

Investing in Space: Growth Beyond this World

May 13, 2021

Given the unique intrigue and human interest associated with space, media coverage of space-related developments is likely to show up in our news feeds, social media, and other news programming. A few recent examples include the SpaceX launch of its [Crew-2 mission](#) on April 23, which brought four astronauts to the International Space Station, recent SpaceX [launches](#) of Starlink satellites, and the [launch](#) of the first module of China's space station on April 29. While these headlines generate broad interest, for investors, they may also serve as reminders that there is a burgeoning global space economy that represents a compelling growth opportunity for portfolios. The [S-Network Space Index](#) (SPACE), which is the underlying index for the Procure Space ETF (UFO), is up 18.2% year-to-date through May 7 on a total-return basis, compared to broad equity market gains of 13.3% for the same period.

The commercialization of space has been underway for decades since the initial launch of satellites by private companies for communication services. Satellites have a variety of uses across industries, including communications, science, defense, and finance. Beyond satellites, interest in space has grown in recent years as billionaires Richard Branson, Jeff Bezos, and Elon Musk have worked to advance commercial spaceflight and space tourism. Though these developments tend to garner plenty of attention, the growing space economy is much more diverse ([read more](#)). Space-related activities range from manufacturing and operating satellites to producing equipment used on Earth to leverage systems in space to manufacturing launch vehicles. According to Morgan Stanley [estimates](#), the global space industry could grow from \$350 billion in 2016 to over \$1 trillion by 2040.

For the typical investor, gaining exposure to the companies at the forefront of the global space economy could be challenging given that participants span geographies and sectors, and there is a wide range of space-related businesses. With its focus on pure-play space exposure, the [S-Network Space Index](#) (SPACE) represents the benchmark index for the global space industry ([read more](#)). The SPACE Index is also the first and only [Certified Space Data Product](#) recognized by Space Foundation. As discussed in the index [methodology](#), 80% of the index by weighting is allocated to companies that generate at least 50% (but typically 100%) of their annual revenue from space-related activities. Furthermore, the index screens for industry participation using the space classifications shown on the following page, and constituents are involved in one or more of these activities ([read more](#)). With a clear classification system, investors have transparency into index construction and are not left wondering why a certain company is included or what role it plays in the space industry. For investors considering thematic growth opportunities, the space industry should merit a second look.

Space Classifications within the SPACE Index

Satellite Operators

Own or manage satellites or subsystems aboard satellites

Hardware

Involved in the sale of space-related hardware

Satellite Prime Manufacturers

Responsible for delivering a finished satellite to the customer, ready for launch

Launch Vehicle Prime Manufacturers

Responsible for delivering an orbital or suborbital launch vehicle that is ready to fly

Spacecraft Components and Ground Equipment

Involved in the production of components for spacecraft hardware or Earth-based systems that connect to space

Source: S-Network Global Indexes

Index	Ticker	Total-Return Performance				
		30 Days	YTD	1-Year	3-Year	5-Year
Healthcare						
S-Network Medical Breakthroughs Index	PMBI	-3.80%	-9.74%	15.90%	37.44%	129.24%
S-Network Healthcare Innovation Index	PHIX	-2.35%	-9.79%	11.22%	49.80%	175.67%
Technology						
O'Shares Global Internet Giants Index	OGIGX	-4.31%	-4.35%	67.28%	121.66%	330.68%
S-Network North American Disruptor Index	SNNADX	-2.42%	6.94%	66.83%	74.73%	N/A
S-Network US Disruptor Index	SNUSDX	-4.27%	6.70%	78.66%	86.48%	239.46%
S-Network Tech Target Index	SNTECH	-1.50%	7.34%	67.49%	59.01%	188.95%
Water						
S-Network Global Water Index	JGI	5.30%	9.76%	46.69%	45.99%	84.80%
S-Network Global Water Works Index	JWW	5.37%	7.20%	31.24%	42.75%	75.04%
S-Network Global Water Technology Index	JWT	5.23%	12.38%	62.87%	45.01%	88.94%
Smart Climate Risk						
S-Network Smart Climate Risk 50 Index	SNSC50	2.84%	13.71%	46.45%	62.58%	134.07%
S-Network Smart Climate Risk 250 Index	SNSC250	4.40%	14.29%	47.74%	64.51%	133.94%
Other						
S-Network Infrastructure Builders Index	EIBI	8.77%	19.78%	73.82%	33.02%	79.29%
S-Network Space Index	SPACE	3.17%	18.17%	70.78%	26.39%	45.43%
S-Network MicroSectors Gold Miners Index	MINERS	9.96%	1.35%	10.60%	64.83%	N/A

Source: S-Network Global Indexes. All performance data as of May 7, 2021.

Related Research:

[SPACE: The Benchmark Index for the Global Space Industry](#)

[Will the Space Industry Rise to New Heights in 2021?](#)

[Introducing Sector Classifications for the Space Industry](#)

[Biotechnology: Capturing Innovation and Potential M&A Upside](#)

[How is Digitization Impacting Businesses and Creating Opportunities for Investors?](#)

Underlying Index | Associated Product/Direct-Indexing Platform Availability

Healthcare

[S-Network Medical Breakthroughs Index \(PMBI\)](#) | ALPS Medical Breakthroughs ETF (SBIO)

[S-Network Healthcare Innovation Index \(PHIX\)](#) | SmartTrust Healthcare Innovations Trust; Available on the C8 platform and the SMArtX platform

Technology

[O'Shares Global Internet Giants Index \(OGIGX\)](#) | O'Shares Global Internet Giants ETF (OGIG)

[S-Network North American Disruptor Index \(SNNADX\)](#) | SmartTrust Technology Revolution Trust – Includes 30 stocks from SNNADX

[S-Network US Disruptor Index \(SNUSDIX\)](#) | Available on the SMArtX platform

S-Network Tech Target Index (SNTECH) | Available on the SMArtX Platform

Water

[S-Network Global Water Index \(JGI\)](#) | Invesco Global Water Portfolio – Includes 25 stocks from JGI; Available on the C8 platform

Smart Climate Risk

S-Network Smart Climate Risk 50 Index (SNSC50) | Available on the C8 platform and the SMArtX platform

S-Network Smart Climate Risk 250 Index (SNSC250) | Available on the C8 platform

Other

[S-Network Infrastructure Builders Index \(EIBI\)](#) | Available on the C8 platform

[S-Network Space Index \(SPACE\)](#) | Procure Space ETF (UFO)

[S-Network MicroSectors Gold Miners Index \(MINERS\)](#) | MicroSectors Gold Miners 3x Leveraged ETN (GDXU), MicroSectors Gold Miners -3x Inverse Leveraged ETN (GDXD)

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