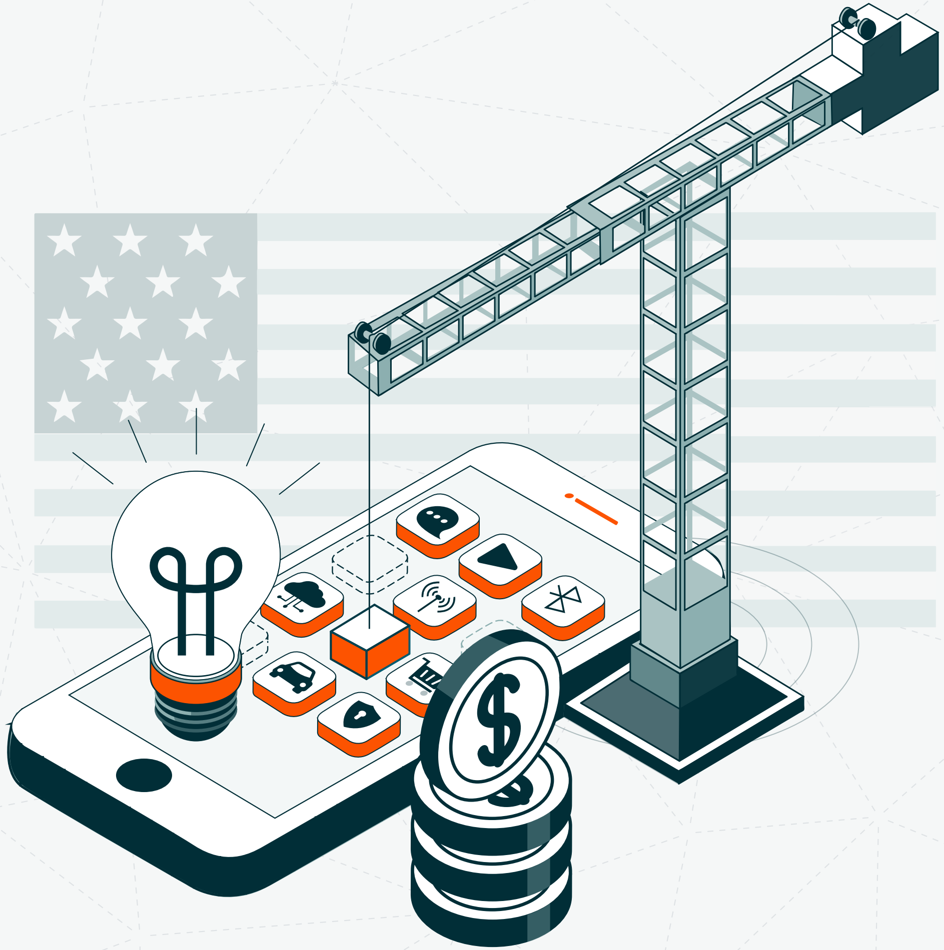
In Australia, while 2024 delivered strong share market returns, driven largely by the major banks, 2025 may see more tempered growth. Elevated valuations **(with the Australian market trading at ~20x earnings)**, reliance on fiscal policy, and headwinds from a tightening domestic economy and softer growth in China could pose some challenges, further exacerbated if the Reserve Bank of Australia keeps interest rates higher for longer. Geopolitical tensions, trade wars, and tariffs could continue to create uncertainty, **making diversification critical. Defensive and differentiated strategies**, such as exposure to commodities like gold or utilising covered call strategies for income generation, may enhance portfolio resilience as investors look to position their portfolios for 2025.



US Exceptionalism

The US is poised to lead global markets in 2025, driven by robust economic growth, policy support, and a critical broadening of market leadership. While prior years relied heavily on a few mega-cap stocks, 2025 signals a shift towards greater participation across sectors. Earnings growth, previously concentrated in a narrow group, is now extending across a wider base, reinforcing equity strength.

US real GDP growth is forecast at 2.1%, exceeding other developed markets, supported by resilient consumer spending and a pro-business environment. Return on equity for US companies, at 19%, far outpaces the 12% seen in global peers, underscoring the economic and corporate advantage. Deregulation efforts and tax incentives are set to spur capital investment, particularly in infrastructure and technology, further broadening market participation.



US Economic Growth Continues to be Most Resilient Among Developed Countries

GDP GROWTH (YOY%) OF DEVELOPED COUNTRIES

Source: World Bank, Bloomberg data as of 13 Jan 2025.

YoY%	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Russia	1.8	2.8	2.2	-2.7	5.9	-1.2	3.6	3.7	1.5	1.4
United States	2.5	3.0	2.5	-2.2	6.1	2.5	2.9	2.7	2.1	2.0
Canada	3.0	2.7	1.9	-5.0	6.1	4.2	1.5	1.2	1.8	1.9
France	2.3	1.9	1.8	-7.5	6.9	2.6	0.9	1.1	0.7	1.1
United Kingdom	2.7	1.4	1.6	-10.3	9.5	5.0	0.4	0.9	1.4	1.5
Italy	1.7	0.9	0.5	-9.0	8.9	4.7	0.7	0.5	0.8	1.0
Germany	2.7	1.0	1.0	-4.1	3.7	1.4	-0.3	-0.1	0.4	1.0
Japan	1.7	0.7	-0.4	-4.2	2.7	0.9	1.5	-0.2	1.2	0.9

This shift is mirrored in investor sentiment, which points to improving confidence and a broader appetite for equities. Declining interest rates provide an additional tailwind, lowering borrowing costs and boosting liquidity. Risks tied to tariffs or delayed fiscal consolidation remain, but the broader earnings recovery and expanding sectoral contributions mitigate these concerns.

US Economic Growth Translating to Consistently Strong Corporate Earnings Growth

EARNINGS GROWTH (YOY%) OF KEY EQUITY MARKETS

Source: Bloomberg estimates as of 13 Jan 2025.

Country	Index	2019	2020	2021	2022	2023	2024F	2025F	2026F
U.S.	S&P 500	-1.2	-11.6	47.4	6.2	0.9	6.7	16.7	13.2
E.U.	Stoxx 50	-9.8	-34.7	70.5	22.0	18.5	-5.6	6.1	8.8
Japan	Nikkei 225	-13.5	-34.1	110.2	1.9	-11.9	28.0	3.6	0.5
Hong Kong	Hang Seng	-2.0	-23.9	9.0	-16.9	5.9	2.4	0.0	11.3
China	Shenzhen 300	8.0	-5.4	11.3	-7.1	-3.6	-5.0	-0.3	17.7
Australia	ASX 200	-5.8	-24.1	35.0	41.1	-12.3	-16.6	2.0	26.3
South Korea	Kospi	-25.3	-17.4	68.4	8.3	-20.4	7.0	-0.5	38.5
EM	MSCI Emerging	-8.6	-18.1	45.5	-10.7	-10.4	6.4	5.7	12.9

The transition from concentrated to diversified market leadership highlights the US' unique resilience and adaptability. As economic conditions stabilise and corporate fundamentals strengthen, the US remains a key allocation for investors seeking growth and diversification in 2025.

Related Funds

FANG+ ETF
FANG

Invests in 10 US-domiciled companies at the leading edge of next-generation technology.

US 100 ETF
U100

Invests in 100 of the most innovative companies on the US market listed across both the NASDAQ and NYSE.

US Infrastructure Development ETF
PAVE

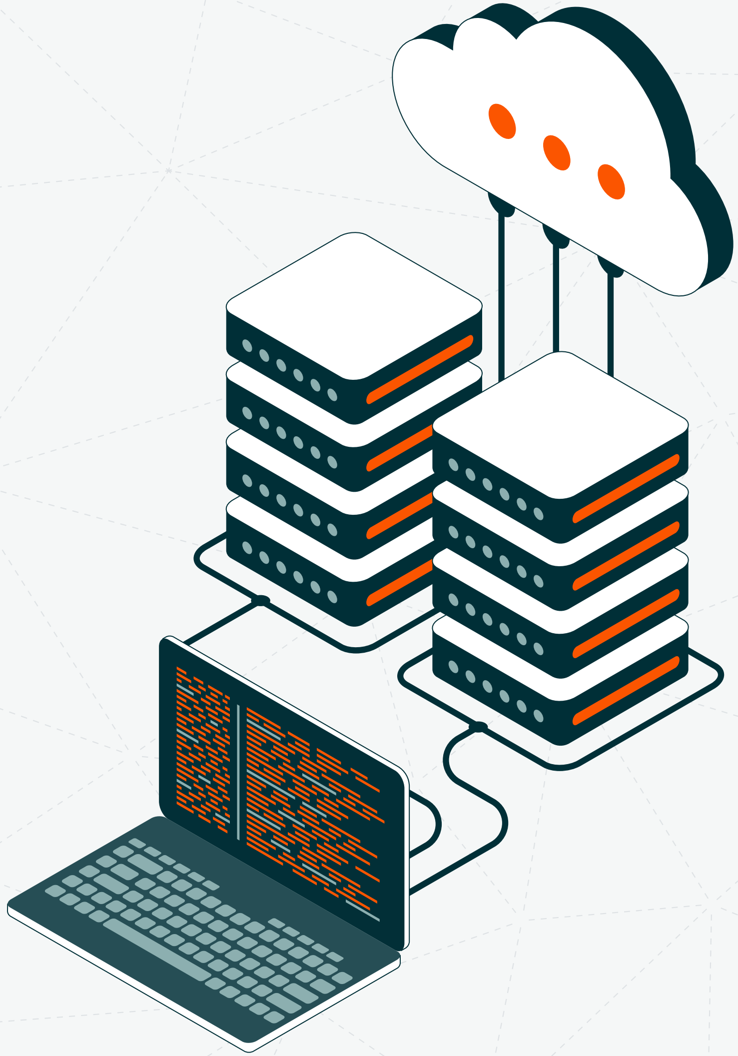
Invests in US-domiciled companies involved in infrastructure, engineering, material procurement, transportation, and equipment distribution.

AI Next Leg Up

AI is entering a new phase in 2025, with advancements expanding its role across industries and driving meaningful innovation. Moving beyond its initial focus on narrow applications, AI is now integrating into complex workflows, delivering tangible improvements in productivity, decision-making, and efficiency. This next wave of adoption is set to reshape sectors such as healthcare, manufacturing, and financial services.

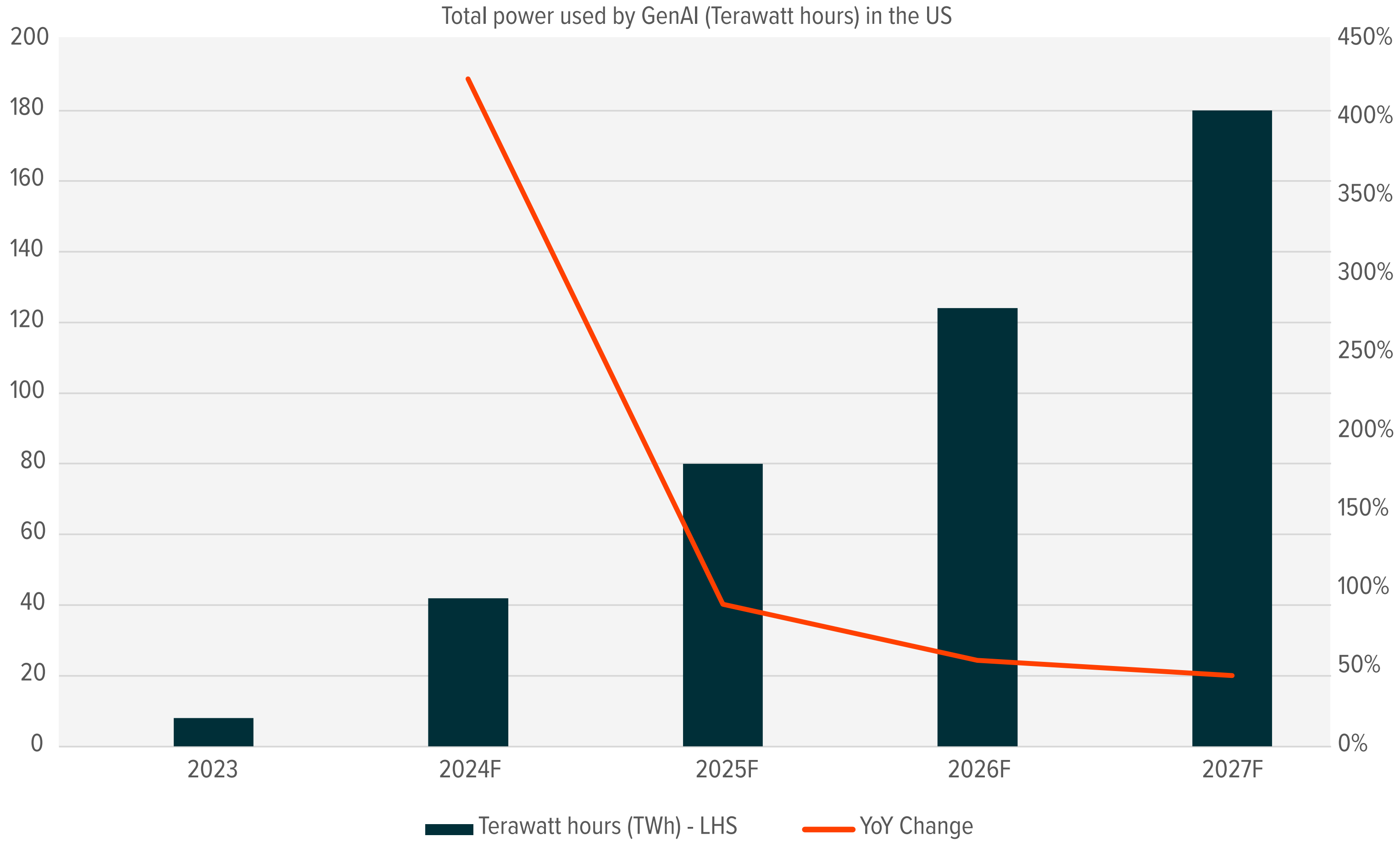
In manufacturing, AI-powered automation and real-time analytics are streamlining operations and reducing costs. In healthcare, the application of AI is advancing diagnostics, enabling personalised treatment plans and improving patient outcomes. Financial services are harnessing AI for predictive insights, risk management, and fraud detection. These developments signal that AI's evolution is becoming more impactful and deeply embedded across the economy.

Infrastructure investments are also accelerating to meet the growing demands of AI workloads. Between 2025 and 2027, global spending on data centres and power generation is expected to exceed US$1.5 trillion, with more than half dedicated to supporting AI. This infrastructure is critical as power consumption for AI workloads continues to rise, driving the need for scalable and sustainable solutions.



POWER DEMAND FROM GENERATIVE AI IS STILL EXPECTED TO GROW AT CONSIDERABLE RATES

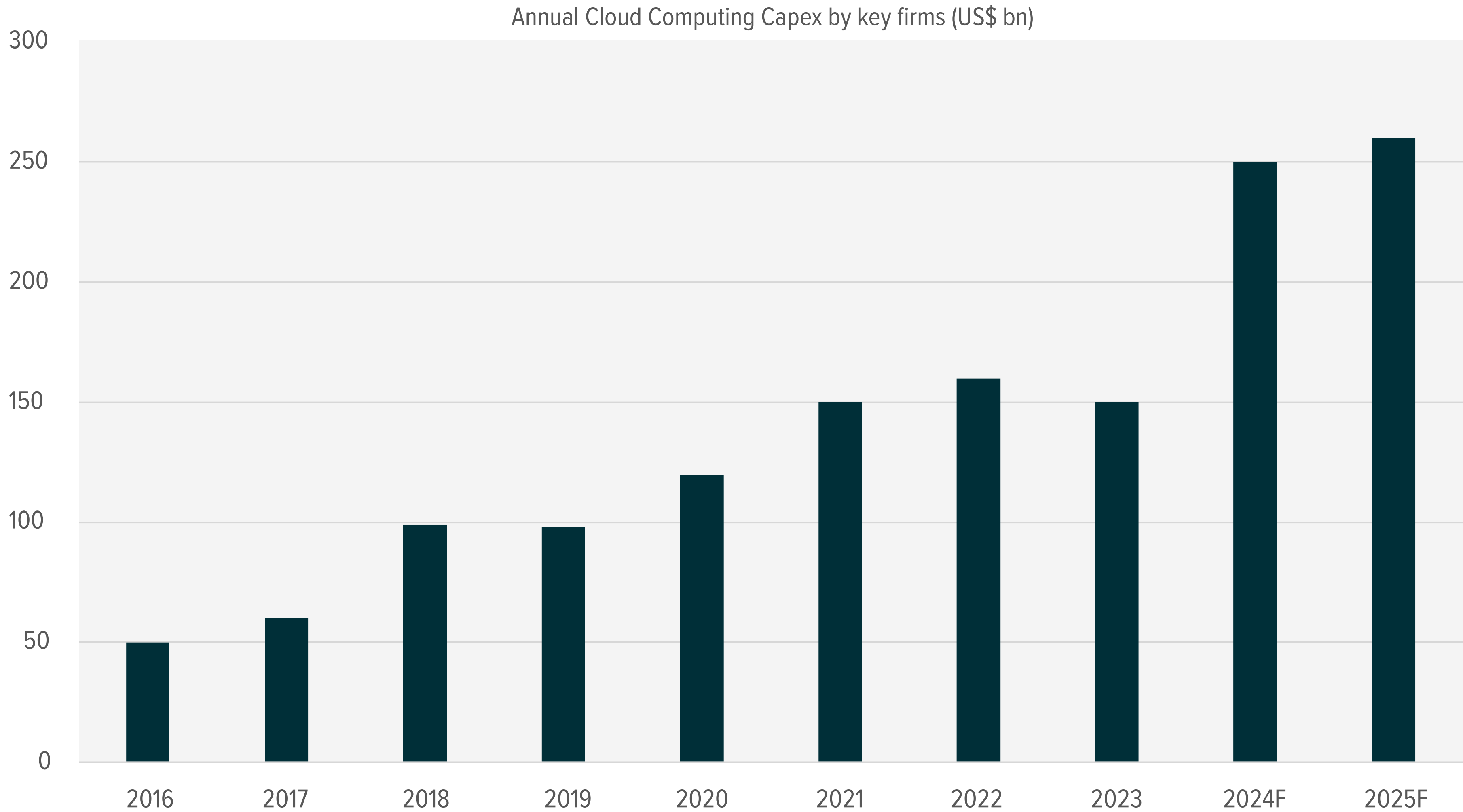
Source: Cameco. (n.d.) Uranium price. Data provided by UxC. Uranium price is reported monthly.



2025 will mark a transition towards more autonomous, task-driven AI systems capable of executing proactive functions. This evolution moves AI from experimental use to a core driver of innovation across industries, offering businesses new pathways for growth and efficiency. The opportunity for broader adoption and deeper integration is only beginning to unfold.

RISING INFRASTRUCTURE INVESTMENTS POWERING AI'S NEXT PHASE

Source: Global X ETFs, Company annual reports.



Related Funds

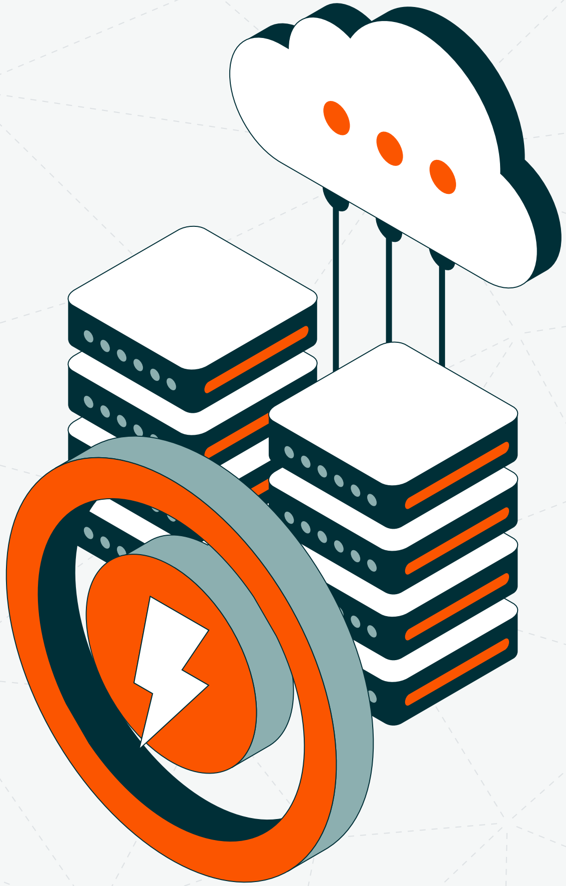
Artificial Intelligence ETF
GXAI

Invests in global companies involved in AI development, AI-as-a-service, provide AI computer power, or design and manufacture AI hardware.

Powering the AI Revolution

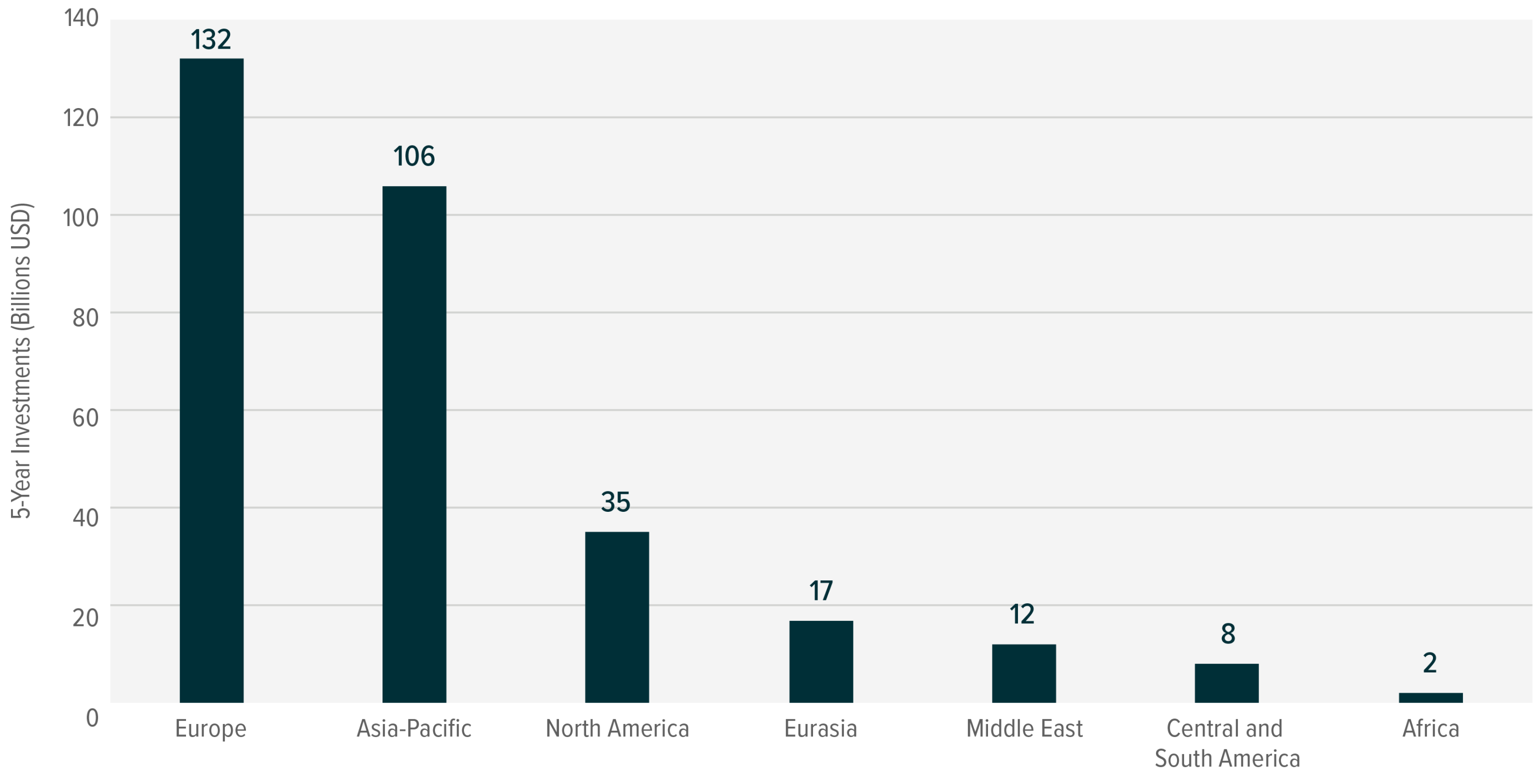
After two years of growth, advancements, and market speculation, AI has by and large proven itself to be an enduring and profitable addition to the modern societal technology stack. However, even as record corporate investments embrace this emerging megatrend, AI-ready infrastructure remains painfully lacking. AI-optimised data centres consume substantially more power, so much so that recent evidence suggests they have been distorting residential power grids with their demands. As data centre consumption looks to grow exponentially over the next decade, the power and electricity ecosystem is becoming a critical element of the AI revolution.

Renewable and alternative energies are at the frontline of this 'battle for power' as the world seeks energy security alongside decarbonisation and climate goals. Nuclear power is the safest, cleanest, and currently second-largest source of low-carbon electricity in the world. It is also the most reliable, and readily available low-carbon energy, making it the perfect provider for AI data centres that demand near-permanent uptime. Big-tech names have recognised this potential and embraced nuclear technology in 2024. Microsoft, Amazon and Google, three of the world's largest hyperscalers have all made significant investments and commitments to nuclear power throughout the year. As we head into 2025, opportunities within the nuclear power value chain are poised to emerge as corporate action and government support garner attention and usher further investment.



GLOBAL NUCLEAR INVESTMENTS EXCEEDED US$300 BILLION OVER THE PAST FIVE YEARS

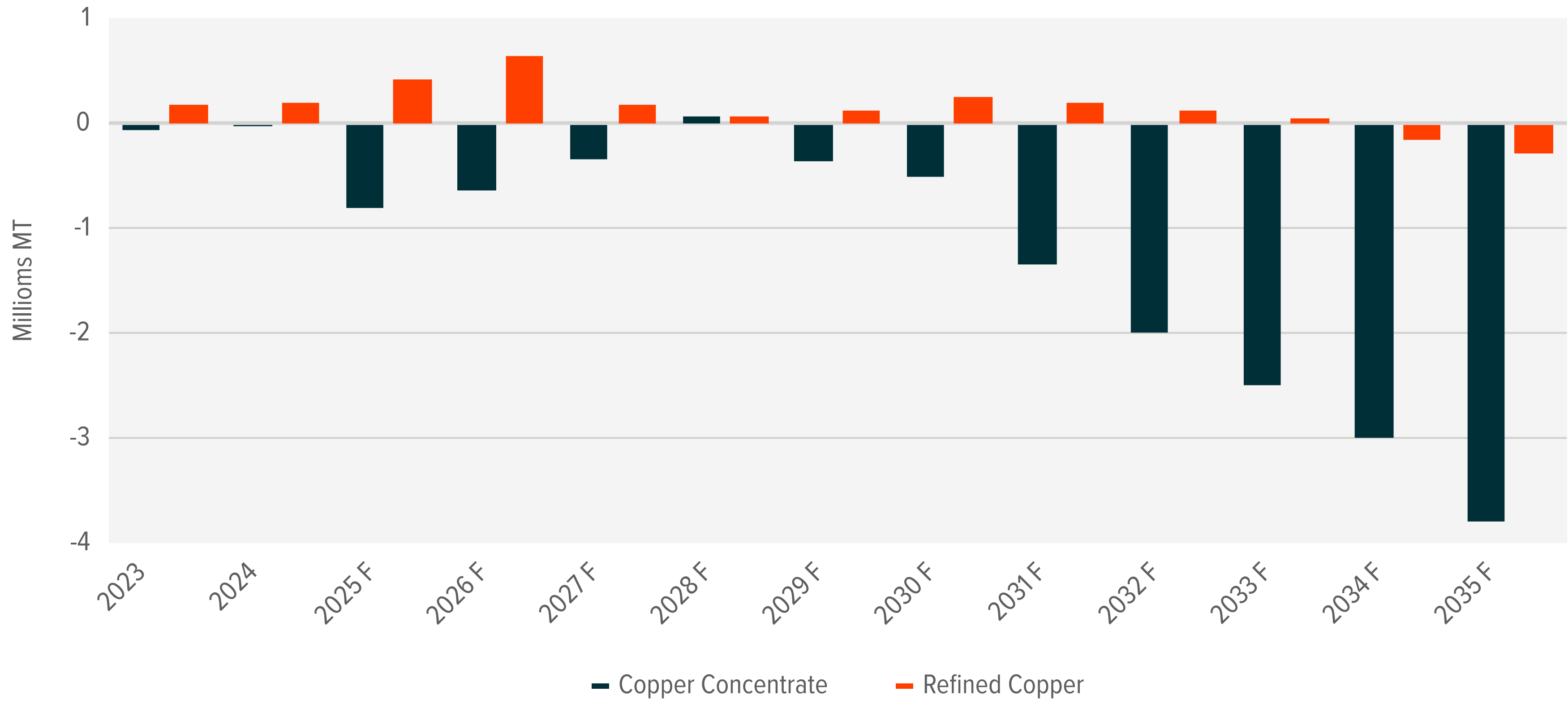
Source: Global X ETFs, IEA.



Copper is vital for energy grids, and its critical role in building AI infrastructure has become increasingly evident as AI technologies expand. According to a study by BHP, data centres currently account for less than 1% of total copper demand, but this figure is projected to rise to 6-7% by 2050. Additionally, infrastructure and grid expansion are also expected to drive a 70% increase in copper demand over the next 30 years. This oncoming trend has driven mining companies to secure copper assets through a flurry of deals in recent years. Notable transactions include BHP's acquisitions of Filo Corp and OZ Minerals, and Rio Tinto's buyout of Turquoise Hill. However, M&A merely reallocates existing assets without creating new supply. With global copper production struggling to meet rising demand and new mines averaging 17 years from discovery to production, a significant copper supply shortage appears increasingly likely.

COPPER CONCENTRATE SUPPLY DEFICIT TO PERSIST

Source: S&P Global.



As we enter 2025, the AI revolution is expanding investor opportunities beyond software and hardware, highlighting the critical role of energy and materials. From nuclear power enabling AI's energy demands to copper driving infrastructure growth, these sectors form the backbone of AI's sustainable future and offer new avenues for long-term investment.

Related Funds

Copper Miners ETF
WIRE

Invests in a global basket of copper miners that stand to benefit from being a key part of the value chain facilitating growth in major areas of innovation such as technology, infrastructure and clean energy.

Uranium ETF
ATOM

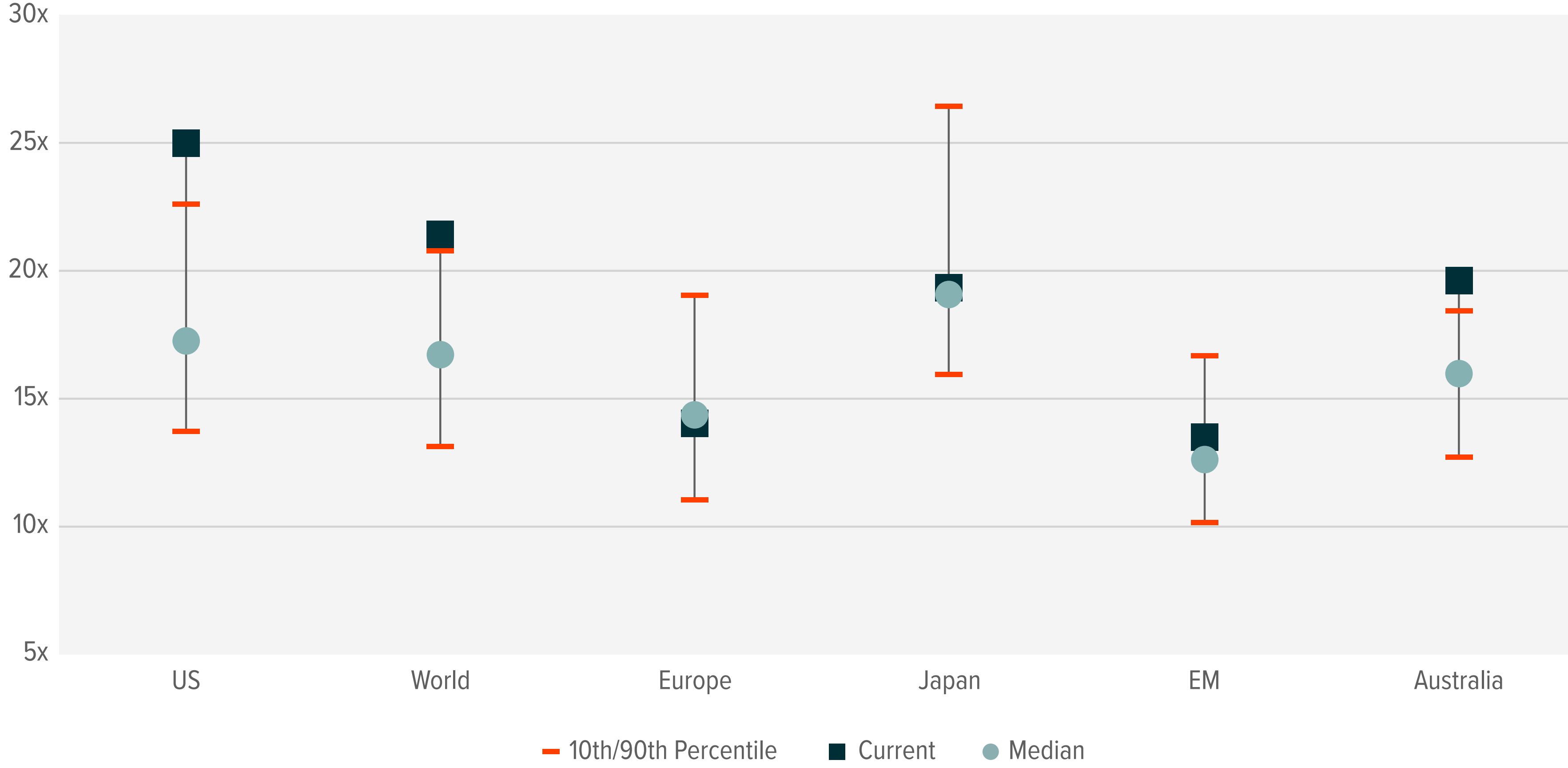
Invests in a wide range of firms across the uranium value chain including miners, physical uranium, engineering, construction, and SMR designers.

Pay Attention to Valuations

Equity markets had two successive years of back-to-back double-digit returns with the US market seeing its best two-year run since 1998. While equity investors have been rewarded, all eyes are turning to one thing: valuations. At what price are investors prepared to pay for growth opportunities? The US equity market's Price-to-earnings (PE) ratio is trading above its 90th percentile, and even excluding the 'Magnificent 7', and looking at the broader world global market, valuations still look elevated.

GLOBAL EQUITY MARKET PE RATIOS (LAST 25 YEARS)

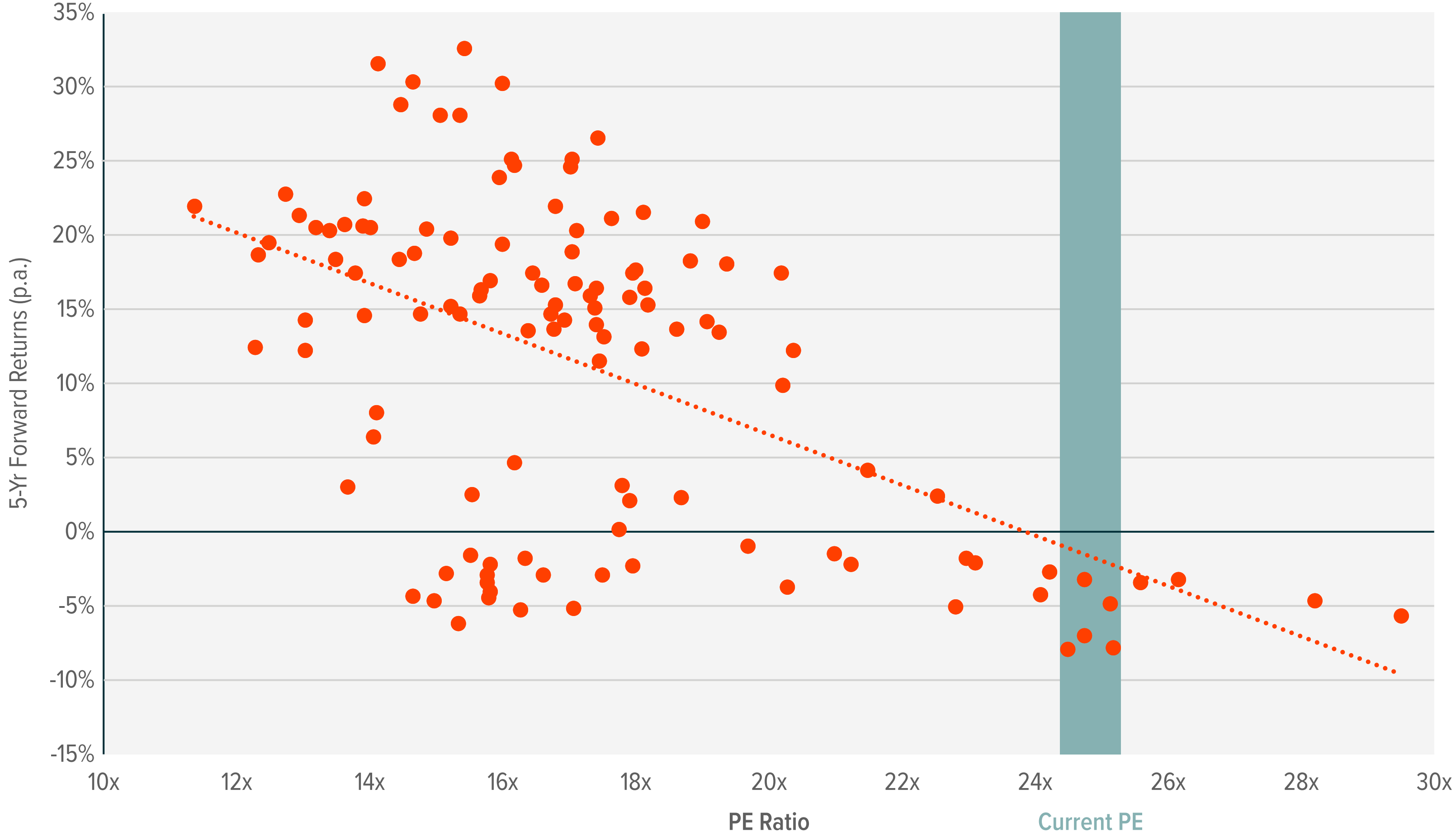
Source: Bloomberg as of 31 December 2024 using indices for S&P 500, MSCI World, EURO STOXX, Nikkei 225, MSCI Emerging Markets, and S&P/ASX 200.



Although regions like Europe, Japan, and emerging markets may appear more attractively priced, investors can still pursue growth in developed markets by maintaining a disciplined approach to valuation. While elevated valuations don't always lead to mean reversion, history shows that when valuations exceed 20x PE, the average five-year forward return for share markets has tended to be negative.

S&P 500 PE RATIO AND SUBSEQUENT 5-YEAR RETURNS

Source: Shiller Data, Bloomberg based on quarterly data since 1990. Past performance is not a reliable indicator of future performance.



Earnings growth drives the majority of share market returns, but paying an appropriate price is important. This is where growth at a reasonable price (GARP) can be attractive given the basket is trading at a PE multiple of 17x earnings (vs the broader world index at 22x earnings). Value investors have been resting wounds for the last 10-15 years, and if the pendulum does not swing all the way to the other side, adopting a symbiotic approach of both growth and value may be advantageous.

Related Funds

S&P World ex Australia GARP ETF

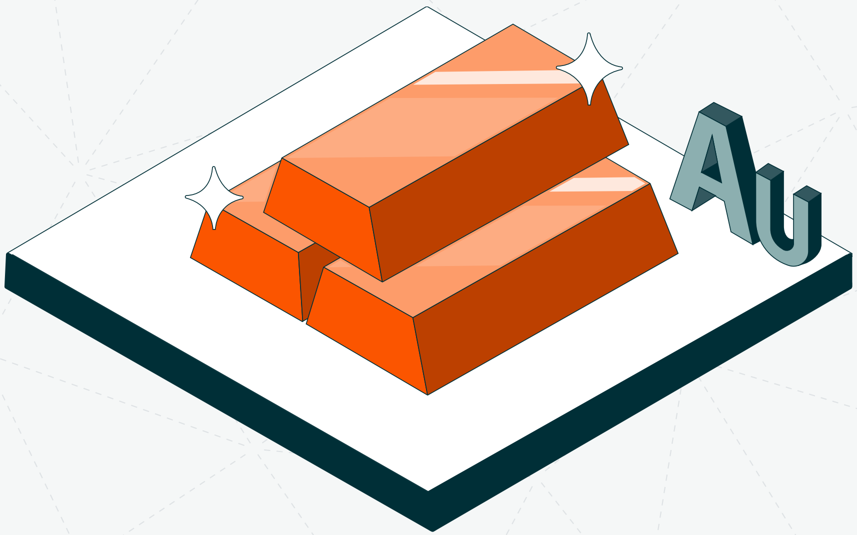
GARP

Provides investors with exposure to global companies with strong earnings growth, solid financial strength, and trading at reasonable valuations.

Be Wary of Potential Slowing Growth and Stagflation

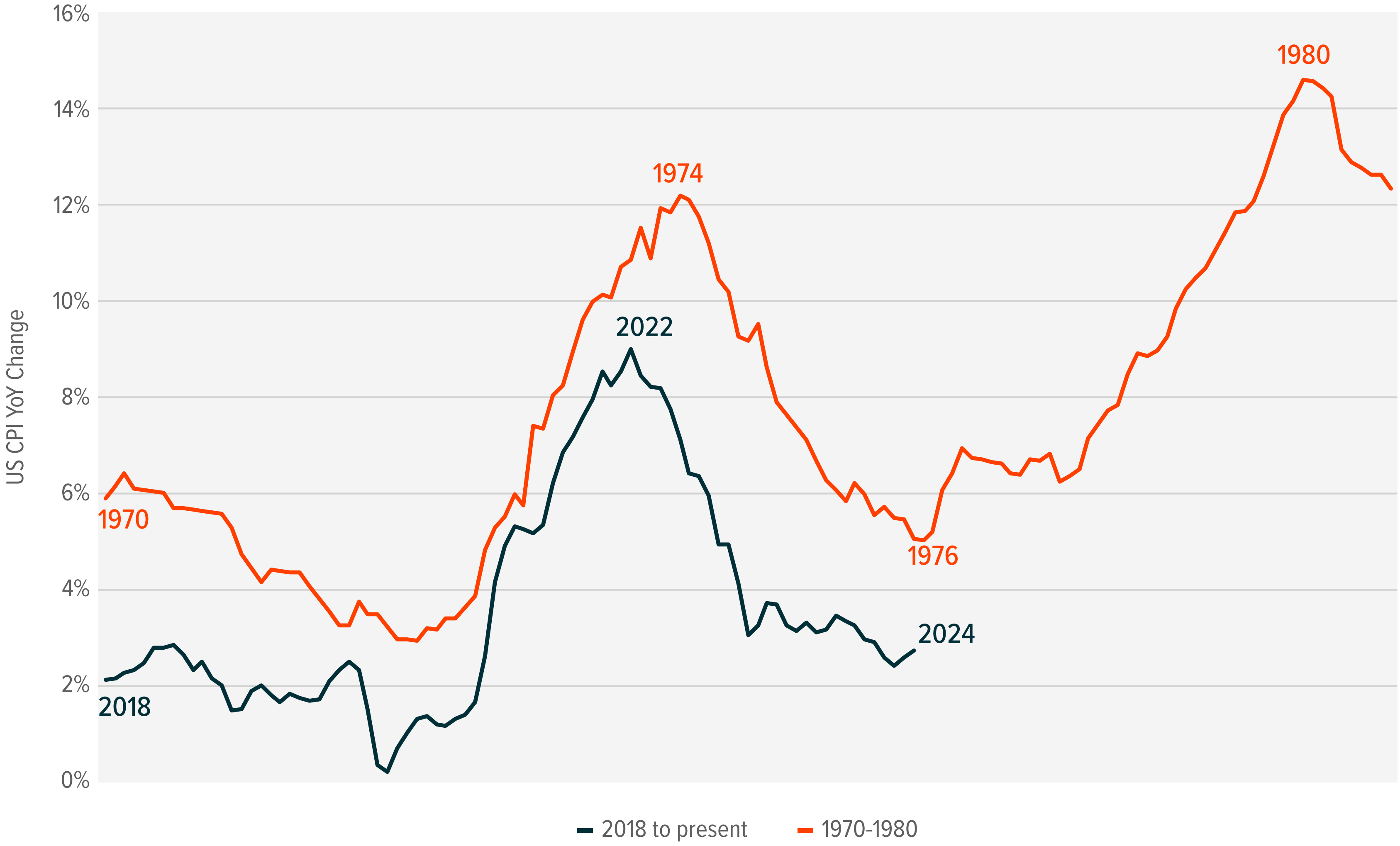
Falling inflation and interest rate cuts may seem like a great recipe for continued economic expansion. However, not all economies have congruent macroeconomic policies, and many are grappling with their own idiosyncratic challenges. The International Monetary Fund (IMF) highlighted an improved economic outlook for the US but growth projections for some other economies have been downgraded.

According to a recent survey, 55% of global fund managers expect below-trend growth and above-trend inflation (i.e. stagflation) over the next 12 months – the highest level recorded since July 2024. If history offers any parallels to the stagflation of the 1970s, equity markets could face significant challenges, having declined by over 60% from peak to trough during that period as they struggled to navigate persistent inflationary pressures.



ECHOES OF THE 1970S: INFLATION ON THE HORIZON?

Source: FRED, U.S. Bureau of Labor Statistics.



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To weather potential challenges ahead, investors might consider positioning themselves in assets like gold, which has historically performed well during inflationary periods, or low-volatility equities that can provide a degree of stability in turbulent markets relative to the broader market.

Despite gold recording its best annual return since the GFC last year, the outlook for 2025 still points to potential upside. Rising market volatility, heightened geopolitical risks, persistent inflationary pressures, and strong central bank demand could continue to support the precious metal in the face of headwinds such as a rising USD and real yields. Gold ended 2024 trading above US$2,600 per ounce, with some commodities strategists forecasting it could climb to US$3,000 per ounce within the next one to two years.

Meanwhile for those looking to position themselves within equities but are looking for a more defensive-sector orientation may consider a strategy a multi-factor strategy that focuses on yield and volatility factors which has more exposure to utilities, consumer staples, energy and health care. Historically, this strategy has delivered strong performance during volatile periods, including the 2000/01 Dot Com boom, the 2008/09 Global Financial Crisis, 2016 Brexit and US elections, and the 2022 pandemic-induced inflation shock.

Related Funds

Physical Gold
GOLD

Invests in physical gold via the stock exchange, offering higher liquidity and removing the need for investors to personally store bullion.

S&P 500 High Yield Low Volatility ETF
ZYUS

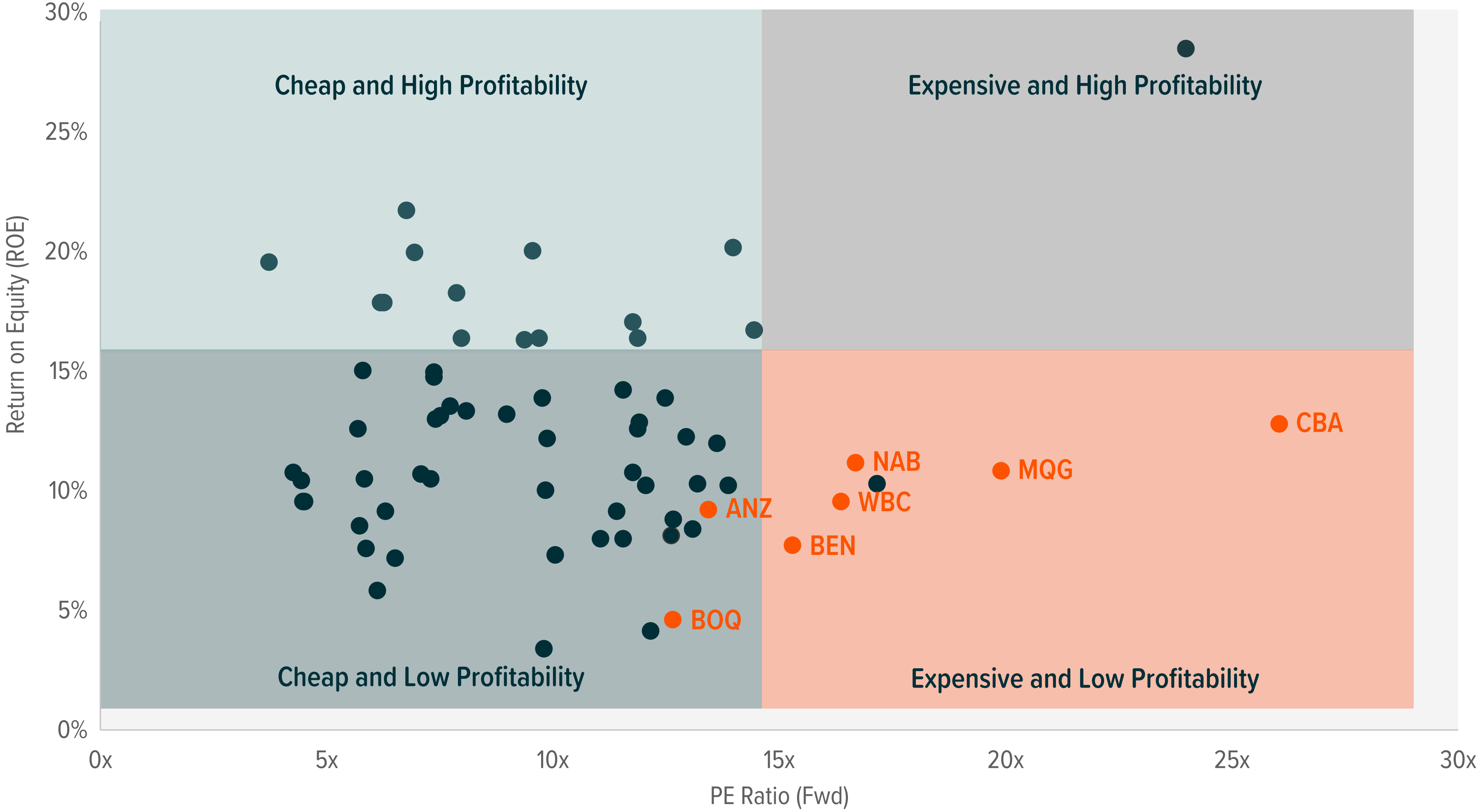
Invests in 50 of the least volatile highest dividend-yielding equity securities from the S&P 500 Index.

Seeking Alternative Sources of Income

Australia has long been the sanctuary for income investors. However, leading into 2025, things may not be as rosy. The gross dividend yield has steadily declined over the past two years and is now at its lowest level since the COVID-19 pandemic, at around 4.5%. Meanwhile, the core of Australian income - Australian banks – are the most expensive banks in the world given their valuations (on both an earnings and book value) but also relative to the return on equity.

AUSTRALIAN BANKS ARE THE MOST EXPENSIVE IN THE WORLD

Source: Bloomberg as of 31 December 2024 comparing global banks.



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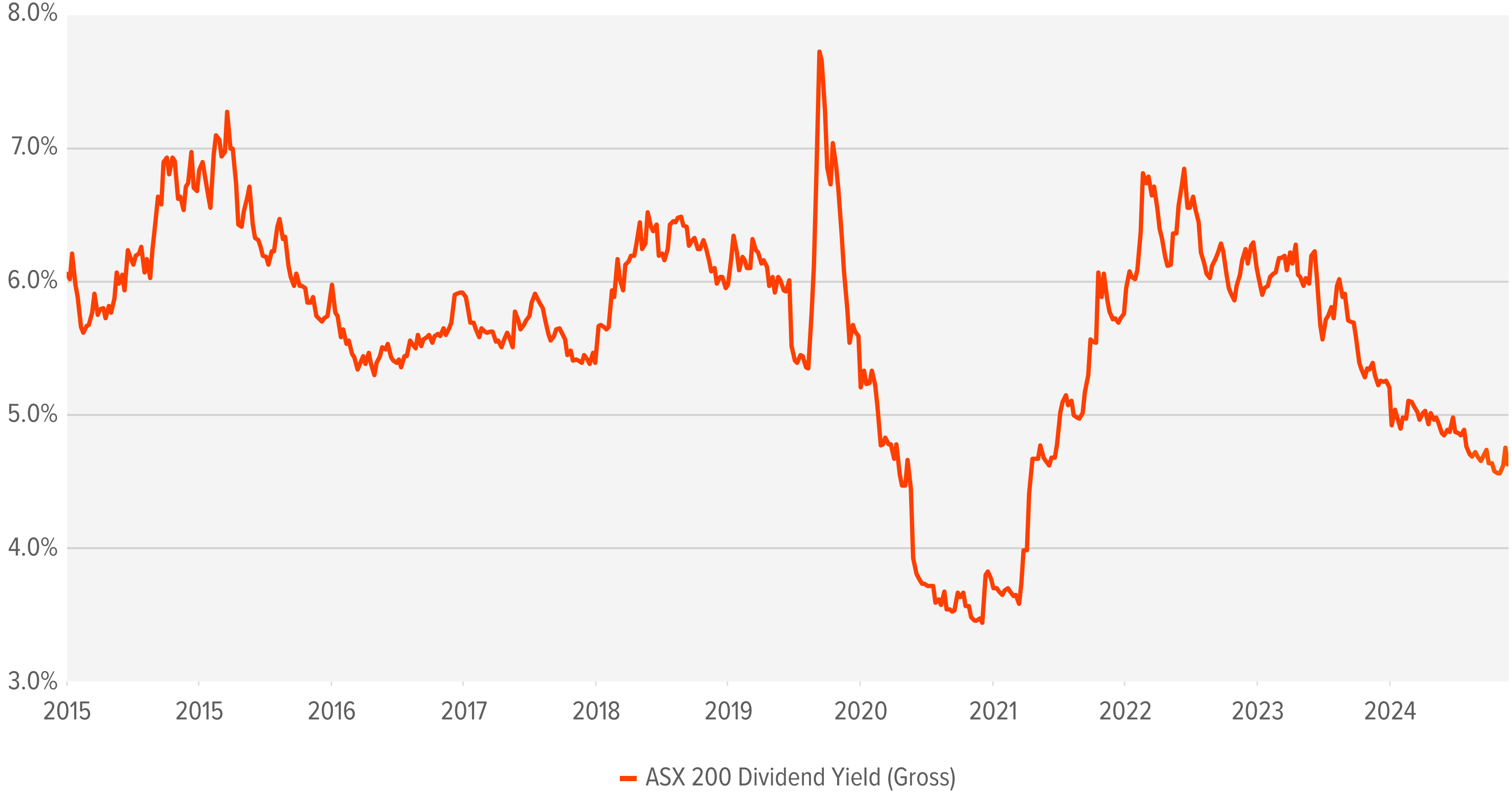
THE ASX 200 DIVIDEND YIELD IS AT THE LOWEST LEVELS SINCE COVID-19

Source: Bloomberg as of 31 December 2024.



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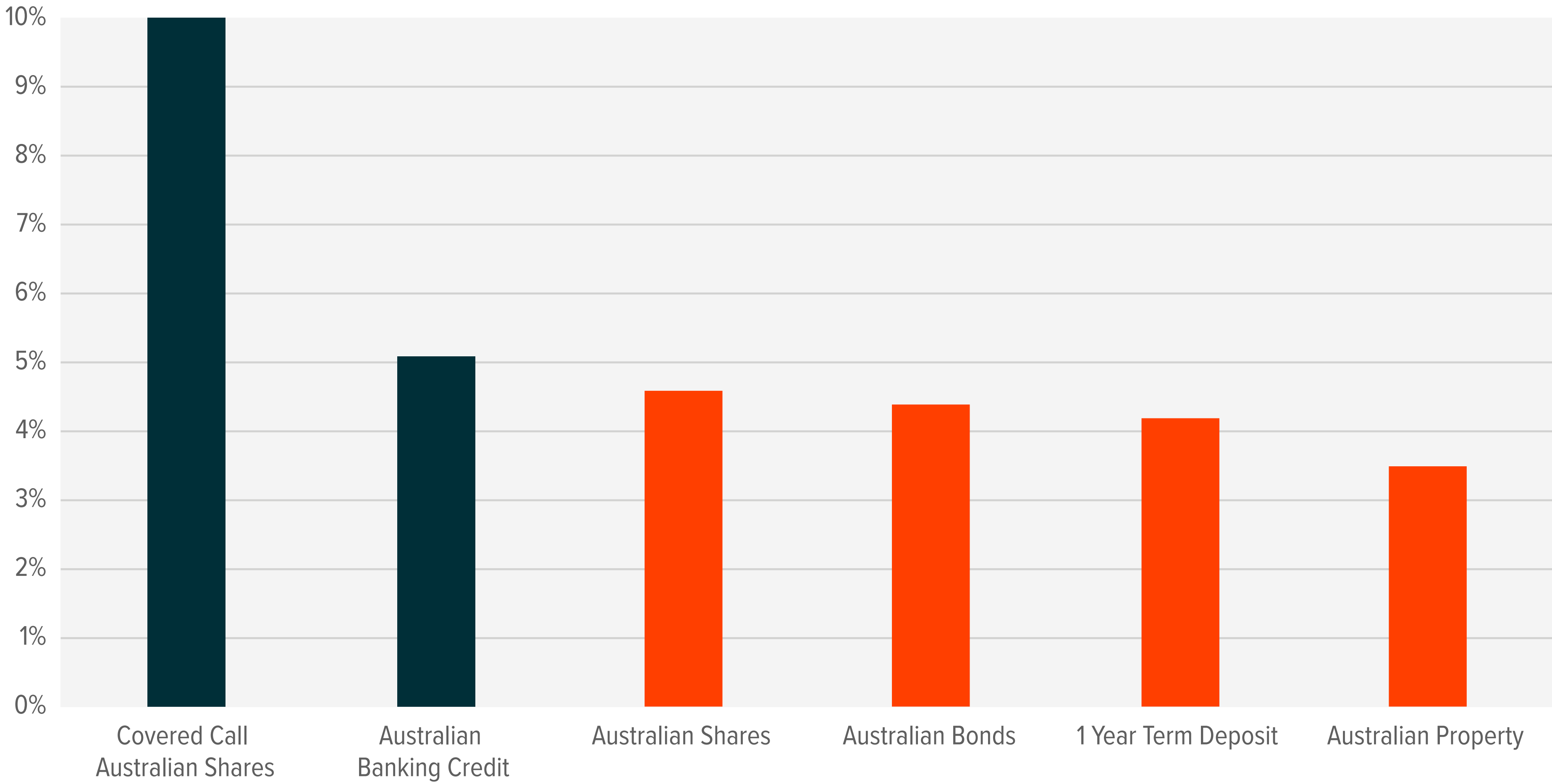
While Australian banks may be richly valued from an equities perspective, the debt side of their balance sheet remains attractive. Australian banks are some of the most well-capitalised in the world with some of their debt paying higher coupons to their creditors than the dividends to their shareholders. With hybrid securities also being phased out starting in 2027, investors looking for sources of income may see the appeal in banking credit solutions across the entire capital structure to provide trusted forms of income.

While 2025 may bring heightened uncertainty, investors can monetise on this volatility by exploring alternative income sources, such as the options market. Writing call options while holding the underlying shares – a strategy known as "covered calls" – can potentially generate 2-3% income per quarter in the Australian market. This extra cushion of income is often what leads to this approach outperforming the broader share market moves sideways or downward. With consensus forecasts suggesting that S&P/ASX 200 earnings growth will likely remain flat in 2025, the majority of returns may stem from dividends rather than capital appreciation. This environment could present a compelling case for covered call strategies.

ASSET CLASS YIELDS

Source: Bloomberg as of 31 December 2024 using indices for S&P/ASX Buy Write, Solactive Australian Banking Credit, S&P/ASX 200, S&P/ASX 300 A-REIT and Australia Banks TD Rate 1Y.



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Related Funds

Australian Bank Credit ETF
BANK

Invests in a diversified portfolio of Australian banking debt across the full capital structure, comprising fixed and floating-rate bonds, senior and subordinated debt, and hybrid securities.

S&P/ASX 200 Covered Call ETF
AYLD

Writes call options on the S&P/ASX 200 Index, saving investors the time and potential expense of doing so individually.

Explore Our Lineup

GLOBAL X by Mirae Asset | Australia

AU$9bn+
Across 41 Strategies[1]

45+ employees based in Sydney, Melbourne & Brisbane

THEMATIC GROWTH

DISRUPTIVE TECHNOLOGY	
ACDC	Battery Tech & Lithium ETF
BUGG	Cybersecurity ETF
DTEC	Defence Tech ETF
FTEC	Fintech & Blockchain ETF
GXAI	Artificial Intelligence ETF
ROBO	ROBO Global Robotics & Automation ETF
SEMI	Semiconductor ETF
TECH	Morningstar Global Technology ETF

MULTI-THEME	
FANG	FANG+ ETF
FHNG	FANG+ (Currency Hedged) ETF

PEOPLE & DEMOGRAPHICS	
CURE	S&P Biotech ETF

PHYSICAL ENVIRONMENT & INFASTRUCTURE	
HGEN	Hydrogen ETF
PAVE	US Infrastructure Development ETF

COMMODITIES

MINERS	
ATOM	Uranium ETF
GMTL	Green Metal Miners ETF
WIRE	Copper Miners ETF

PHYSICAL	
ETPMAG	Physical Silver
ETPMPD	Physical Palladium
ETPMPM	Physical Precious Metals Basket
ETPMPT	Physical Platinum
GOLD	Physical Gold
GXLD	Gold Bullion ETF

SYNTHETIC	
BCOM	Bloomberg Commodity ETF (Synthetic)

INCOME

COVERED CALL	
AYLD	S&P/ASX 200 Covered Call ETF
QYLD	Nasdaq 100 Covered Call ETF
UYLD	S&P 500 Covered Call ETF

DIVIDEND	
ZYAU	S&P/ASX 200 High Dividend ETF
ZYUS	S&P 500 High Yield Low Volatility ETF

FIXED INCOME	
BANK	Australian Bank Credit ETF
USHY	USD High Yield Bond ETF (Currency Hedged)
USIG	USD Corporate Bond ETF (Currency Hedged)
USTB	Treasury Bond ETF (Currency Hedged)

CORE

CORE	
GARP	S&P World ex Australia GARP ETF
OZXX	Australia ex Financials & Resources ETF
U100	US 100 ETF

INTERNATIONAL ACCESS

REGIONAL	
ESTX	EURO STOXX 50® ETF

SINGLE COUNTRY	
NDIA	India Nifty 50 ETF

DIGITAL ASSETS

DIGITAL ASSETS	
EBTC	21Shares Bitcoin ETF
EETH	21Shares Ethereum ETF

LEVERAGED & INVERSE

LEVERAGED & INVERSE	
LNAS	Ultra Long Nasdaq 100 Hedge Fund
SNAS	Ultra Short Nasdaq 100 Hedge Fund

[1] As of January 2025

Global X ETFs
Level 9, 115 Pitt Street, Sydney NSW 2000
T: +61 2 8311 3488 | E: info@globalxetfs.com.au