ATOM

Global X Uranium ETF

Invest in the powerful potential of uranium.

Commodities — Miners

FUND DETAILS

ASX Code	ATOM
Bloomberg Code	ATOM AU Equity
IRESS Code	ATOM.AXW
Benchmark	Solactive Global Uranium & Nuclear Components Total Return Index
Mgt. Fee (% p.a.)*	0.69
Rebalance Frequency	Quarterly
Distribution Frequency	Semi-Annual
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

Targeted Exposure
Pureplay access to uranium mining and the production of nuclear components.

Emerging Energy Opportunity
Global initiatives to reduce carbon emissions will see uranium and nuclear adoption rise as a crucial power source to facilitate the clean energy transition.

Competitive Supply Dynamics
The case for uranium today is perhaps the strongest it's been in a decade driven by increasing global demand and nuclear power capacity.

INTRODUCING ATOM

ATOM offers investors access to a broad range of companies involved in uranium mining and the production of nuclear components, including those in extraction, refining, exploration, or manufacturing of equipment for the uranium and nuclear industries. ATOM seeks to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Solactive Global Uranium & Nuclear Components Total Return Index.

DID YOU KNOW?

- A single uranium pellet, slightly larger than a pencil eraser, contains the energy equivalent of a ton of coal, three barrels of oil, or 17,000 cubic feet of natural gas[1].
- Nuclear power remains one of the few sources of electricity that combines large-scale power output and low greenhouse gas emissions, with costs comparable to those of traditional fossil fuel power stations[2].
- Since 1980, weapons-grade uranium from decommissioned nuclear weapons stockpiles in the United States and the former Soviet Union has been blended down to be repurposed as reactor fuel as part of nuclear disarmament agreements[3].

WHAT IS URANIUM AND NUCLEAR POWER?

Uranium is a heavy, dense, and radioactive metal, making it a potent source of energy. Found in most rocks in concentrations of two to four parts per million, it appears commonly in the Earth's crust in many parts of the world, including Australia, Kazakhstan, and Canada. Uranium extraction generally involves recovery from the ground using open-pit mining, underground mining, or in-situ leach (ISL) methods, then requires processing before it can be used.

Similar to coal or natural gas power plants, nuclear reactors generate electricity by producing immense heat. This is done by splitting uranium atoms in the process of nuclear fission, as opposed to burning fossil fuels. Nuclear fission produces thousands of times more energy than that released through burning similar amounts of fossil fuels, so it is a very efficient method of generating utility-scale power. In addition to the power density advantage of uranium, nuclear power also ranks among the cleanest methods of producing electricity, as measured by greenhouse gas emissions – making it a vital source of power security in the clean energy transition.

NUCLEAR COMEBACK POWERS URANIUM DEMAND

Nuclear power contributes approximately 10.4% of the world's total energy supply and serves as a major source of energy in developed markets, such as the European Union (22%) and the United States (19%), accounting for approximately one-third of the world's low-carbon electricity[4][5][6]. Nuclear power capacity is set to dramatically increase in the coming decades, with projections anticipating a 17% rise from current levels by 2035, and another 71.5% by 2050[7].

- About two-thirds of the world's production of uranium from mines is from Kazakhstan, Canada and Australia[8].

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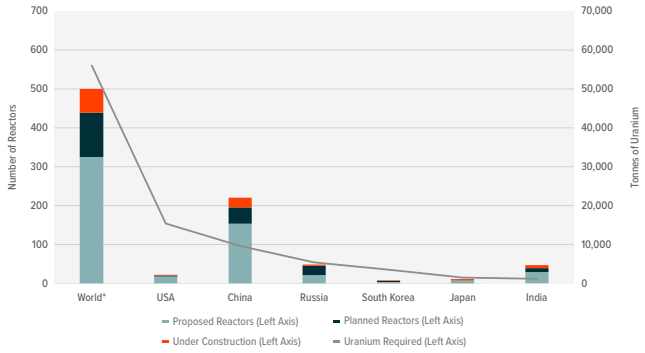
- Bangladesh and Turkey have development plans for nuclear reactors well underway.
- In 2022, France also announced it is aiming to build six new reactors and another eight could follow shortly thereafter.

Uranium supply and demand dynamics add to the commodity's investment appeal. Uranium supply consists of new production from mining and existing inventories, largely from decommissioned nuclear weapons. Supply from mining production met approximately 67% of 2021 demand, with the remainder being met with existing stockpiles. However, these secondary stores are depleting and are projected to provide just 9% of total supply in 2030 – meaning there will be a notable deficit in the uranium market over the short to medium term[9]. The demand side of the equation also looks very promising. UxC, one of the world's leading sources for data on uranium, anticipates uranium demand will grow 21.7% by 2035[10]. The focus on keeping operating margins high and costs lean should mitigate large spikes in supply, as miners slowly increase production based on contracted utility demand.

FUTURE NUCLEAR REACTORS AND URANIUM REQUIREMENTS

Source: Global X Based on information derived from: World Nuclear Associations (2023, March). World Nuclear power reactors & Uranium Requirements



CONSIDERATIONS FOR INVESTING IN URANIUM

Despite the upside potential of uranium and nuclear power, there are some risks to keep in mind. In the past, nuclear technologies have caused a number of political, environmental and social issues. The 1986 Chernobyl and 2011 Fukushima nuclear disasters live on in memory for many around the world and brought the safety of nuclear into question. Technological advancements have increased the scalability and safety of nuclear power, however negative perceptions around nuclear and its use in weaponry linger – particularly in the face of geopolitical tensions.

In 2017, the United Nations Treaty on the Prohibition of Nuclear Weapons (TPNW) was enacted to ban nuclear weapon activities, with the ultimate goal to completely eliminate them[11]. As a result of the treaty, the nuclear weapon industry saw investment inflows drop by US$63 billion in 2021 compared to 2019, according to a study by the International Campaign to Abolish Nuclear Weapons (ICAN) and PAX[12].

Additionally, Uranium mining can have adverse effects on the environment and people's health, according to the US National Institutes of Health (NIH)[13]. The NIH highlights three categories of concern.

- Mine site and miner health and safety. Noting, uranium miners more likely to succumb to "multifactorial health hazards" including lung and other forms of cancer[14].
- Health and safety of people in the immediate vicinity who might be affected by spread of radioactivity.
- Global health and environmental effects of increasing background radiation and water contamination.

When investing in uranium it is important to weigh up these potential concerns and whether this type of investment aligns with one's risk profile.

HOW TO USE ATOM IN A PORTFOLIO

- To express a medium to long-term view on demand for uranium as the key commodity for the increasing adoption of nuclear power.
- As a tool to help mitigate high idiosyncratic risks of holding individual uranium miner stocks.

HOW ATOM WORKS

- ATOM tracks the Solactive Global Uranium & Nuclear Components Total Return Index.
- Companies which qualify for the index are categorised as 'pure-play' (a significant part of the company's current or future revenue must be generated from operations in the uranium industry) or 'non-pure play' (business operations and revenue are related to the uranium industry).
- Constituents must pass a verification process which checks publicly disclosed information to ensure there is revenue source transparency.
- Controversial weapon screen removes companies involved with nuclear weaponry such as nuclear weapons and depleted uranium, to mitigate unsystematic risks.
- The index is weighted by ranking eligible companies on the lower of either their free float market capitalisation or their average daily trading value multiplied by 2000.
- Individual pure-play companies can have a maximum weighting of 22.5%.
- The total index allocation to pure-play companies with an individual weight of 5% or more is capped at 47.5%. All subsequent pure-play companies are capped at 4.75% or below.
- Individual non-pure play companies can have a maximum weighting of 2%, with a maximum of 15 companies to be included in the index.
- Rebalancing occurs quarterly on the last business day of January, April, July and October.

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For more information on Global X Uranium ETF (ASX Code: ATOM), please speak to Global X ETFs.

Client Services

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[1] GE Hitachi Nuclear Energy. (n.d.) Nuclear power basics. General Electric. Accessed on April 19, 2022.

[2] World Nuclear Association. (2021, September). Economics of nuclear power.

[3] World Nuclear Association. (2021, September). Economics of nuclear power.

[4] Krikorian, S. (2020, January 1). Preliminary nuclear power facts and figures for 2023. International Atomic Energy Agency.

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[6] International Atomic Energy Agency. (2021). Nuclear power reactors in the world: 2021 edition. Reference Data Series No, 2, Vienna.

[7] GE Hitachi Nuclear Energy. (n.d.) Nuclear power basics. General Electric. Accessed on April 19, 2022.

[8] (World Nuclear Association, 2023) https://world-nuclear.org/information-library/nuclear-fuel-cycle/mining-of-uranium/world-uranium-mining-production.aspx

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[12] ICAN. (n.d.). $63 billion drop in investments: New report shows impact of nuclear weapons ban treaty on nuclear weapons business. [online] Available at: https://www.icanw.org/63_billion_usd_drop_in_nuclear_weapons_investments.

[13] Dewar, D., Harvey, L. and Vakil, C. (2013). Uranium mining and health. Canadian Family Physician, [online] 59(5), pp.469–471. Available at: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3653646/#:~:text=Uranium%20mining%20has%20widespread%20effects.

[14] Rathod, A.M., Verpaele, S., Kelvin, M., Sullivan, K.V. and Leybourne, M.I. (2022). Uranium: an overview of physicochemical properties, exposure assessment methodologies, and health effects of environmental and occupational exposure. Environmental Geochemistry and Health. doi:10.1007/s10653-022-01293-x.

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