



BUGG

Global X Cybersecurity ETF



Cybersecurity is not a feature, it's the future.

Thematic Growth — Disruptive Technology

FUND DETAILS

ASX Code	BUGG
Bloomberg Code	BUGG AU Equity
IRESS Code	BUGG.AXW
Benchmark	Indxx Cybersecurity Index
Mgt. Fee (% p.a.)*	0.47
Rebalance Frequency	Semi-Annual
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.

INTRODUCING BUGG

The Global X Cybersecurity ETF, often referred to as BUGG, seeks to invest in companies that stand to benefit from the increased adoption of cybersecurity technology, particularly those whose principal business is in the development and management of security protocols preventing intrusion and attacks to systems, networks, applications, computers, and mobile devices. BUGG aims to provide investment results that correspond generally to the price and yield performance, before fees and expenses, of the Indxx Cybersecurity Index.

DID YOU KNOW?

- Cybercrime and hacking are a US\$300 billion industry.²
- Widespread cybercrime is the fifth most pressing concern for the global economy in 2023, only behind the energy crisis, cost of living, inflation, and food supply, according to the World Economic Forum.³
- BUGG has minimal overlap with the S&P 500 and Nasdaq 100, with only five companies appearing across all three indices, as of 30 June 2023.

WHAT IS CYBERCRIME AND CYBERSECURITY?

Cybersecurity companies are specialised businesses with a goal to protect their clients from cybercrimes, data breaches and malicious attacks. They design solutions to safeguard organisations' hardware, software and data.

Cybersecurity has been evolving alongside the internet for decades. Its adoption has not been as widespread. So, while we are more connected than ever before, these connections are vulnerable to being exploited by cyber threats. For instance, during the Covid-19 pandemic, when lockdowns forced more businesses online, there was a notable spike in the number of reported cybercrimes. This is a world-wide phenomenon, but in Australia, largescale cyberattacks are becoming more prolific. In 2023 it was recorded that there are 2,200 cyber attacks per day, with a cyber attack happening every 39 seconds on average. In the US, a data breach costs an average of \$9.44M⁴.

CYBERSECURITY IS A NECESSITY AND OPPORTUNITY

There is a growing incentive for individuals, organisations and governments to invest in cybersecurity as the amount, severity and cost of cyberattacks are predicted to increase. A survey by PwC suggests in 2024, 79% of organizations will be increasing their cybersecurity budgets⁵. Similarly, government intervention and regulation are another key factor driving more capital towards cybersecurity, with nations such as the US, Japan and Israel creating specific policies to manage cyber threats. Looking ahead, there are several structural megatrends in disruptive technologies that stand to benefit from the cybersecurity industry, including the cloud, artificial intelligence, and digital assets. Ultimately, this points to significant upside potential for the broad cybersecurity industry and revenue growth.

KEY FEATURES



Prolific Cybercrime Creates Opportunity

Increasing reliance on digital ecosystems has left individuals, businesses, and governments vulnerable to the exponential rise of cyber threats.



Demand Powers Growth Potential

The Cybersecurity Market size is estimated at USD 203.78 billion in 2024, and is expected to reach USD 350.23 billion by 2029¹.



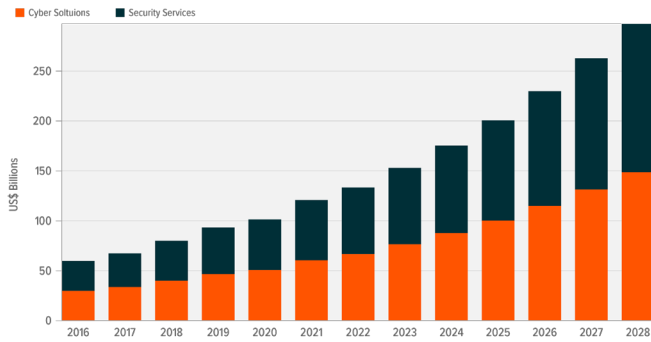
Industry-Leading Companies

Significant exposure to global pure-play companies that have at least 50% revenue derivation from cybersecurity activities – resulting in minimal overlap with broad indices such as the S&P 500 and Nasdaq 100.



GLOBAL REVENUE FROM CYBERSECURITY TO 2028

Source: Statista as of March 2023.*Noting 2023 to 2028 are estimated revenue only.



HOW TO USE BUGG IN A PORTFOLIO

- As a satellite exposure to gain exposure to growing demand and investment in the cybersecurity industry.
- As a thematic tilt towards megatrends, including digitalisation and online connectivity.
- To diversify exposure away from major technology stocks in the S&P 500 and Nasdaq 100.

HOW BUGG WORKS

The Indxx Cybersecurity Index is designed to provide exposure to companies which generate at least 50% of revenue from cybersecurity activities, including but not limited to the development and management of security protocols preventing intrusion and attacks to systems, networks, applications, computers, and mobile devices. There can be a maximum of 40 companies in the index, each capped at a 6% weight and a minimum of 0.3%. Companies are weighted according to their market capitalisation (minimum of US\$200 million). The index is rebalanced, and distributions are paid semi-annually.

CONSIDERATIONS FOR INVESTING IN BUGG

- BUGG invests primarily in companies focused on the cybersecurity industry and, as such, is particularly sensitive to risks affecting those types of companies. Cybersecurity companies may have limited product lines, markets, financial resources, or personnel. They typically face intense competition and potentially rapid product obsolescence, can be adversely impacted by government regulations and actions, and may be subject to additional regulatory oversight regarding privacy concerns and cybersecurity risk.
- Market or economic factors impacting cybersecurity companies and companies that rely heavily on technology advances could influence the value of BUGG's investments.
- Concentration risk to a particular stock could adversely impact the Net Asset Value of the Fund, in the case of decline in the value of any stock to which the Index, and therefore the Fund, is exposed.

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

Client Services

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[1] (Mordor Intelligence, 2024) <https://www.mordorintelligence.com/industry-reports/cyber-security-market>

[2] INSUREtrust. (2023). Cybersecurity: Hacking Has Become a \$300 Billion Dollar Industry. Available here: <https://insuretrust.com/2019/01/14/cybersecurity-hacking-has-become-a-300-billion-dollar-industry/>

[3] World Economic Forum. (2023). The Global Risks Report 2023. Available here: https://www3.weforum.org/docs/WEF_Global_Risks_Report_2023.pdf

[4] (Astra, 2024) <https://www.getastra.com/blog/security-audit/cyber-security-statistics/#:~:text=Cybersecurity%20statistics%20indicate%20that%20there, cost%20%248%20trillion%20by%202023.>

[5] (Tech Target, 2023) <https://www.techtarget.com/searchsecurity/feature/Cybersecurity-budget-trends>

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Information current as at 31 January 2024.