

Global X Defense Tech Index

2025.11.12

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1. Index Overview

1.1. Index Description

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

1.2. 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	Currency	Base Date	Base Level	Commencement Date	Administration Start Date
Global X Defense Tech Index PR	USD	2022-05-31	1000	2023-07-21	2023-07-21
Global X Defense Tech Index NTR	USD	2022-05-31	1000	2023-07-21	2023-07-21
Global X Defense Tech Index GTR	USD	2022-05-31	1000	2023-07-21	2023-07-21

2. Index Selection Rules

2.1. 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 categorized 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.

2.2. 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 Capitalization** 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:
 - To be considered for inclusion, IPOs with less than 6 months of trading history must have been listed for at least 3 calendar months prior to the **Selection Day**.
 - Additionally, the security must have traded on 90% of the eligible **Scheduled Trading Days** for the 3 calendar months preceding the **Selection Day**. In case of Significant IPOs with less than 6 calendar months of trading history as of the **Selection Day**, the security must have been listed at least 10 Calendar Days prior to the **Selection Day**.
 - An IPO is considered to be a Significant IPO, if its Company Level Total Market Capitalization is greater than the Company Level Total Market Capitalization of at least 50% of the existing index constituents as of the previous **Selection Day**.
- Investable Weight Factor (Free Float) should be a minimum of 10% of the outstanding shares.
- The Security Types considered for inclusion are:
 - Common Stock
 - American Depositary Receipts
 - Global Depositary Receipts
- The most liquid Share Class/Listing of the security is considered for inclusion in the Index.
 - Liquidity of Share Class/Listing is based on 6-month ADTV.
 - 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.

2.3. 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 defense application.

Defense Technology	Companies that develop artificial intelligence (AI), internet of things (IoT), augmented/virtual reality (AR/VR), human-machine collaboration, big data, specialized 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 defense applications. This theme also includes companies that provide application and services for Mission support that use a combination of command, control, communications, computers, cyber-defense, 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, defense-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 defense 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 Defense Technology revenue:

- Non-military/Non-Defense 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.

2.4. Final Selection

From the Selection Universe:

- The index will include the top 50 **Pure-Play** companies ranked by their respective Company Level Market Capitalization 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.

2.5. Weighting

The index constituents are weighted according to a modified capitalization 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 Capitalization. Free-Float Market Capitalization 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%.

3. Index Calculation

3.1 Index Calculation Methodology

The Global X Defense Tech Index 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.

4. Index Reconstitution

4.1 Reconstitution and Rebalance

The index follows a Semi-Annual Reconstitution and Rebalance as of the close of the last **Index Business Day** of May and November each year. If the said last **Index Business Day** is not a **UK&US Trading Day** then rebalance date is preponed by two **UK&US Trading Day**. 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.

The weight and unit calculation are based on the data as of 5 **Index Business Days** prior to the rebalance date and the shares will be frozen using these calculated weights.

5. Risk Disclaimer

Index Administrator does not provide any investment advice pertaining to the index. The **Index Administrator** will thereby be exempt from any fiduciary obligation to any person(s) or entity(s) investing into this index by virtue of a product based on this index as an underlying.

6. Market Disruption Events and Force Majeure

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.

7. Definitions Used

- **“Disrupted Day”** 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.
- **“Effective Day”** is the day, as defined in the section on Rebalancing and Reconstitution, when the latest portfolio goes live.
- **“Exchanges”** is defined as the list of Exchanges where the current or future composition of the Index constituents are trading.
- **“Force Majeure Events”** 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**.
- **“Index”** when used in conjunction with any other word is defined as the Global X Defense Tech Index as defined in this Methodology document.
- **“Index Administrator”** is defined as Mirae Asset Global Index Private Limited.
- **“Base Date”** 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.
- **“Base Level”** is defined as the initial level of the Index selected for the Index Base Date. This is defined in Table 1 above.
- **“Index Business Day”** is defined as any weekday other than a Saturday and Sunday.
- **“Commencement Date”** is defined as the date when the Index goes live. Before this date the **Index Levels** generated are backtested levels.
- **“Index Level”** is defined as the levels of the Index calculated basis the Index Calculation defined in the **Index Manual** above for any **Index Business Day**.
- **“Index Manual”** or **“Index Methodology”** is defined as this document.
- **“Index Owner”** is defined as Global X ETFs.
- **“Pure-Play”** is defined as a company which is deriving majority of its revenue ($\geq 50\%$) from the sub-themes that have been defined in the Index Methodology.
- **“Scheduled Trading Days”** is defined as a day when the exchange for the security is open for trading. In case any company goes for voluntary trading suspension/halt because of corporate actions, **Scheduled Trading Days** will be adjusted accordingly for that security.
- **“Selection Day”** 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.
- **“Security Level Market Capitalization”** is defined as the market capitalization of the security only for the share class of that security in consideration.
- **“UK&US Trading Day”** is defined as a day when it is not a holiday or partial trading day for the U.S and U.K. stock exchanges.
- **“Weight Implementation Day”** is defined as the day when the data on the basis of which the weights and shares will be calculated.

8. History of Amendments

Section	Amendment Description	Effective Date
4. Index Reconstitution	Addition of U.S. partial trading day condition to define Index rebalance date.	2023-08-25
4. Index Reconstitution	Rebalance dates logic aligned with U.S exchanges ' trading schedule (holiday and/or partial trading day) and removed any dependency on exchange holidays in other countries.	2024-11-06
7. Definitions	Scheduled Trading Days definition updated to incorporate adjustment for voluntary trading suspension/halt because of corporate actions.	2024-11-25
4. Index Reconstitution	Inclusion of U.K. stock exchange holidays and partial trading days alongside existing consideration of U.S. stock exchange holidays and partial trading days for defining rebalance dates.	2025-08-13
4. Index Reconstitution	Weight and unit calculation schedule during rebalances amended from 3rd Friday of May and Nov to 5 Index Business Days prior to the rebalance date.	2025-11-12

Disclaimer

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