IPDEF: Investment Case for Indo-Pacific Defence ex-China

The uncertain environment has created a sustained increase in defence spending and heightened demand for advanced, future of defence, military capabilities

The Indo-Pacific region includes the countries of Australia, India, Indonesia, Japan, New Zealand, the Philippines, Singapore, South Korea, Taiwan, and Thailand. The region has become an area of rising strategic importance due to China's global military expansion, ongoing tensions in the South China Sea related to uncertainty about Taiwan, and most recently an escalation of tensions between India and Pakistan. NATO, the United States, and its allies have identified the Indo-Pacific region as a top defence priority. This has translated into record-high defence budgets, new joint cooperation frameworks such as AUKUS, the U.S.-Japan (USJF) Alliance, and the U.S.-India TRUST, and a renewed focus on technological innovation and capacity expansion.

The Indo-Pacific defence market constituted 22% of the world's total global defence expenditures in 2024.[1] China's defence spending amounts to 46% of the region's total, followed by India, Japan, and Taiwan, combining for a total of 26%. While currently 65%-70% of its military inventory is foreign-sourced, increasingly, countries such as Japan, Singapore, South Korea, Taiwan, and India are becoming more self-sufficient from an equipment perspective with

[1] Forecast International, Global Snapshot: The Asia Pacific defence Environment, 24 February 2025. https://www.defenceone.com/sponsors/2025/02/glob-al-snapshot-asia-pacific-defence-environment/403229/

the potential to equip other countries in the region. Defence industrial bases of smaller – but growing – capability are also being cultivated in Australia, Indonesia, Malaysia, Thailand, and Vietnam. Ultimately, similar to Europe, the future of Indo-Pacific defence is expected to become a region less dependent on foreign-sourced technologies and equipment, with the potential to partner and supply other nations on a surplus basis.

The case for Indo-Pacific defence exposure is as follows:

- **Rising tensions in the region:**
  Rising geopolitical tensions and perceived threats from China, North Korea, as well as regional disputes are fueling record defence spending in the region.

- **Desire for regional autonomy:**
  Push for expanded regional production and innovation along with reduced foreign dependency.

- **Strategic importance driving investment:**
  Policy and budgetary support from NATO, the U.S., and allies, given the region's strategic importance.

Indo-Pacific defence market

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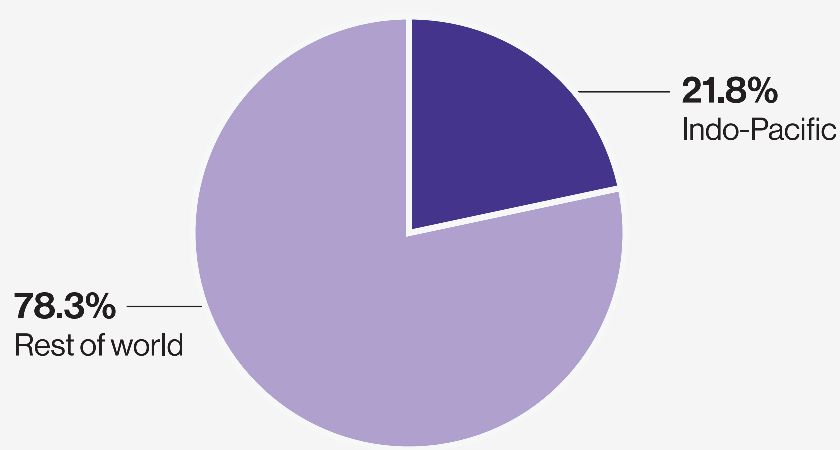
2024 Indo-Pacific vs. Global Defence Spending



Source: Forecast International

[2] Forecast International, Global Snapshot: The Asia Pacific defence Environment, 24 February 2025.

A brief history of Indo-Pacific defence

Military expansion in the Indo-Pacific region has evolved from colonialism to a contemporary contest among superpowers, alliances, and shifting balances of power. The region remains an important focal point for global strategic interests, peace and stability.

Colonial Era and early expansion

- The **Indo-Pacific region** has long been a site of power competition. European colonial empires established military footholds across Asia and the Pacific during the 18th and 19th centuries.
- **U.S. military involvement began in the early 19th century,** with the creation of the Pacific Squadron (1821) and the East India Squadron (1835), which led to the first U.S. military operations in Asia, including punitive expeditions against Sumatran pirates and involvement in the First Opium War.[3]

World War II and aftermath

- During **World War II,** Japan's rapid military expansion across East and Southeast Asia led to major conflicts with Allied powers, culminating in the Pacific War. The U.S. and its allies countered Japanese advances through a series of naval and island campaigns.
- After **Japan's defeat in World War II,** the U.S. emerged as the dominant military power in the region, establishing a network of bases and alliances that persist today.

Cold War and Post-Cold War Era

- The **U.S. maintained and expanded its military presence** in the Indo-Pacific region during the Cold War, countering Soviet and communist influences in support of allies such as Japan, South Korea and Australia.
- The **next decades saw further expansion** of U.S. military involvement in the region with the Korean (1950s) and Vietnam (1960s-1970s) wars.

21st-century rising militarization

In the past two decades, the Indo-Pacific region has experienced accelerating militarization driven by:

China: The People's Liberation Army (PLA) has rapidly expanded and modernized its military capabilities, shifting the regional balance of power and increasing pressure on Taiwan through both conventional and "grey zone" tactics.[4]

United States: After WWII, the U.S. has maintained a significant and enduring presence in the region with permanent installations in Japan, South Korea, and the Philippines. In 2011, the Obama administration announced a plan to "Rebalance to Asia," shifting focus back to the Indo-Pacific region to address China's rise and regional security interests.[5]

Japan: Japan has significantly increased its defence budget and is developing new offensive capabilities, aiming to meet NATO's spending target of 2% of GDP.

India: Ongoing border clashes with Pakistan have led India to deepen its investment in defence, increasing its naval presence and military partnerships.

Australia: Australia has made major defence investments, including the AUKUS pact and acquisition of nuclear submarines to address heightened security concerns.

Current environment

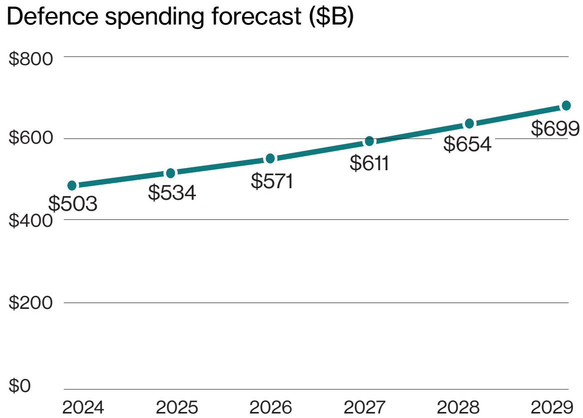
- The region is experiencing growing militarization, with major powers modernizing forces, expanding military infrastructure, and forging new security alliances.
- Smaller countries in the region are caught up in large-scale super-power rivalries, facing increased pressure to expand their domestic military capabilities as the Indo-Pacific region becomes a growing center of strategic global importance.

[3] Kolakowski, Christopher. A Short History of U.S. Involvement in the Indo-Pacific. Journal of Indo-Pacific Affairs. https://www.airuniversity.af.edu/Portals/10/JIPA/journals/Volume-01_Issue-1/03-V-Kolakowski.pdf

[4] Saunders, Phillip and Kevin McGuiness. The Changing Balance Of Military Power In The Indo-Pacific Region. Hoover Institution. 26 May 2021.

[5] U.S. Naval Institute. Report to Congress on U.S. Ground Forces in the Indo-Pacific. 31 August 2022. https://news.usni.org/2022/08/31/report-to-congress-on-u-s-ground-forces-in-the-indo-pacific

Indo-Pacific defence spending forecast



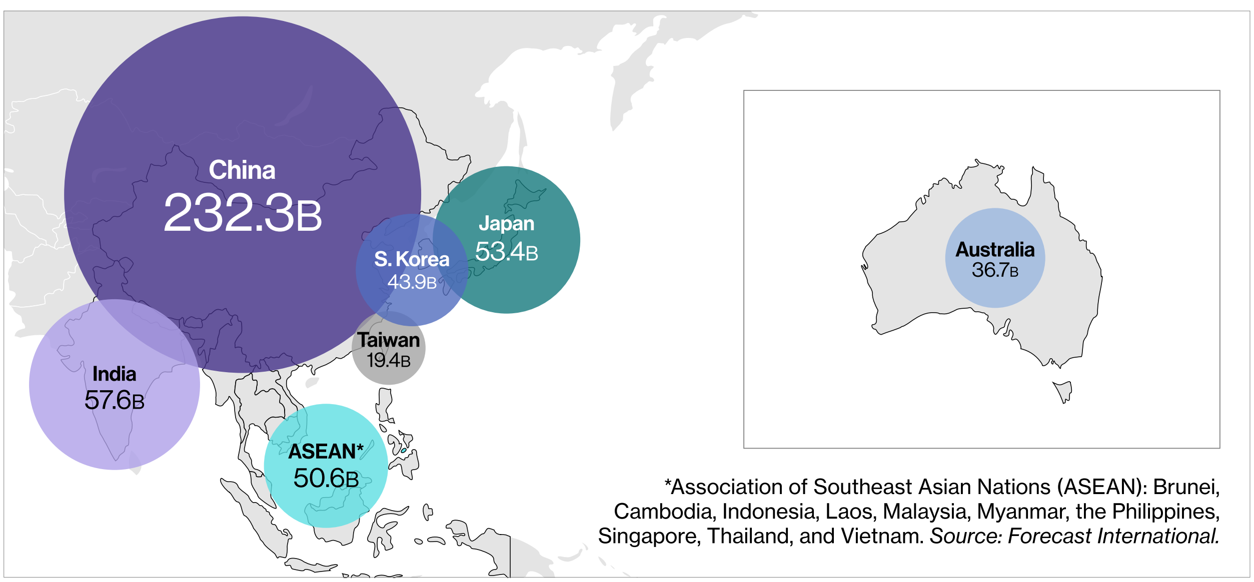
Source: Forecast International

According to Forecast International, China is the largest spender in the region, with over $232.3 billion in defence spending in 2024, followed by India with $57.6 billion, Japan at $53.4 billion, South Korea with $43.9 billion, Australia with $36.7 billion, and Taiwan at $19.4 billion China's spending growth is also the fastest in the region, accelerating 7.5% last year versus India's growth rate of 4.9%. In addition, India is spending 37% of its defence capex on foreign-sourced equipment, and it lags China in terms of technology.

Japan continues to ramp up its defence spending to meet its NATO obligations of 2% of GDP, but also to increase its military independence. In 2022, Japan launched its Defence Buildup Plan (DBP), calling for JPY43 trillion ($300 billion), averaging $60 billion per year from 2023 through 2027. The declining yen remains a headwind for procuring non-Japanese-produced equipment.

The next largest military investors in the region are South Korea and Australia. In 2024, the topline defense budgets for these countries totaled $43.9 billion and $36.7 billion, respectively. Combined, these two countries account for 16% of the total military spending in the Indo-Pacific region. Australia's funding under its Integrated Investment Program (IIP) has plans for AUD $765 billion (U.S. $486 billion), or AUD $76.5 billion (U.S. $48.6 billion) per year through fiscal year 2033-34.

Taiwan is another significant spender in the region, and earmarked $19.4 billion in defence spending in 2024. Given the strategic threat it faces from China, Taiwan has increased its capabilities in C5ISR



*Association of Southeast Asian Nations (ASEAN): Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. *Source: Forecast International.*

(command, control, communications, computers, cyber, intelligence, surveillance, and reconnaissance), electronic warfare, and long-range missiles, to prepare it against a potential first-strike attack by China. In 2024, Taiwan unveiled new domestically produced UAV and anti-drone systems and around 18% of its budget targeted naval systems from the U.S. and upgrades to its F-16 combat aircraft.[6]

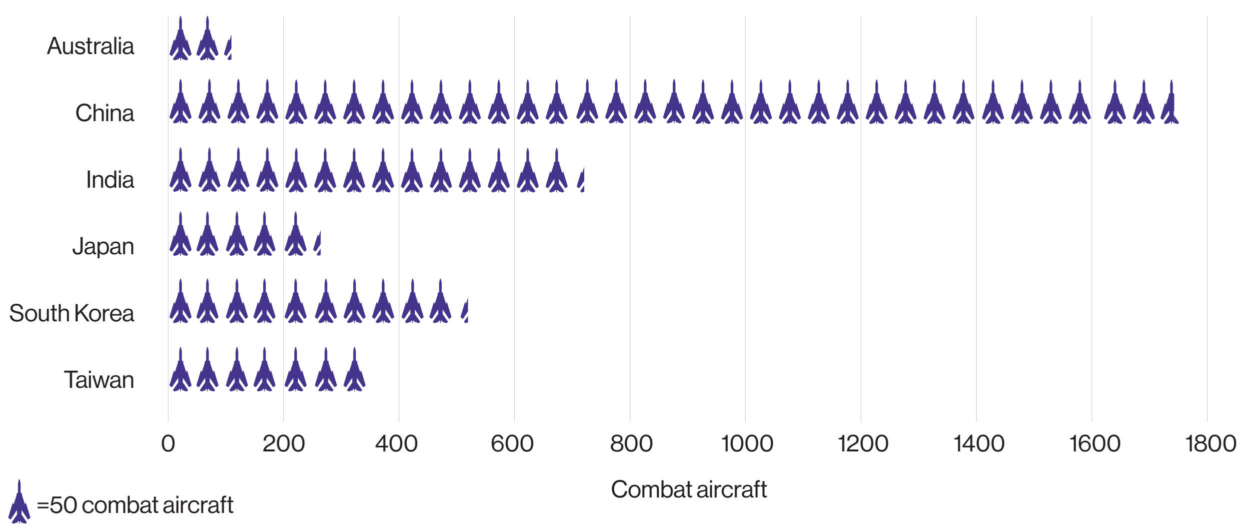
The ASEAN countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam) spent a cumulative $50.6 billion in 2024, around 10% of the region's total defence expenditure. Among ASEAN countries, Singapore is leading in spending, committing 2.8% of its GDP to defence. The Indonesian government budgeted $8.9 billion for defence, while Vietnam has grown its defence expenditures to $7.5 billion. While these countries have smaller defence budgets, the spending growth is the highest among these nations, experiencing double-digit growth.

Air defence

China's air capabilities vastly outnumbers its peers. With 1,500 fighter jets, it has more than double the fleet of the Indian Air Force. China is also modernizing its air combat fleet with a sixth-generation design coming out in December 2024.

As China modernizes its air defence capabilities, Australia, Japan, South Korea, and soon Singapore, have or will have responded in kind by upgrading their fighter jet programs with the induction of the Lockheed F-35 Lightnings into service. India is also expected to procure F-35's as well, along with more than 100 fourth-generation jets. South Korea is ramping up its production capabilities with new twin-engine, 4.5-generation multirole fighters called the KF-21 Boramaes. These fighter jets are manufactured jointly by Korea Aerospace Industries and Indonesian Aerospace.

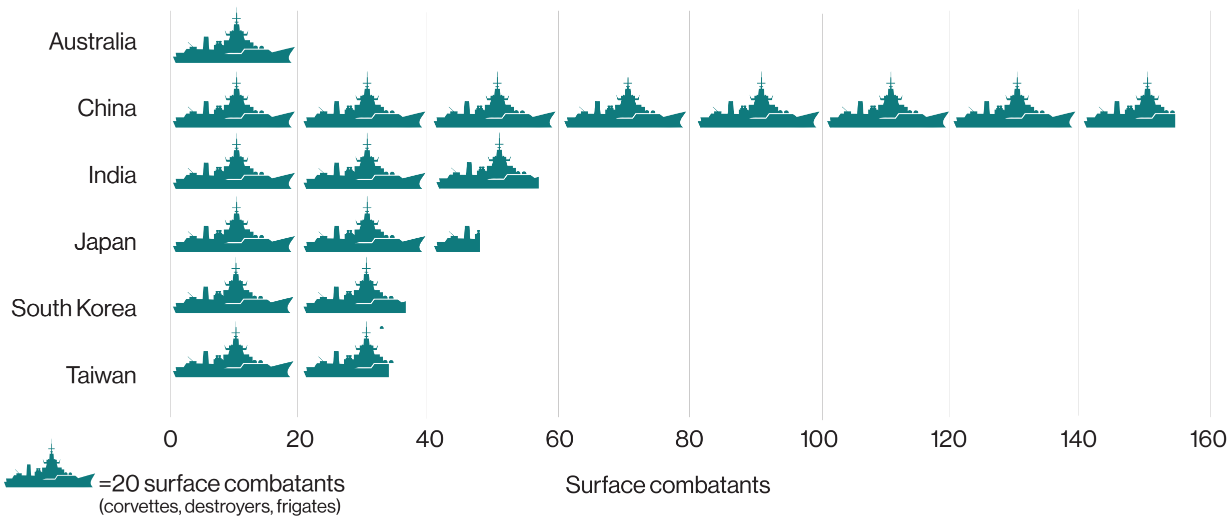
Indo-Pacific combat aircraft inventory



Source: Forecast International

[6] SIPRI, Trends in World Military Expenditure, 2024, April 2025.

Indo-Pacific combatants inventory



Source: Forecast International

Naval defence

China has also invested heavily in maritime capabilities. It has the largest fleet in the world, with more than 370 total ships, 140 of which have surface combatant capabilities. In response to China's rapid modernization ramp-up, its Indo-Pacific neighbors are also upgrading their capabilities. Australia has launched a multiyear project to support fleet renewal and expansion, spending $35.6 billion on new surface combatants and submarines over the next decade. The Japanese Navy is inducting new Mogami-class frigates into its fleet, and in October 2024, the Ministry of Defense inked a contract for a new pair of ASEV ballistic missile defense destroyers. The Indian Navy has more than 130 surface ships of varying types and classes, with an additional 67 warships currently under construction.[7]

Indo-Pacific key military alliances and cooperation frameworks

The evolving security architecture in the Indo-Pacific region is characterized by a network of military alliances and cooperation frameworks. These alliances – bilateral and trilateral – aim to enhance regional security, deter aggression, and maintain a free and open international order. Key frameworks include the U.S.-Japan alliance, AUKUS, NATO's engagement with Indo-Pacific partners, the Quad and the India-U.S. Trust Initiative.

[7] Forecast International, Global Snapshot: The Asia Pacific defence Environment, 24 February 2025. https://www.defenceone.com/sponsors/2025/02/global-snapshot-asia-pacific-defence-environment/403229/

Alliance/framework	Details
U.S.-Japan (USFJ) Alliance	Cornerstone of peace and stability in the Indo-Pacific region which includes joint force headquarters in Japan to enhance military cooperation.[8]
AUKUS	Trilateral agreement between Australia, the U.S., and the UK focused on equipping Australia with nuclear submarines and advancing security in the region.[9]
Indo-Pacific Four (IP4)	A group of NATO partners in the Asia-Pacific, Australia, Japan, South Korea, and New Zealand, working together on shared values and security challenges.[10]
Quad	A trilateral forum involving the U.S., Japan, and Australia, and also including India.[11]
Regional Cooperation Framework (US-ROK)	A framework that builds upon the U.S. and South Korean strategies for the Indo-Pacific region, aiming to promote security and stability.[12]
Asia-Pacific Four (AP4)	A minilateral grouping involving Australia, Japan, South Korea, and New Zealand, expanding ties with key partners.[13]
Five Eyes	An intelligence-sharing alliance between Australia, Canada, New Zealand, the UK, and the U.S.[14]
India-US TRUST Initiative	TRUST (Transforming the Relationship Utilizing Strategic Technology) initiative focuses on five sets of imperatives: data, strategic technologies, emerging technologies, digital public infrastructure, and strategic partnerships.[15]

8 Mesimer, Savannah. USFJ Alliance Evolves. 07 February 2025.

9 NATO, Relations with partners in the Indo-Pacific Region, 24 October 2024.

10 NATO, Relations with partners in the Indo-Pacific Region, 24 October 2024.

11 Satake, Haruka. The U.S.-Japan Alliance in the World, 27 March 2025.

12 US DOD, Regional Cooperation Framework for U.S.-ROK Alliance Contributions to Security in the Indo-Pacific. 30 October 2024.

13 Carnegie Endowment for International Peace. Think Bigger, Act Larger: A US-Australia Led Coalition for a Combined Joint Deterrence Force in the Indo-Pacific. 2 October 2024.

14 Babaev, K.V. "All the Indo-Pacific Men": The System of U.S. Political and Military Pacts in the Indian Ocean and Asia Pacific. Her. Russ. Acad. Sci. 94, 215–224 (2024).

15 Chaudhuri, Rudra. What is the India–United States TRUST Initiative? Carnegie Endowment. 22 April 2025.

Strategic rationale

The Indo-Pacific region is of critical strategic importance given China's military expansion in the region, ongoing tensions in the South China Sea, and uncertainty over Taiwan's status. The uncertain geopolitical environment, heightened by trade tensions, is driving more military investment in the region. The Indo-Pacific region has become a top defence priority, reflected in record budgetary spending, renewed focus on alliance and cooperation frameworks, and a commitment to defence modernization and additional capacity.

Market growth

Growth in the Indo-Pacific defence market is expected to reach $534 billion in 2025, with growth to $644 billion by 2030 at a CAGR of 4%. A growing military presence of the U.S. and China in the region, alongside other regional powers, is fueling demand for advanced weaponry and defence systems. Air force modernization remains a main driver of growth, with regional powers upgrading to fifth- and sixth-generation fighter jets, stealth, hypersonics, artificial intelligence, and unmanned aerial vehicles (UAVs).[16] Defence budgets in the region are rising, with India increasing its defence budget by 9.5% for 2025-2026. South Korea and Taiwan are also focused on boosting their domestic production capabilities, and Japan is developing a next-generation fighter program.

Autonomy and self-reliance

Increasingly, many Indo-Pacific countries are localizing production to reduce foreign dependency and increase autonomy. This trend creates additional opportunities for aerospace and defence, and technology companies in the region. Governments are supporting indigenous military capabilities such as India's HAL Tejas and South Korea's KF-21 fighter jets.

The Indian government is promoting self-reliance in defence through its "Make in India" initiative, encouraging indigenous production. This includes development of advanced systems like BrahMos missiles, Akash air defense systems, and T-90 tanks. The focus on indigenous production is not only boosting India's own domestic defence industry, but also enhancing the country's overall defence capabilities.[17]

Japan, in a proposal revealed by the Japanese government on April 30, 2025, recently added India into the Global Combat Air Programme (GCAP – a collaborative project led by Japan, the United Kingdom, and Italy – to build a sixth-generation combat aircraft by 2035. The initiative aims to distribute the project's massive financial burden while deepening security cooperation with India, a key player in South Asia. This outreach underscores Japan's strategic push to counter China's military dominance in the region, as China is outspending its Indo-Pacific peers by a factor of 5-1. GCAP, formally launched in December 2022, is an endeavor to create a bleeding-edge fighter jet to replace

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16 Mordor Intelligence, APAC Defense Market Size & Share Analysis - Growth Trends & Forecasts (2025-2030)

17 CNBC Inside India, India's defense sector gains global traction amid indigenization push, says Jefferies India. 21 May 2025.

India's HAL Tejas (Radiant) is a single-engine, delta wing, multirole combat aircraft designed by the Aeronautical Development Agency (ADA) and manufactured by Hindustan Aeronautics Limited (HAL) for the Indian Air Force (IAF) and the Indian Navy.[18]

South Korea's KAI KF-21 Boramae Fighting Hawk program is led by the South Korean government, in cooperation with Indonesian Aerospace and private company Korea Aerospace Industries. In August 2024, Indonesia reduced its financial stake in the program from 20% to 7.5%.[19]

The Global Combat Air Programme (GCAP), a strategically important partnership, is bringing together the governments of the UK, Italy, and Japan, and their respective industries, led by BAE Systems (UK), Leonardo (Italy) and Mitsubishi Heavy Industries (Japan) to collaborate on shared military and industrial objectives in the delivery of a next-generation combat air capability. On April 30, 2025, it was reported that Japan had invited India to join GCAP.

[18] Wikipedia, HAL Tejas.

[19] Wikipedia, KAI KF-21 Boramae.

aging aircraft like Japan's Mitsubishi F-2, the UK's Eurofighter Typhoon, and Italy's Eurofighter fleet.[20] Other countries in the region, besides India and Japan – such as Taiwan and Singapore, – are also expanding their domestic defence manufacturing capabilities with the help of government initiatives.

Will China invade Taiwan?

Certainly, one of the rising concerns in the Indo-Pacific region driving defence spending is the possibility that China could invade Taiwan. China considers Taiwan a part of its territory, and Chinese President Xi Jinping has long emphasized reunification as a core objective. Meanwhile, Taiwan operates as a self-governing democracy and has its own government and military. It also has an important semiconductor industry.

Short of a full-blown amphibious invasion of Taiwan followed by ground troops, China has other avenues it could pursue. One possibility is the implementation of a blockade of Taiwan, a measure that would effectively isolate Taiwan from the international community. Alternatively, China could also opt for more aggressive approaches such as taking over Taiwan's most outlying islands right off the mainland's coast.[21]

Escalating tensions between India and Pakistan

A deadly militant attack in Pahalgam in Indian-administered Kashmir triggered a sharp escalation between India and Pakistan, with both sides exchanging gunfire across the Line of Control and downgrading diplomatic ties. On May 6, India announced the launch of "Operation Sindoor," a military strike targeting nine sites in Pakistan and Pakistan-administered Jammu and Kashmir, which it alleged were used to plan the attacks. The situation has raised concerns of a broader military conflict between the two nuclear-armed nations, marking the most significant bilateral confrontation between the two countries since 2019.[22] India's military expenditure is significantly higher than Pakistan's, reflecting both the size of the country and its strategic priorities. India's military spending for 2024-2025 ranks the fifth-highest in the world, and saw a 1.6% increase totaling $86.1 billion over the last year.[23]

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20 Nikolov, Boyko. Japan taps India for next-gen fighter to rival China's J-36. BulgarianMilitary.com. 03 May 2025.

21 Global Guardian. Will China Invade Taiwan? 03 January 2025.

22 Center for Preventative Action, Conflict Between India and Pakistan. 12 May 2025.

23 Tripathy, Diksha. Cost of conflict: How India and Pak spend their money on defence. 10 May 2025. https://economictimes.indiatimes.com/news/defence/cost-of-conflict-how-india-and-pak-spend-their-money-on-defence/articleshow/121054871.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Largest defence companies in region

Some of the largest defence companies in the Indo-Pacific region include:

- **Bharat Electronics Ltd (India):** Manufacturer of electronic products and systems for the Indian Army, Navy, and the Air Force, including night vision goggles, periscopes, gunsights, transmitters and receivers, radar, and tank electronics.
- **Hindustan Aeronautics Ltd (India):** Designs and manufactures fighter planes and helicopters for the Indian Air Force. HAL has developed 12 aircraft models; with U.S., British, or Russian collaboration, the company has 14 others under license.
- **Hyundai Rotem Co Ltd (South Korea):** Manufacturers defence vehicles such as main battle tanks, armored recovery vehicles, and related defence equipment.
- **Hanwha Aerospace Co Ltd (South Korea):** Manufactures aircraft parts and is the only gas turbine aircraft engine maker in South Korea.
- **Korea Aerospace Industries Ltd. (South Korea):** Produces aircraft parts including fixed wings for aircrafts and rotary wings for helicopters.
- **LigNext1 Co Ltd (South Korea):** Manufacturer of military and defence systems including missiles, radio equipment, torpedoes, radar equipment, and other defence products.
- **Mitsubishi Heavy Industries Ltd (Japan):** Heavy machinery manufacturer for military including naval ships and submarines, defence aircraft, helicopters, guided weapon systems, and defence aeroengines. It also produces the Mogami frigate.
- **Singapore Technologies (ST) Engineering Ltd (Singapore):** Global technology, defence, and engineering group. Air, land, and sea defence solutions. Command, Control, Communications and Computers, Cyber, Intelligence, Surveillance and Reconnaissance (C5ISR) platforms.

Our Index Approach

The **VettaFi Future of Defence Indo-Pac ex China Index (IPDEF)** tracks the market performance of companies from the Indo-Pacific region generating revenues from defence and cyber defence spending. The Index uses a modified free-float market-capitalization-weighting algorithm. Additionally, companies are screened for controversial weapons exposure of above 20% of revenue.

Universe

The universe consists of companies domiciled in Australia, India, Indonesia, Japan, New Zealand, the Philippines, Singapore, South Korea, Taiwan, or Thailand that trade on major local or major U.S. exchanges.

Constituent selection

All companies that meet the following requirements are selected:

- **Constituent business operations** must derive more than 20% of their revenues from the manufacture and development of defence equipment (military armored vehicles & tanks, weapon systems and missiles, munitions and accessories, electronics & mission systems, and naval ships), defence technology applications, or cybersecurity, and contract with an included country verified by publicly available contract information. Companies developing naval ships with less than 20% defence-related revenue may be added if their defence-related revenue is at least USD $3 billion.
- **ESG/Human Rights Filter:** Constituent business operations must comply with United Nations Global Compact (UNGC) principles and Organization for Economic Cooperation (OECD) Guidelines for Multinational Enterprises.
- **Controversial Weapons Filter:** Constituent business operations must derive less than 20% of their revenue from controversial weapons.
- **3-Month Average Daily Trading Value:** USD $1 million
- **Float Percent:** 20%
- **Full Market Cap:** USD $500 million

Constituent weightings and constraints

Constituents are free-float market-cap-weighted with the following constraints:

- **Constituent weighting** needs to accommodate the ability to trade 50% of its three-month ADTV given a USD $25 million flow.
- **Issuer weights** are capped at 10% for core companies with more than 50% defence-related revenues, while non-core companies with between 20%-50% defence-related revenues are capped at 5%.
- **Issuer weights** are at least 0.2%.

Excess weights are redistributed proportionally among the rest of the uncapped securities. This redistribution is repeated iteratively until all the capping conditions are met.

Rebalancing

The index is rebalanced on a quarterly basis.

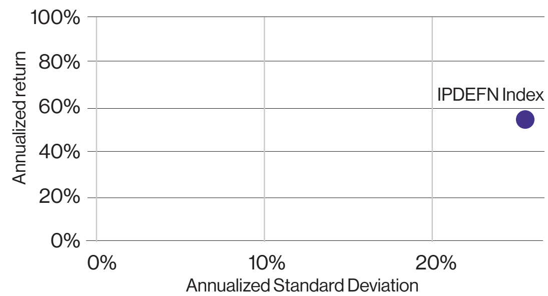
Backtested performance

Annualized total return	IPDEFN Index
Month-to-date	13.48%
Quarter-to-date	53.92%
Year-to-date	95.81%
Last month	13.48%
Last 3 months	53.92%
Last 12 months	89.00%
Last 2 years	76.37%
Last 3 years	63.44%
Since 2022-01-25	54.82%

Cumulative return

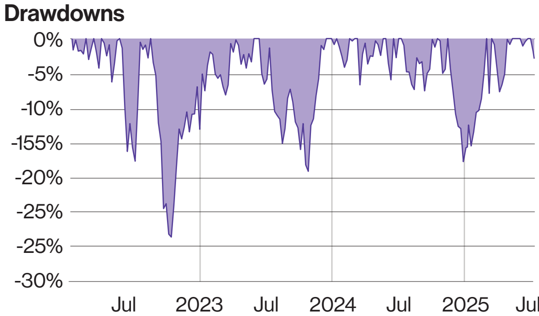
Annualized volatility	IPDEFN Index
Month-to-date	27.72%
Quarter-to-date	34.33%
Year-to-date	32.82%
Last month	27.72%
Last 3 months	34.33%
Last 12 months	28.54%
Last 2 years	24.97%
Last 3 years	24.40%
Since 2022-01-25	24.06%

Risk/return



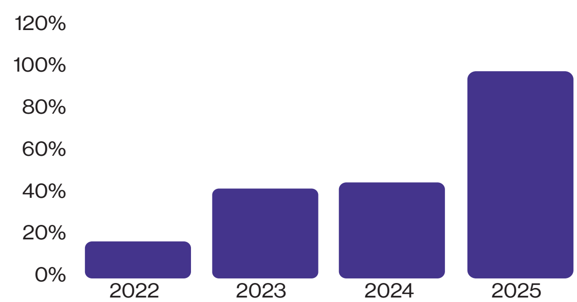
Maximum drawdown	IPDEFN Index
Month-to-date	-4.83%
Quarter-to-date	-9.93%
Year-to-date	-13.91%
Last month	-4.83%
Last 3 months	-9.93%
Last 12 months	-15.11%
Last 2 years	-16.18%
Last 3 years	-26.50%
Since 2022-01-25	-26.50%

Drawdowns



Annual performance	IPDEFN Index
2022	16.00%
2003	39.95%
2024	40.87%
2025	95.81%

Annual returns



Index holdings and weights

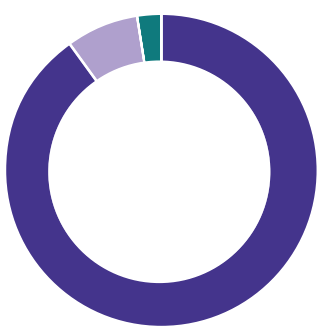
The Index is currently comprised of 23 holdings, with holdings information as of 30 June 2025 appearing below:

Top 10 holdings (as of June 30, 2025)

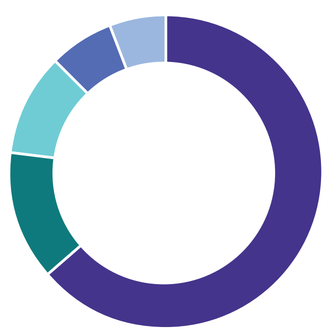
Company	Index weight
Hyundai Rotem Co.	13.69%
Bharat Electronics Limited	9.93%
Hanwha Aerospace Co., Ltd.	8.61%
Hindustan Aeronautics Limited	8.01%
LIG Next 1 Co., Ltd.	7.68%
Korea Aerospace Industries, Ltd.	7.31%
Hanwha Systems Co., Ltd.	5.00%
Mitsubishi Heavy Industries, Ltd.	4.81%
Kawasaki Heavy Industries Ltd.	4.75%
Singapore Technologies Engineering Ltd.	4.11%

Effective number of holdings is a measure of portfolio concentration that ranges between 1 (weight of the portfolio concentrated ina single stock) and the total number of constiuents of the portfolio. Everything else being equal, a low effective number of holdings can be interpreted as a high concentration of the portfolio.

Sector weightings



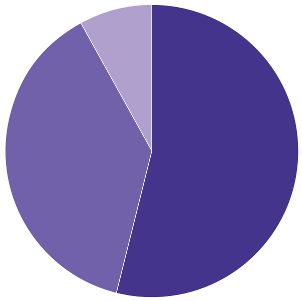
Country weightings



Category

Fundamentals

Market cap	IPDEFN Index
Large cap	53.91%
Mid cap	38.30%
Small cap	7.78%



Metric	IPDEFN Index
Market cap-weighted average ($MM)	19,411.52
Market cap-median ($MM)	6,334.68
Market cap-lowest ($MM)	794.08
Market cap-highest ($MM)	84,020.39
Liquidity-weighted average ($MM)	161.05
Liquidity-median ($MM)	14.29
Liquidity-lowest ($MM)	1.54
Liquidity-highest ($MM)	1,263.83
Trailing price/earnings	42.27
Forward price/earnings	34.39
Trailing EV/sales	3.07
Forward EV/sales	2.57
EPS growth (%)	17.95
Sales growth (%)	18.58
Percent of net debt < 0 (cash positive	19.72
Dividend yield (%)	0.89

Fundamental metrics represent the median value unless otherwise noted.

Conclusion

The investment case for exposure to Indo-Pacific defence is quite compelling due to the following factors:

- **Rising tensions in the region:** Rising geopolitical tensions and perceived threats from China, North Korea, and regional disputes are fueling record defence spending in the region.
- **Desire for regional autonomy:** Push for expanded regional production and innovation, along with reduced foreign dependency.
- Strategic importance driving investment: Policy and budgetary support from NATO, the U.S., and allies given the region's strategic importance.

The **VettaFi Future of Defence Indo-Pac ex China Index (IPDEF),** licensed by HAN ETFs for a UCITS ETF, provides targeted exposure to this rising defence investment theme.

To learn more about VettaFi Indexing click here

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