PLUS Korea Defense Industry Index ETF

Ticker: KDEF

01. Investment Highlights

PLUS Korea Defense Industry Index ETF (KDEF)

National Defense Highlighted in Trump 2.0 Era

- Rising Geopolitical Risks Highlight National Defense
- Trump 2.0: The Arms Race Intensifies

K-Defense Expands to the U.S. Market

- Hanwha Aerospace's 'K9 SPH', LIG D&A's 'Poniard', etc.
- Driving Growth with US Navy MRO & Future KAI Orders
- U.S. Market Entry Validates K-Defense Excellence

K-Defense Boom to Continue in 2026

- 'Cost-effectiveness' & 'Fast Delivery' as Competitive Edge
- Strong Momentum from Increasing Orders & Profit Growth

02. The Global Defense Industry Landscape

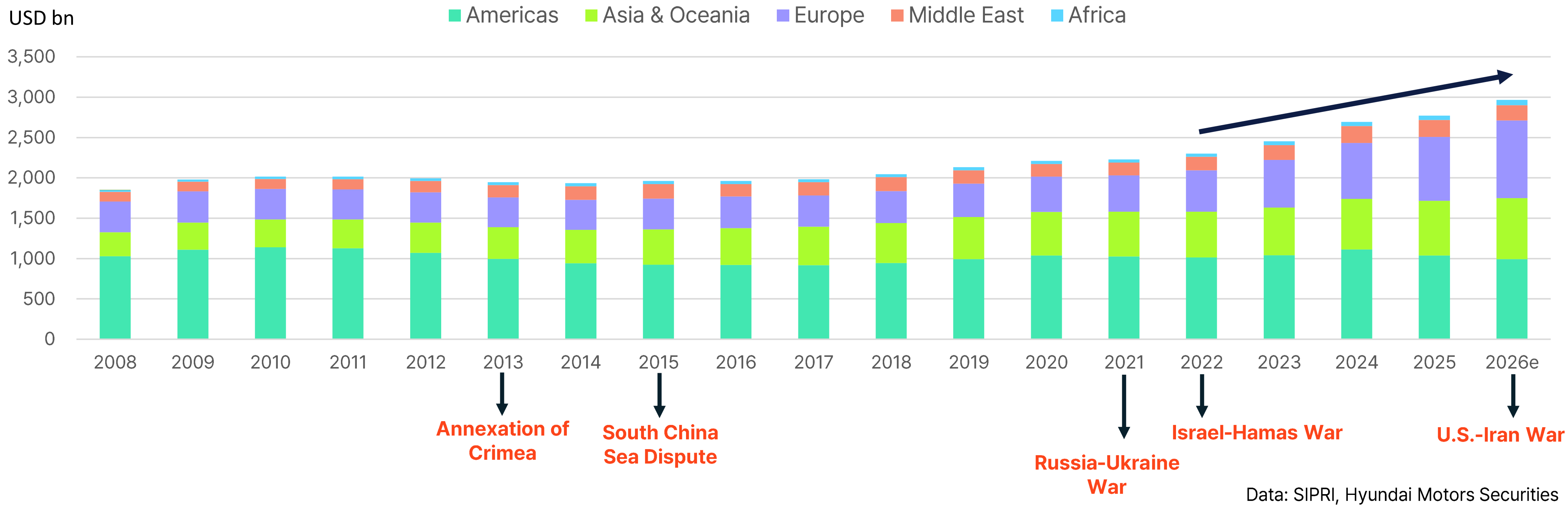
+ National Defense: No Longer a Choice, But a *Necessity*

+ Rising geopolitical risks **highlight the importance of national defense**

+ Trump's return accelerates defense buildups worldwide — NATO agreed to lift spending to 5% of GDP

+ Europe's defense spending surge is spreading to the Middle East, Asia and South America

Global Defense Spending Trends



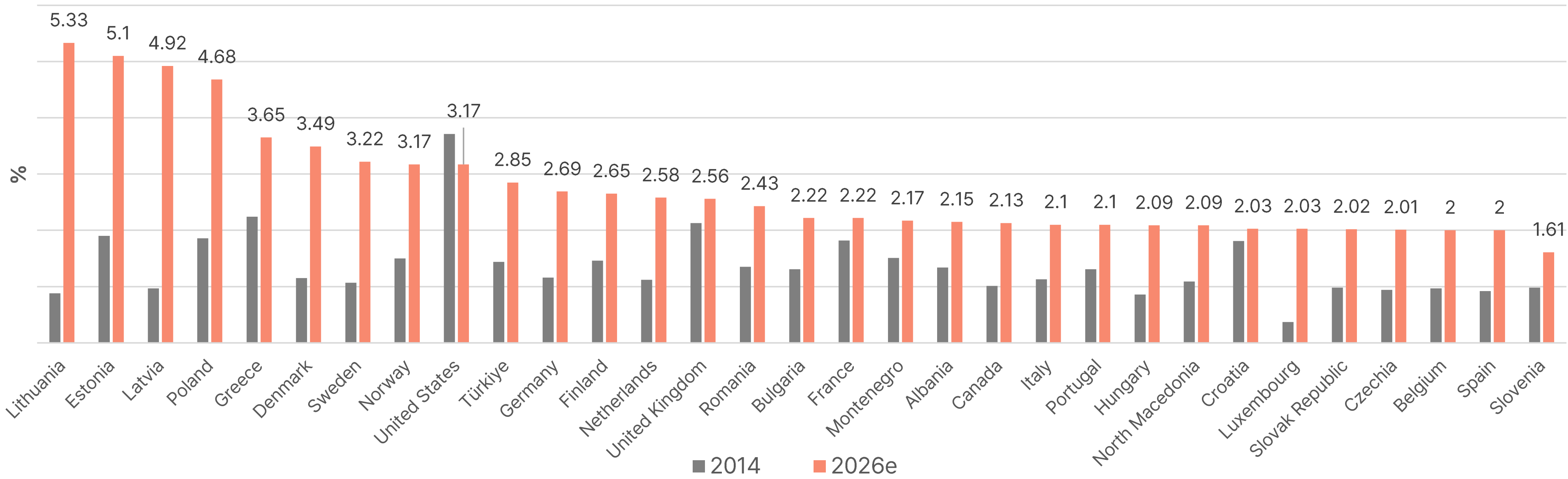
Data: SIPRI, Hyundai Motors Securities

+ Trump 2.0: The Arms Race Intensifies

+ NATO allies pledged a 5%-of-GDP defense target by 2035 at the Hague Summit (Jun 2025), under U.S. pressure

+ Rising defense needs in Eastern & Northern Europe — a key growth driver for K-Defense

Trump Demands NATO to Spend Up to 5% of GDP for Defense



Data: NATO(https://www.nato.int/content/dam/nato/webready/documents/finance/def-exp-2026-en.pdf)

+ K-Defense Industry Rising Amid US-China Arms Race

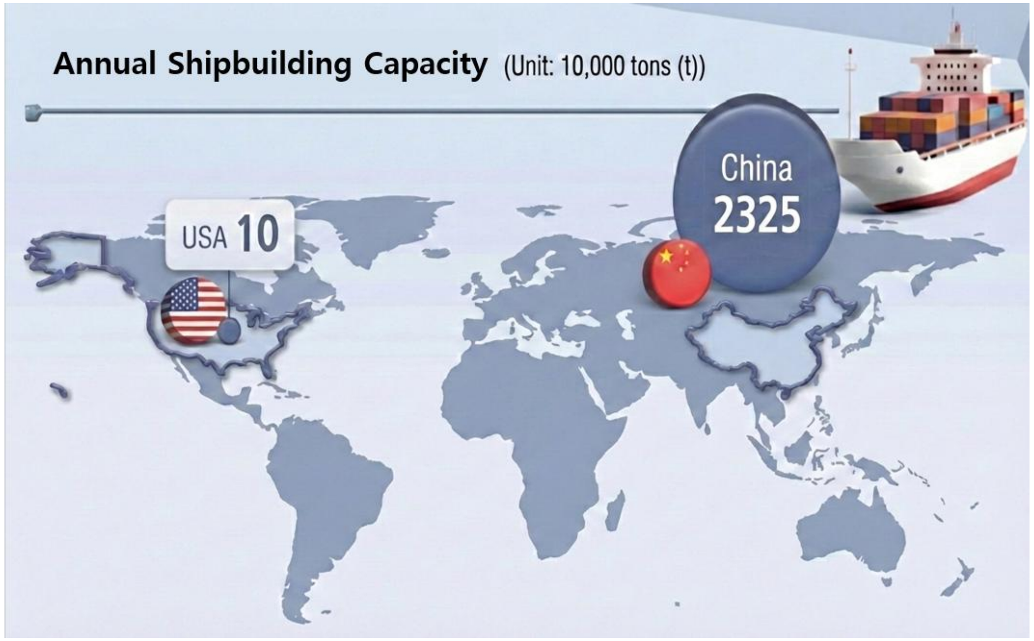
+ Trump pledged to **'Build the Strongest Military in History'**– signaling his vision for military strength

+ K-Defense solidifies its status as Key Partner for Trump 2.0's '355-Ship Fleet' Plan*

* 355-Ship-Fleet: U.S. Navy goal of 355 battle force ships (2016 Force Structure Assessment, reaffirmed under Trump); Current fleet approx. 290.

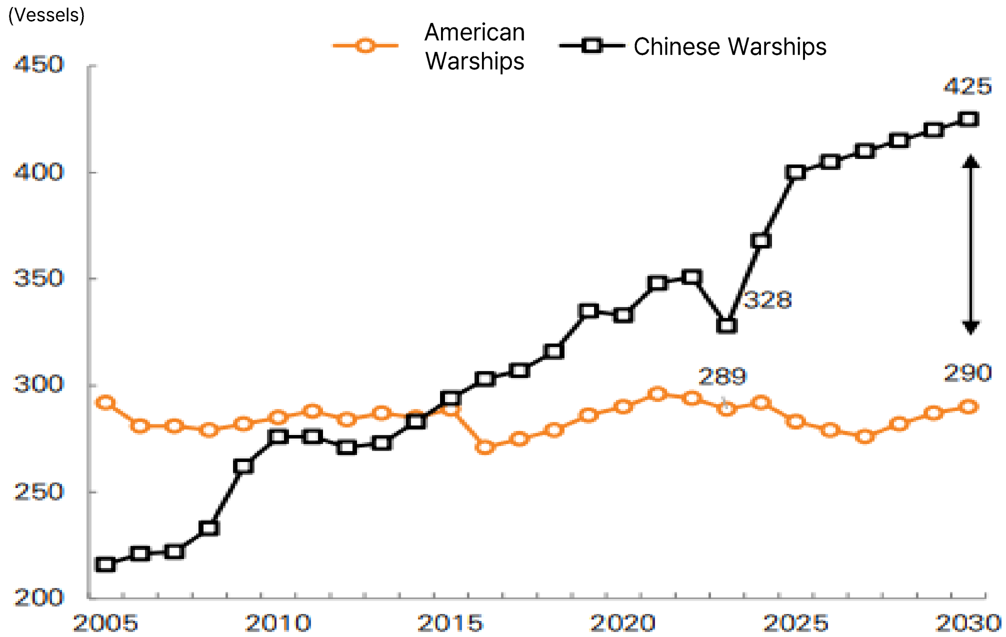
+ The U.S. military in need to collaborate with K-Defense especially to surpass China in naval power

Comparison of U.S and Chinese Shipbuilding Capacity



Source: Herald Business, CRS, Mirae Asset Securities Research Center

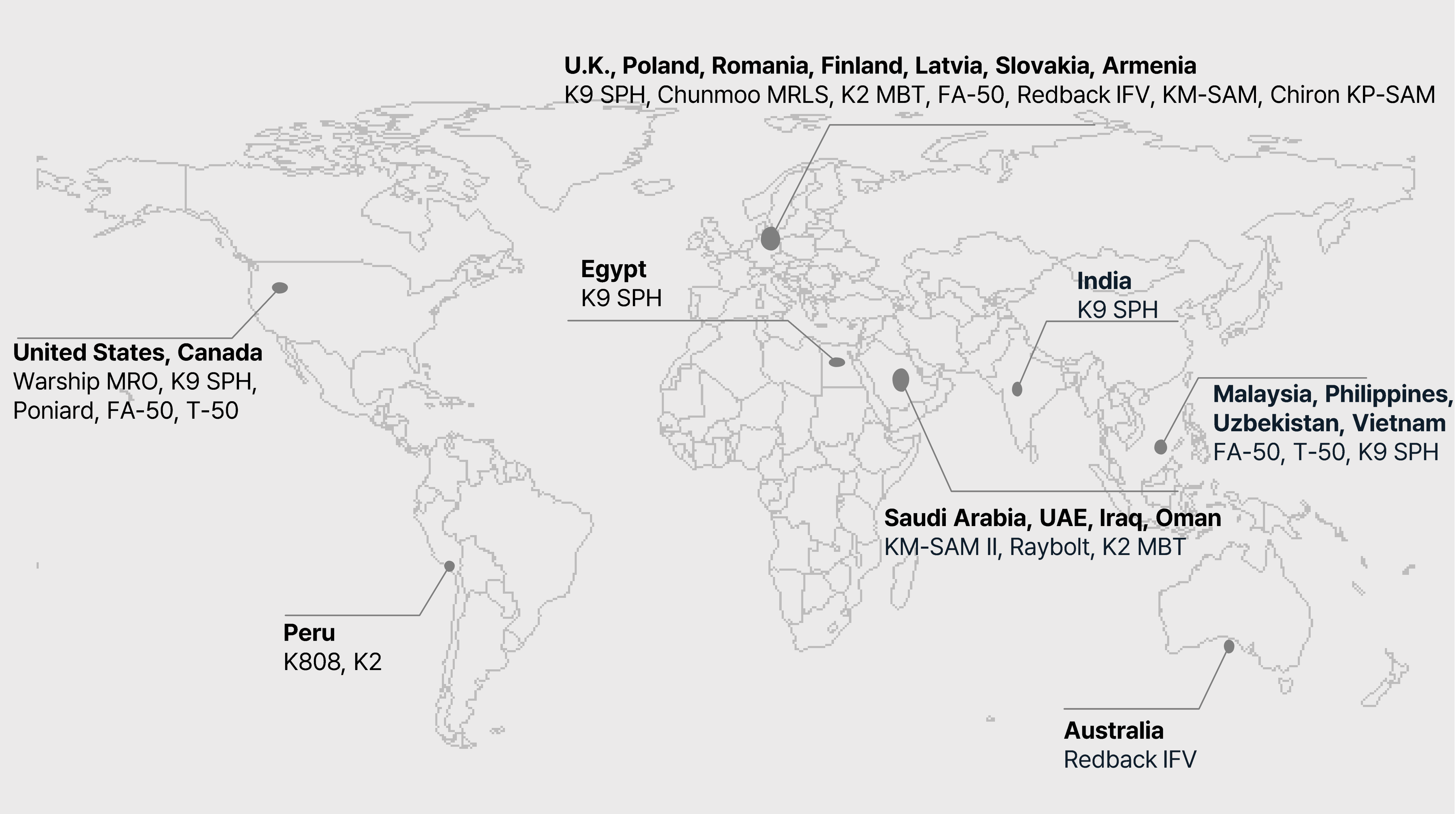
Comparison of U.S. and Chinese Naval Warship Numbers



Data: CRS, Mirae Asset Securities Research Center

03. Global Competitiveness of K-Defense Industry

+ Global Expansion of K-Defense Exports



+ 2026, K-Defense to Enter the “Big Leagues”

+ K-Defense highlighted as an essential partner for the U.S. Defense Supply Chain

+ Hanwha Ocean: 5 U.S. Navy MRO wins since 2024

+ LIG D&A: 'Poniard' passed the U.S. FCT* — building a U.S. supply chain for future exports

* FCT (Foreign Comparative Testing): A foreign comparative testing program operated by the U.S. Department of Defense and a technology evaluation for procuring excellent foreign defense products not produced in the U.S.

+ Expansion to the U.S. market is a strong catalyst for K-Defense growth

Hanwha Ocean's U.S. Navy MRO Business

Data: Hanwha Ocean Corp.

LIG D&A's 'Poniard', First to Pass the U.S. FCT

Data: DAPA YouTube

+ K-Defense Under Global Spotlight

+ Reasons for global fascination with K-Defense: **① Pricing Advantage & ② Fast Delivery**

+ Development, localization, and mass production of defense technologies lead to cost effectiveness

+ Long-term expertise, seamless supply-chain management enables fast delivery

+ Exports continue to many countries (i.e. Europe, Middle East), recently adding Latin America

K-Defense Delivers First Batch for Poland in Just 3 Months

Data: Media report

K-Defense Industry's Strength in Cost-Effectiveness

K-Defense Industry	Weapon Systems	Competitors
K9 SPH KRW 5 billion	Self-Propelled Howitzer	Germany PzH2000 KRW 10 billion (2.0x)
K2 MBT KRW 8 billion	Main Battle Tank	Germany Leopard 2A7 KRW 16 billion (2.0x)
Chunmoo MRLS KRW 3 billion	Multiple Rocket Launcher	U.S. HIMARS KRW 5 billion (1.7x)
FA-50 KRW 30 billion	Light Combat Aircraft	Italy M-346FA KRW 40 billion (1.3x)

Data: CRS, Mirae Asset Securities Research Center

+ Structural Profitability, Not a One-Off

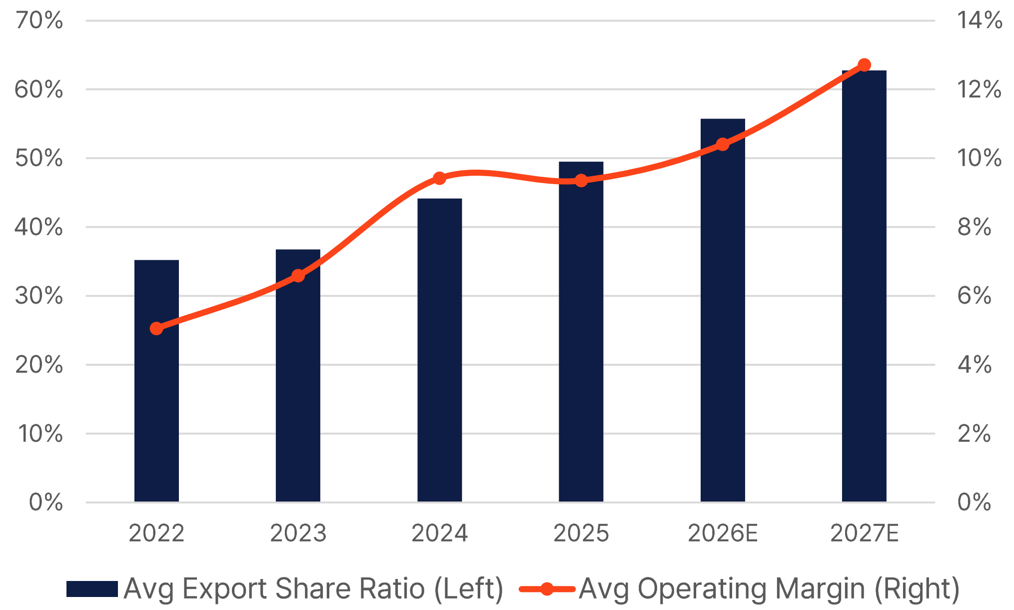
+ Export share doubles from 35% (2022) to 63% (2027E), lifting **operating margin from 5.1% to 12.7%**

+ High-margin export projects (Poland, Romania, Middle East) now in revenue recognition

+ Margin lead over Global Primes* widens to **+2.4%p by 2027E** (12.7% vs. 10.3%)

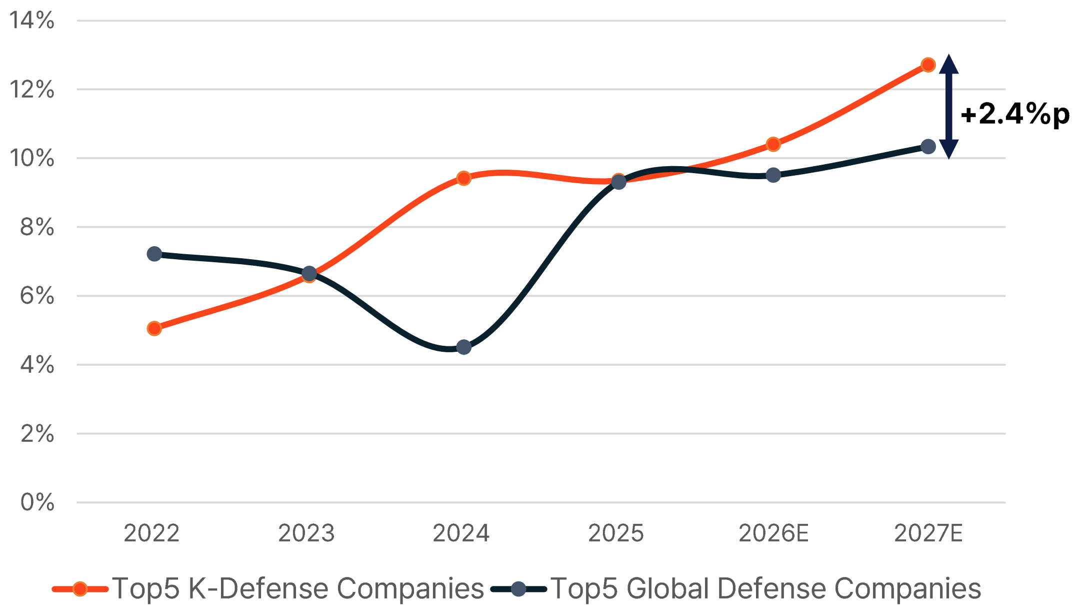
*Lockheed Martin, RTX, Northrop Grumman, Boeing, General Dynamics

Operating Margins Rising with Export Share (Since 2022)



Data: Bloomberg

Operating Margin: Top 5 K-Defense vs. Global Primes



Data: Bloomberg

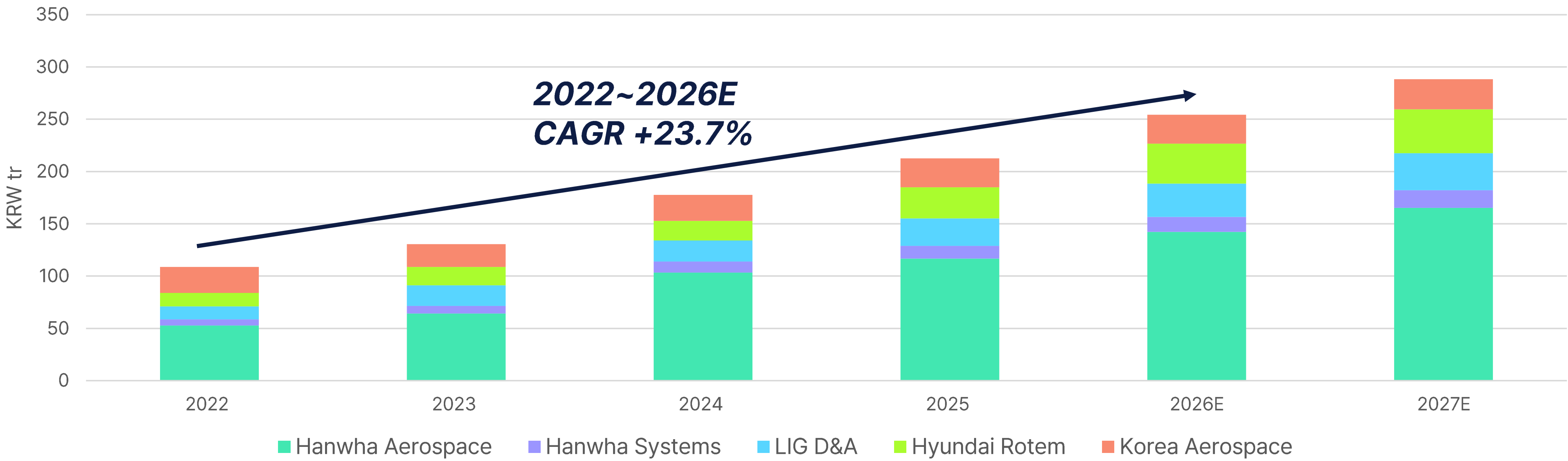
+ Order Backlog Hits a Record High

+ Top 5 K-Defense firms' backlog to reach **KRW 254tn** by 2026E (4Y CAGR +23.7%)

+ Backlog more than doubled from **KRW 109tn** in 2022 (+134%)

+ Growth extends into 2027E at **KRW 288tn,** with backlog rising every year since 2022

Order Backlog of Top 5 K-Defense Firms: 4Y CAGR of +24%



Data: Bloomberg

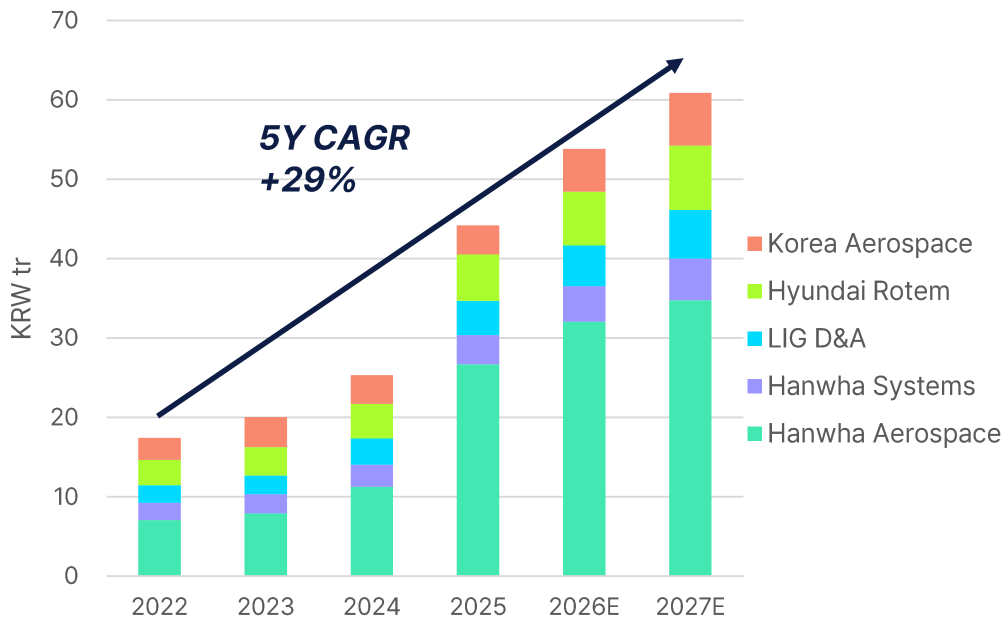
+ K-Defense Outlook Remains Strong for 2026

+ Revenue triples from KRW 17tn (2022) to KRW 53tn (2026E), reaching KRW 61tn in 2027E

+ Combined EBITDA to reach **KRW 8.4tn in 2026E, 5.6x the 2022 level,** with growth outpacing revenue

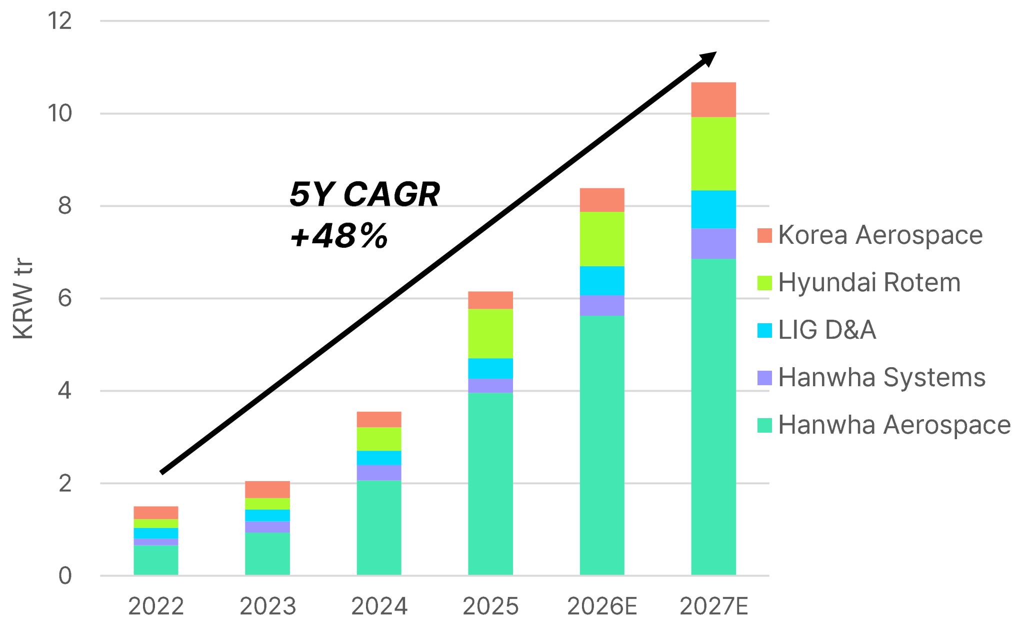
+ Backlog converting into earnings as high-margin exports are recognized

Revenue of Top 5 K-Defense Firms



Data: Bloomberg

EBITDA of Top 5 K-Defense Firms



Data: Bloomberg

04. Leading Firms in the K-Defense Industry

+ Hanwha Aerospace, *the Lockheed Martin of Korea*

+ A comprehensive defense group covering land, sea and air — ground systems to aerospace engines

+ The **'K9 SPH'** — No.1 in SPH export market with a ~52% share, operated by 11 countries (1,700+ units)

+ Other flagship exports: **'Redback' IFV** to Australia (~KRW 3.2tn), **'Chunmoo' MLRS** to Poland (~KRW 5.6tn)

+ Sole winner of the U.S. Army's Mobile Tactical Cannon prototype contract (up to USD 263mn)[1]

'K9' SPH, Global Best-Selling Self-Propelled Howitzer

Data: Hanwha Aerospace

'Chunmoo' MLRS, Large-Scale Contract in Place with Poland

Data: Hanwha Aerospace

+ Korea Aerospace Industries (KAI), *Unlocking Unlimited Potential*

+ Korea's sole aircraft system developer — military & civil aircraft and helicopters

+ **FA-50** light combat aircraft exported to Iraq(24), Poland(12+36), Malaysia(18) and the Philippines(12+12)

+ **KF-21** as the next leg: first production deliveries in 2026, Indonesia export contract (~48) in final negotiation

'FA-50' LCA, KAI's Signature Product

Data: Korea Aerospace Industries

'KF-21', Korea's Next-Generation Fighter

Data: Korea Aerospace Industries

+ LIG Defense&Aerospace, *Steadily Preparing for the Future*

+ A leader in advanced weapon systems — specializes in air-defense interception systems & guided missiles
+ Secured contracts with UAE, Saudi Arabia, Iraq — expanding into Europe via a joint venture with *Rheinmetall*
+ 2.75-inch guided rocket **'Poniard' (Bigung)** passed U.S. FCT; establishing a U.S. subsidiary for market entry
+ Expanding unmanned systems via *Ghost Robotics* (60% stake acquired in 2024)

'Poniard', Passed the U.S. FCT

Data: LIG D&A

'Vision 60' by Ghost Robotics, a subsidiary of LIG D&A

Data: Ghostrobotics

+ Hyundai Rotem, *Building on Success in Poland*

+ Manufacturer of the **'K2 Black Panther'** — South Korea's flagship main battle tank

+ Record 2025 results on stable K2 deliveries to Poland; EC2 (180 units) revenue recognition underway

+ Expanding to South America & the Middle East — Peru(54) agreement signed, Iraq negotiations in progress

+ Advancing the **'HR-Sherpa'** multipurpose UGV through R&D synergy with *Hyundai Motor Group*

Hyundai Rotem's K2 MBT

Data: Hyundai Rotem

Hyundai Rotem's HR-Sherpa UGV

Data: Hyundai Rotem

+ Hanwha Ocean, *Key Partner for the U.S. Navy Rebuild*

+ Korea's leading naval shipbuilder — submarines, surface combatants and support vessels

+ First Korean shipbuilder to execute U.S. Navy MRO projects — building a track record combat-ship MRO

+ Acquired **'Philly Shipyard'** (2024) to establish a U.S. production base and meet 'Made in USA' requirements

+ Won the KDDX next-gen destroyer contract (Jul 2026, KRW 838bn) — lead ship delivery by 2032

U.S. Navy logistics support ship arrives at Hanwha Ocean yard for MRO

Data: Hanwha Ocean

Philly Shipyard, located next to the Philadelphia Navy Yard

Data: Hanwha Ocean

PLUS ETF

05. KDEF ETF

Fund Facts	
Fund Name	PLUS Korea Defense Industry Index ETF
Ticker	KDEF
CUSIP	30151E491
Investment Objectives	The PLUS Korea Defense Industry Index ETF seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Korea Defense Industry Index
Exchange	NYSE Arca
Underlying Index	The Korea Defense Industry Index
Number of Holdings	20
Index Provider	Hanwha Asset Management Co., Ltd.
Index Administrator	Akros Technologies, Inc.
Total Expense Ratio	0.65% per annum
Currency Hedge	Unhedged
Adviser	Exchange Traded Concepts, LLC
Rebalancing	4 times a year (quarterly) (Performed 3 business days (D+3) after the last trading day (D) of each quarter and reflected at the start of D+4)
Inception Date	Feb. 5, 2025

※ Data as of Jul 31, 2026

As of Jul 31, 2026

Sector/Industry Breakdowns

Industrials	72.93%
Aerospace & Defense	48.55%
Construction Machinery & Heavy Transportation Equipment	21.63%
Industrial Machinery & Supplies & Components	2.75%
Consumer Discretionary	15.48%
Materials	5.69%
Information Technology	3.02%
Health Care	2.67%
Cash & Other	0.22%
	100.00%

Top 10 Holdings

HANWHA AEROSPACE CO LTD	21.08%
HYUNDAI ROTEM CO LTD	8.12%
LIG NEX1 CO LTD	7.27%
KOREA AEROSPACE INDUSTRIES LTD ORD	7.07%
POONGSAN CORP	5.69%
SAMHYUN ORD	4.72%
SNT MOTIV CO LTD	4.68%
SNT DYNAMICS CO LTD	4.48%
SK OCEANPLANT CO LTD	4.26%
SATREC INITIATIVE CO LTD	3.53%
	70.90%

Holdings are subject to change. Current and future holdings subject to risk.

Country Breakdowns

South Korea	100.0%
	100.0%

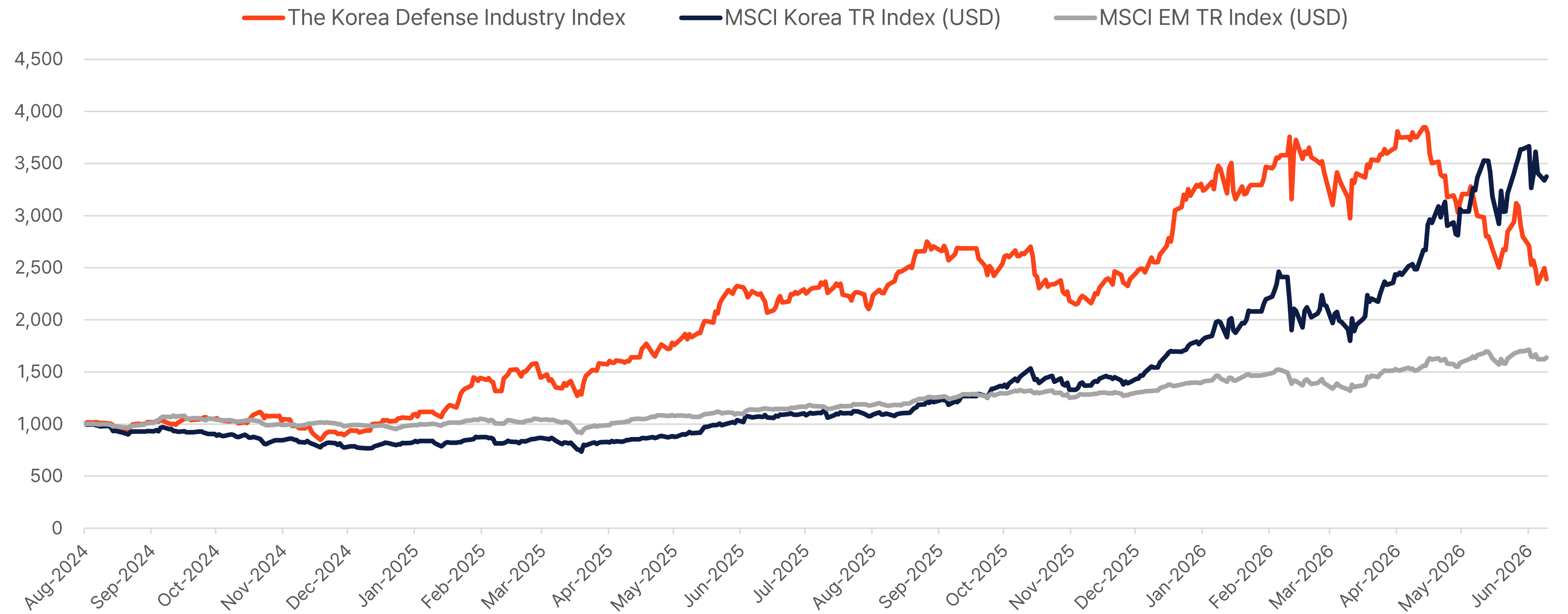
Fund's Performance

As of Jul 31, 2026	1M	3M	6M	YTD	1Y	Since Inception Annualized	3Y	5Y
Fund NAV	-5.18%	-39.43%	-34.89%	-12.89%	-6.12%	+56.81%	TBD	TBD
Market Price	-12.30%	-44.96%	-38.38%	-19.05%	-11.09%	+49.99%	TBD	TBD

Inception Date: Feb 5, 2025

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the original cost. Returns for periods of less than one year are not annualized. Performance data for the most recent month-end is available above. The market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates current NAV per share, and do not represent the returns you would receive if you traded shares at other times. NAVs are calculated using prices as of 4:00 PM Eastern Time.

+ Index's Performance Comparison



	1-month	3-month	6-month	YTD	1-year
The Korea Defense Industry Index	-20.25%	-19.68%	-6.43%	-6.43%	6.60%
MSCI KOREA TR Index (USD)	0.33%	76.68%	118.62%	118.62%	214.64%
MSCI EM TR Index (USD)	-1.36%	22.84%	24.19%	24.02%	44.18%

※ As of Jun 30, 2026

Data: Bloomberg. The performance data quoted represents past performance. Past performance does not guarantee future results. Index returns are for illustrative purpose only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

Index Definitions:

The Korea Defense Industry Index: The index is designed to track the performance of South Korean companies that have demonstrated high relevance to defense ("Korea Defense Companies"). Under normal circumstances, the fund invests at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in securities comprising the index.

MSCI KOREA TR Index (USD): The MSCI Korea Index is designed to measure the performance of the large and mid cap segments of the South Korean market. With 92 constituents, the index covers about 85% of the Korean equity universe. The MSCI Korea Index was launched on Mar 31, 1989.

MSCI EM TR Index (USD): The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,250 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Emerging Markets Index was launched on Jan 01, 2001.

Risk Disclosure and Important Information

Carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and additional information can be found on the Fund's full or summary prospectus, which may be obtained at www.plusetf.com. Read the prospectus carefully before investing.

Investing involves risk, including possible loss of principal. There is no guarantee the Fund will achieve their stated objectives. In addition to the normal risks associated with investing, international investments may involve the risk of capital loss from unfavorable fluctuation in currency values, differences in generally accepted accounting principles or social, economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. The Fund's concentration in an industry or sector can increase the impact of, and potential losses associated with, the risks from investing in those industries/sectors.

The Fund's concentration in a single country or a limited number of countries will increase the impact of, and potential losses associated with, the risks from investing in those countries.

The Fund is non-diversified. The Fund is new and has a limited operating history for investors to evaluate. A new and smaller fund may not attract sufficient assets to achieve investment and trading efficiencies. In addition to the normal risks associated with investing, investments in smaller companies typically exhibit higher volatility.

The Fund may invest in securities denominated in foreign currencies. Because the Fund's NAV is determined in U.S. dollars, the Fund's NAV could decline if currencies of the underlying securities depreciate against the U.S. dollar or if there are delays or limits on repatriation of such currencies. Currency exchange rates can be very volatile and can change quickly and unpredictably.

The Fund is a recently organized investment company with no operating history. As a result, prospective investors have no track record or history on which to base their investment decision. Moreover, investors will not be able to evaluate the Fund against one or more comparable funds on the basis of relative performance until the Funds has established a track record.

The Fund invests in securities denominated in South Korean won. Investments denominated in non-U.S. currencies and investments in securities or derivatives that provide exposure to such currencies, currency exchange rates or interest rates are subject to non-U.S. currency risk. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the Fund's investment and the value of your Fund shares. Because the Fund's net asset value is determined on the basis of U.S. dollars, the U.S. dollar value of your investment in the Fund may go down if the value of the local currency of the non-U.S. markets in which the Fund invests depreciates against the U.S. dollar. This is true even if the local currency value of securities in the Fund's holdings goes up. Conversely, the U.S. dollar value of your investment in the Fund may go up if the value of the local currency appreciates against the U.S. dollar.

The Fund is distributed by Foreside Fund Services, LLC and Exchange Traded Concepts, LLC serves as the investment advisor of the funds. Foreside Fund Services, LLC is not affiliated with Exchange Traded Concepts, LLC or any of its affiliates.

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