



### INDEX OVERVIEW

The objective of the Global X Defence Tech ETF is to track the performance of developed and emerging market companies in Defence Technology, which are positioned to benefit from technology, services, systems, and hardware that cater to the local and/or national security, defence, and military sector.

### Significant Administration Events For The Global X Defence Tech ETF

| Date        | Significant Events  |
|-------------|---|
| 21-Jul-2023 | Mirae Asset Global Index begins administration for the Index                    |
| 31-May-2022 | Index Base date   |
| 21-Jul-2023 | Index Commencement Date   |
| 25-Aug-2023 | Addition of US partial trading day condition to define Index Rebalance calendar |

### INDEX CALCULATION

The Index will be calculated by the Index Administrator on every Index Business Day starting with the Index Commencement Date and will be published on the next Index Business Day onto the vendor platforms and to the Index Owner simultaneously. On any day when the underlying prices are not available from the sources, the last available closing price and last available FX rates will be used for Index Valuation for that Index Business Day.

Subject to provisions set out under Market Disruption Events or Force Majeure Events, Index Levels may not be calculated on an Index Business Day and such day will be termed as a Disrupted Day. The initial Index Level along with the other Index details are as below

Table 1

| Index                         | Index Currency | Index Base Date | Index Base Level |
|-------------------------------|----------------|-----------------|------------------|
| Global X Defence Tech ETF PR  | USD            | 31-May-2022     | 1000             |
| Global X Defence Tech ETF NTR | USD            | 31-May-2022     | 1000             |
| Global X Defence Tech ETF GTR | USD            | 31-May-2022     | 1000             |

### INDEX SELECTION RULES

#### INITIAL UNIVERSE

An extensive analysis is undertaken to identify the FactSet industry and business segments that are most directly related and relevant to the Defense Technology theme. The industry and business segments identified as relevant to the theme are reviewed annually as part of the May Rebalance. If a company is identified as meeting all of the index selection criteria but is not categorised in one of the industry or business segments identified, the company can still be added, and the relevant industry or business segment will be reviewed for inclusion in the initial universe going forward.

#### ELIGIBILITY FILTER

The following factors are considered for each security when reviewing for inclusion in the initial universe:

- Country of Listing should be either Developed or Emerging Markets with the exception of China (A-Shares and B-Shares), India, Kuwait, Pakistan, Russia, and Saudi Arabia. The Mirae Asset Indices Country Classification document defines the classification of Developed and Emerging Markets.
- Security Level Market Capitalisation must be a minimum of USD 200 Million for companies that are not current index components. For existing components as of Selection Day, a minimum of USD 160 Million is required.
- Average Daily Traded Value ("ADTV") over a period of 6 months must be at least USD 2 Million for companies that are not current index components. For existing components as of Selection Day, a minimum of USD 1.4 Million is required.
- Must be traded on 90% of the eligible Scheduled Trading Days for the 6 calendar months preceding the Selection Day. For Initial Public Offerings ("IPOs"), the following relaxed criteria apply:



1. The top 80 securities ranked by their company level market capitalisation are included in the Index.
  2. Securities ranked between 81 to 120 and forming a part of the current Index composition are included in the Index.
  3. If we still fall short of 100 securities in the final universe, securities ranked starting at 81 but not part of the current constituents are selected till we reach the count of 100 securities in the final selection.
- Investable Weight Factor (Free Float) should be a minimum of 10% of the outstanding shares.
  - The Security Types considered for inclusion are:
    1. Common Stock
    2. American Depository Receipts
    3. Global Depository Receipts
  - The most liquid Share Class/Listing of the security is considered for inclusion in the Index. The Security Types considered for inclusion are:
    1. Liquidity of Share Class/Listing is based on 6-month ADTV.
    2. The existing Share Class/Listing in the portfolio is to be retained if it satisfies all the eligibility factors of the index.
  - Companies that are included in the Sanctions List of the U.S. Department of the Treasury are excluded from the index.

## SELECTION CRITERIA

The following sub-themes have been identified for the Defense Tech Index:

| Sub-Theme                              | Description  |
|--|--|
| Cybersecurity                          | Companies that develop and manage security protocols that prevent intrusion and attacks to systems, networks, applications, computers, and/or infrastructure for local and/or national defence application.  |
| Defence Technology                     | Companies that develop artificial intelligence (AI), internet of things (IoT), augmented/virtual reality (AR/VR), human-machine collaboration, big data, specialised 3D light detecting and ranging (LiDAR), analytics, geospatial intelligence, and/or security scanning solutions (e.g. biometrics, credential authentication, etc.) for local and/or national defence applications. This theme also includes companies that provide application and services for Mission support that use a combination of command, control, communications, computers, cyber-defence, combat systems (C6), intelligence, surveillance, and reconnaissance (ISR). |
| Advanced Military Systems and Hardware | Companies that manufacture and offer robotics, drones, advanced weapon systems and military/ naval munitions, defence-specific power and fuel systems, sensor arrays, processors and networking equipment, space launch (including satellites), radar systems, and/or military aircraft/naval ships/ vehicle production for local and/or national defence applications. This includes companies that provide engineering, technical training, and simulation for the above systems.  |

For the avoidance of doubt, the following types of companies and/or business activities are NOT considered as contributing to Defence Technology revenue:

- Non-military/Non-Defence firearm manufacturers (i.e.: Civilian)
- Companies manufacturing commercial aircraft components, aircraft interiors and other components unless specified above

The companies that are identified as deriving a significant proportion of their revenue from the above sub-themes or which state that their primary business is providing the above-mentioned products and/or services are evaluated for inclusion. A company can earn the majority of its revenue through one or a combination of the mentioned sub-themes.

- Only Pure-Play companies are considered for inclusion. This refers to companies earning greater than or equal to 50% of revenue attributable to one or more of the core businesses of the sub-themes in aggregate.

## FINAL SELECTION

From the Selection Universe

- The index will include the top 50 Pure-Play companies ranked by their respective Company Level Market Capitalisation that satisfy the filter criteria mentioned above

If there are fewer than 50 eligible Pure-Play companies, all eligible Pure-Play companies are included in the index.



## WEIGHTING

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The index constituents are weighted according to a modified capitalisation methodology that accounts for liquidity in determining final weights.

- The weight of a selected Index Constituent will be determined based on the Free-Float Market Capitalisation. Free-Float Market Capitalisation is not adjusted for foreign ownership restriction
- Single security cap of 8%. The additional weight will be distributed proportionately among uncapped constituents.
- All constituents with a weight greater than 5%, the weights remain the same till an aggregate weight of 40% or less is achieved. Post that, all remaining constituents with a weight greater than 5% are capped at 4.50%. The additional weight will be distributed proportionately among uncapped constituents.
- Additionally, after application of the above rule, all remaining uncapped constituents will be capped at 4.5%.

## INDEX CALCULATION

### INDEX CALCULATION METHODOLOGY

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The Global X Defence Tech ETF will be calculated as per the standard Equity Calculation Methodology of the Index Administrator which can be referenced in the Index Documents section of the Index Administrator's webpage. All Dividend Forecasts and Corporate Actions are subject to modification. For more information about Corporate Actions, kindly follow the Corporate Action Treatment Methodology available on the Index Administrator's website.

## INDEX RECONSTITUTION

### RECONSTITUTION AND REBALANCE

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The index follows a Semi-Annual Reconstitution and Rebalance as of the close of the last Rebalance Business Day of May and November each year. The index will become effective from open of the next Index Business Day which is called 'Effective Day'.

The selection list is created based on the data as of the Selection Day which is the First Friday of May and November each year.

Weight calculation of new portfolio will be done on close of third Friday of May and November each year and this will be called 'Weight Implementation Day'. The shares will be frozen using the weights as of this day.

## RISK DISCLAIMER

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The index is a rules-based index and does not have scope for any discretionary adjustment to the day to day functioning of the index except under extraordinary circumstances where the Index Administrator is unable to calculate the index for a reason external to the Index Methodology, some of which may include:

- Disruption of data provider
- Force Majeure Events, like calamities
- Any significant changes to the market condition forcing the re-evaluation of the Index Rationale
- Any government regulation change
- Discontinuation in data points like FX rates

In such scenarios the Index Administrator reserves the right to invoke a Market Disruption Event. This determination is immediately escalated to the Index Oversight Committee, which will decide the future course of the index. Any decision related to the index will be posted on the Index Administrator's website before action is taken. For an expected Disruption event, the Index Administrator, after consulting with the Index Oversight Committee, will post a consultation to this effect up to 30 days in advance, or a period rationally feasible in light of the timelines of the disruption.



## DEFINITIONS USED

|   |  |
|---|--|
| <b>Business Day</b>                         | is defined as a trading day for all current and future Securities of the Index.  |
| <b>Disrupted Day</b>                        | is defined as a day(s) identified by the Index Administrator for the Index or one of its components having a Market Disruption Event as defined in the section above.  |
| <b>Effective Date</b>                       | is the day, as defined in the section on Rebalancing and Reconstitution, when the latest portfolio goes live.<br>is the day, as defined in the section on Rebalancing and Reconstitution, when the latest portfolio goes live.                       |
| <b>Exchanges</b>                            | is defined as the list of Exchanges where the current or future composition of the Index constituents are trading.   |
| <b>Force Majeure Events</b>                 | is defined in the Section on Market Disruption Event, as an event which is beyond human control and can have an impact on the trading characteristics of one or more Index Constituents or one or more Exchanges on one or more Index Business Days. |
| <b>Index</b>                                | when used in conjunction with any other word is defined as the Global X Defense Tech Index as defined in this Methodology document.  |
| <b>Index Administrator</b>                  | is defined as Mirae Asset Global Index Private Limited   |
| <b>Index Base Date</b>                      | is defined as the date which has been set for the initial value of the Index as defined in Table 1 of the Methodology document.  |
| <b>Index Base Level</b>                     | is defined as the initial level of the Index selected for the <b>Index Base date</b> . This is defined in Table 1 above.   |
| <b>Index Business Day</b>                   | is defined as any weekday other than a Saturday and Sunday.  |
| <b>Index Commencement Date</b>              | Date is defined as the date when the Index goes live. Before this date the Index Levels generated are back tested levels.  |
| <b>Index Level</b>                          | is defined as the levels of the Index calculated basis the Index Calculation defined in the Index Manual above for any Index Business Day.   |
| <b>Index Manual or Index Methodology</b>    | is defined as this document.   |
| <b>Index Owner</b>                          | is defined as Global X ETFs.   |
| <b>Pure-Play</b>                            | is defined as a company which is deriving majority of its revenue (>50%) from the sub-themes that have been defined in the Index Methodology.  |
| <b>Rebalance Business Day</b>               | is defined as a day when all the exchanges for the current and new constituents are open for trading. In addition, US exchanges should not be on partial trading day for any of the US securities in current and new composition.                    |
| <b>Scheduled Trading Days</b>               | is defined as a day when the exchange for the security is open for trading.  |
| <b>Selection Date</b>                       | is defined as the day when the Universe is selected for creation of the latest portfolio. All the selection rules are applied on this universe as of this date.  |
| <b>Security Level Market Capitalisation</b> | is defined as the market capitalisation of the security only for the share class of that security in consideration.  |
| <b>Weight Implementation Day</b>            | is defined as the day when the data on the basis of which the weights and shares will be calculated.   |



For more information on the Index, please visit S&P Global's website here:  
<https://indices.miraeasset.com/deftech.php>

\*For the complete and current index methodology please refer to the index provider's website. This summary document is accurate as of the time of its publication and Global X does not guarantee that it is current at any point thereafter.

The selection of the index constituents and their weighting is made by the index provider at its sole discretion.

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