



WisdomTree Asia Defence UCITS ETF



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The WisdomTree Asia Defence UCITS ETF offers investors targeted exposure to Asia Pacific (ex-China) defence companies. By focusing on this under-represented theme, the exchange-traded fund (ETF) aims to capture a rising cycle of defence investment, that mirrors the one in Europe, as governments expand budgets and strengthen domestic capability. It is positioned for growth supported by sustained security pressures and long-term strategic priorities, with a focus on companies with meaningful defence revenues and the closest link to Asia's defence cycle.

Structural forces driving Asia defence

Asia's defence build-out is becoming structural. Security risks are rising and readiness is staying high. Governments are turning this into multi-year spending plans and a stronger domestic industrial base. Defence industrial policy is accelerating local production, sustainment and supply chains across the region. Four forces stand out:

- + **Geopolitical tension:** Asia's security environment is more confrontational. Multiple flashpoints keep readiness high. Tensions around the Taiwan Strait, the Korean Peninsula and the India-Pakistan border make defence a long-term budget priority. This supports sustained demand for equipment, sustainment and critical systems.

- + **Strategic autonomy:** As the US refocuses, allies are carrying more of their own security burden. Self-reliance is moving from ambition to policy. Local production is redirecting defence spend toward domestic manufacturers. Although exports remain sensitive to regulation and geopolitics, South Korea targets becoming the world's fourth-largest defence exporter by 2030, combining local capability with export momentum. India's Atmanirbhar Bharat agenda aims to deepen local content, with a target of INR 3 trillion in defence production by 2029¹.
- + **Structural spending shift:** Budgets across the Asia-Pacific have been rising faster than global averages, and spending plans are increasingly multi-year. Japan illustrates how policy shifts are locking in a multi-year spending cycle. After decades with defence spending around 1% of GDP, it revised key security documents and set a goal to lift spending to 2% of GDP by FY2027. This underpins a multi-year procurement pipeline and domestic defence industrial capacity.
- + **Cross-sectoral synergy:** Defence spending is moving beyond traditional platforms. Asian defence companies are stepping into next-generation capabilities, including unmanned systems, alongside artificial intelligence (AI), cyber and space. This broadens the theme beyond platforms into electronics and software. Competition is intense and standards evolve quickly, which can affect adoption and margins.

Index methodology overview

The WisdomTree Asia Defence UCITS ETF aims to replicate the WisdomTree Asia Defence UCITS Index, which is designed to track the performance of Asian Pacific (ex-China) companies primarily involved in the defence industry. This focus results in more concentrated exposure to Asia as a region, which may increase volatility versus broader global equity strategies.

Eligible constituents must conduct their primary business activities and be listed in one of the eligible markets², and must meet investability screens such as minimum market capitalisation (US \$200m) and three-month median daily traded volume (US\$1m). To maintain thematic purity, companies must derive at least 10% of revenue from defence activities.

The Index seeks to exclude companies that are involved in certain controversial weapons, such as anti-personnel mines, cluster munitions, chemical and biological weapons, depleted uranium weapons and white phosphorus weapons and those that support nuclear weapons programs to states outside the Treaty on the Non-Proliferation of Nuclear Weapons (commonly known as the Non-Proliferation Treaty or "NPT").

¹ Source: Press Information Bureau (PIB), 20/11/2025

² The eligible markets include Australia, Japan, Singapore, India, Indonesia, Korea, Malaysia, the Philippines, Taiwan and Thailand.

Each selected company is assigned an Exposure Score from 1 to 3 based on the revenue exposure to defence activities.

- + **Exposure Score 3:** companies with > 50% revenue exposure to defence activities
- + **Exposure Score 2:** companies with 25% to 50% revenue exposure to defence activities
- + **Exposure Score 1:** companies with 10% to 25% revenue exposure to defence activities

The Index is weighted by market capitalisation adjusted by the Exposure Score, subject to the capping and liquidity adjustment criteria. Companies with higher market capitalisation and Exposure Scores are assigned greater weights. The Index is rebalanced on a quarterly basis in March and September.

Capping adjustment: The maximum weight of any security with an Exposure Score 3 is capped at 7.5% and other securities are capped at 4%.

Why the WisdomTree Asia Defence UCITS ETF

- + **Exclusive focus on Asia defence:** The ETF targets Asia Pacific (ex-China) companies directly involved in defence, providing specific exposure to the region compared with global defence allocations.
- + **Pure-play exposure with a revenue-based purity tilt:** Companies must derive at least 10% of revenues from defence activities and are weighted by market capitalisation adjusted by an Exposure Score. This leans the portfolio towards higher-revenue pure players while avoiding diluted conglomerate exposure.
- + **Aligned with structural geopolitical tailwinds:** The strategy is designed to capture policy-driven growth as regional defence spending is supported by national strategies and long-term security commitments that underpin multi-year procurement cycles.
- + **Untapped theme with familiar drivers:** The similar forces driving Europe's defence rally are increasingly visible in Asia. Elevated geopolitical risks, structurally higher budgets and a stronger push for self-reliance as the US refocuses are supporting the case for the theme.

ETF information: WisdomTree Asia Defence UCITS ETF

Ticker	Exchange	ISIN	Bloomberg Code	Listing Currency	Base Currency	TER%
WDAF	LSE	IE000017NMH7	WDAF LN	USD	USD	0.50%
WDAP	LSE	IE000017NMH7	WDAP LN	GBx	USD	0.50%
WDAF	Borsa	IE000017NMH7	WDAF IM	EUR	USD	0.50%
WDAF	Xetra	IE000017NMH7	WDAF GY	EUR	USD	0.50%
WDAF	SIX	IE000017NMH7	WDAF SW	USD	USD	0.50%
WDAF	Paris	IE000017NMH7	WDAF FP	EUR	USD	0.50%

TER: Total Expense Ratio

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