REX

October 2026



DRNZ

Investment case

Companies driving growth in defense and commercial drones

REX Drone ETF

Introducing DRNZ: The REX Drone ETF

Targeted exposure to defense and commercial drone leaders.

DRNZ seeks to track the VettaFi Drone Index: drone makers, autonomy software, components, and counter-drone systems[1].

Pure-play exposure
The first U.S.-listed ETF covering the full drone value chain.

Indexed exposure
Rules require genuine drone revenue, not broad defense or robotics.

Multi-decade tailwind
Defense modernization, beyond visual line of sight (BVLOS) delivery, AI autonomy, and U.S. policy.



Why drones, why now: three drivers

01	**Defense spending**	~$75B proposed for U.S. drones and counter-drone[2].
02	**Counter-drone defense**	Cheap drones threaten costly targets; every site needs defense.
03	**Commercial delivery**	FAA Part 108 could expand delivery reach ~200x[3].

Ticker	Inception	Expense ratio	Index
DRNZ	**Oct. 29, 2025**	**0.65%**	**VettaFi Drone Index**

[1] REX Shares website, as of 9/30/2026. [2] FY2027 U.S. budget request; see References. [3] REX Financial Research. Sources are listed on page 07.

Drones Are Anchored by Defense Spending

Military budgets keep rising, and drones now have their own line.

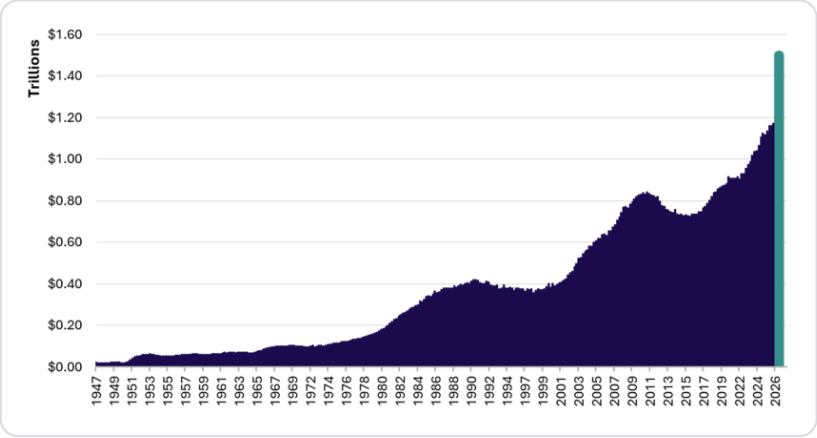
$1.5T
Proposed U.S. military budget, FY2027[4]

~$75B
Requested for drones and counter-drone, FY2027[6]

24,000%
Jump in DAWG funding: $225.9M in FY2026 to $54.6B requested for FY2027[5]

U.S. military spending, 1947–2026 ($ trillions)

A decade of steady increases[7]



Not just the U.S.

$2.8T
global defense spending in 2025, the 11th consecutive annual increase[8]

€10B
earmarked by Germany alone for drones in the coming years[8]

Where military drones fit today

Strike
Consumable, networked weapons

Reconnaissance
Persistent surveillance and targeting

Logistics
Cargo drones resupply forward units

Training
Low-cost targets for air-defense drills



[4] White House / Department of War FY2027 Budget Request. [5] DefenseScoop and Breaking Defense, Apr. 2026; DAWG received $225.9M in FY2026. [6] Bloomberg, Apr. 21, 2026; ~$54B for unmanned systems (mostly DAWG) and ~$21B for counter-drone. [7] FRED. [8] SIPRI; German government. Budget requests are subject to congressional approval.

Counter-Drone Defense Is Becoming Essential

Cheap drones are rewriting military power, so critical sites need protection.

Ukraine and the Middle East show that cheap drones can threaten far costlier targets, making counter-drone systems a necessity.

$500
drone with a grenade

can threaten →

$50–500M
critical installation[9]

Why counter-drone spending compounds

Cost asymmetry
Offense is cheap; defense is mandatory.

+

Layered defense
Every site needs RF, radar, kinetic, and electronic-warfare layers.

+

Recurring economics
Monitoring, software updates, and replenishment create sticky revenue.

Every site must be defended[9]

~6,000	492	3,000+	109,000
U.S. critical infrastructure nodes	CBP border checkpoints	major airports globally	commercial ships worldwide

$21B
budgeted for counter-drone systems in the FY2027 request[6]



[6] Bloomberg, Apr. 21, 2026. [9] DroneShield. Figures are illustrative of the scale of potential demand; not a forecast of Fund results.

Commercial Drones: Delivery Is the Big Unlock

Enterprise uses are growing, but last-mile delivery is the largest prize.

Agriculture
Precision spraying, crop monitoring, autonomous harvesting

Infrastructure
Inspection of wind turbines, power lines, and pipelines

Heavy industry
Site mapping, stockpile scans, inspection and repair

Last-mile delivery: the largest opportunity

53%
of total shipping costs come from the last mile[10]

200x
more households reachable with BVLOS[3]

Drones cut driver labor and fuel from the costliest leg of delivery, yet drone delivery spend was only ~$1.5B in 2025, under 1% of the market[11].

The rule change that unlocks it[12]

TODAY: PART 107
Drones must stay in the pilot's sight; each longer flight needs its own waiver.

→

NEXT: PART 108
A permanent framework for beyond-line-of-sight (BVLOS) flights, so delivery can scale.

Reach from one delivery hub





Still pending: the final Part 108 rule entered White House review on July 10, 2026, and remained under review as of Nov. 19, 2026[13].

[3] REX Financial Research: 314 sq mi vs. ~1.5 sq mi from the same facility. [10] Capgemini Research. [11] REX estimate; SIPRI, IATA, Statista, Research and Markets. [12] FAA Part 107; Federal Register Part 108 NPRM; EO 14307; OIRA. [13] OIRA (reginfo.gov), EO 12866 review record for RIN 2120-AL82, status as of 11/19/2026. Rule timing is uncertain.

Inside the VettaFi Drone Index

A rules-based index built for genuine drone exposure[14].

1 Universe
Developed-market equities

2 Exposure
>20% drone revenue or a drone R&D program

3 Market cap
≥ $100M

4 Free float
≥ 15%

5 Liquidity
≥ $500K average daily value

Index weighting

Pure-play (80%): ≥50% drone revenue; max 16% per company

Diversified (20%): ≥20% drone revenue or drone R&D; max 5%

Rebalanced and reconstituted quarterly; fast-track IPO inclusion

Fund facts[1]

Ticker	**DRNZ**
Inception	**Oct. 29, 2025**
Expense ratio	**0.65%**
AUM	**$115.4M**
Index ticker	**DRONES**



Top 10 fund holdings, as of 11/18/2026[15]

1	**Next Vision Stabilized Systems**	14.84%
2	**AeroVironment**	13.86%
3	**Ondas Holdings**	12.05%
4	**Sensofusion**	5.40%
5	**AEVEX**	5.01%
6	**DroneShield**	4.19%
7	**Terra Drone**	3.32%
8	**Palantir Technologies**	3.07%
9	**Unusual Machines**	3.03%
10	**General Electric**	3.00%

Top 10 holdings: 67.8% of net assets

For more information or to view the fund's prospectus, visit rexshares.com/drnz

[1] REX Shares website, as of 9/30/2026. [14] VettaFi, index methodology, as of 9/30/2026; base date 7/7/2023. It is not possible to invest directly in an index. [15] REX Shares, DRNZ fund holdings, as of 11/18/2026; weights are a percentage of net assets. Holdings are subject to change. For current fund holdings go to https://www.rexshares.com/drnz/.

References and notes

[1] **REX Shares,** REX Drone ETF (DRNZ) website, as of 9/30/2026.

[2] **FY2027 U.S. budget request;** see sources 4–6.

[3] **REX Financial Research,** BVLOS household reach analysis.

[4] **White House / Department of War,** FY2027 Budget Request.

[5] **DefenseScoop,** Apr. 21, 2026; Breaking Defense, Apr. 2026; Defense One, May 2026; National Priorities Project, Aug. 7, 2026.

[6] **Bloomberg,** "Pentagon seeks $75 billion for drones in record defense budget," Apr. 21, 2026; Inside Government Contracts, May 2026.

[7] **FRED,** U.S. federal defense spending.

[8] **SIPRI,** global military expenditure, 2025.

[9] **DroneShield,** counter-drone site and cost analysis.

[10] **Capgemini Research,** last-mile delivery costs.

[11] **REX estimate;** SIPRI, IATA, Statista, Research and Markets.

[12] **FAA Part 107;** Federal Register Part 108 BVLOS NPRM; Executive Order 14307 (June 2025); OIRA regulatory review, July 10, 2026.

[13] **OIRA (reginfo.gov),** EO 12866 regulatory review record for RIN 2120-AL82, "Normalizing Unmanned Aircraft Systems Beyond Visual Line of Sight Operations"; received 7/10/2026, status Pending Review as of 11/19/2026.

[14] **VettaFi,** VettaFi Drone Index methodology, as of 9/30/2026.

[15] **REX Shares,** REX Drone ETF (DRNZ) fund holdings, as of 11/18/2026.

Notes on data and calculations

Defense budget. The FY2027 request proposes $54.6 billion for the Defense Autonomous Warfare Group (DAWG): $53.6 billion mandatory via budget reconciliation and $1 billion discretionary, up from $225.9 million. DAWG absorbed the earlier Replicator initiative. Combined with other lines, U.S. drone and counter-drone spending approaches $74–75 billion, including roughly $54 billion for unmanned systems and $21 billion for counter-drone. Budget requests are subject to congressional approval.

Counter-drone. The $500 drone vs. $50–500 million installation comparison and site counts are from DroneShield and illustrate the scale of potential demand.

Delivery reach. A visual-line-of-sight operation covers a ~0.69-mile radius (~1.5 sq mi) per hub; a 10-mile BVLOS radius covers ~314 sq mi, roughly 200x the area and addressable households from the same facility. Part 108 timing and final terms are uncertain.

Index and fund. Index performance is not shown. It is not possible to invest directly in an index.

Companies. Companies named are examples, not recommendations to buy or sell any security.

Important information

Before investing you should carefully consider the Fund's investment objectives, risks, charges, and expenses. This and other information is in the prospectus, a copy of which may be obtained from www.rexshares.com. Please read the prospectus carefully before you invest.

Investing in the Fund involves a high degree of risk. As with any investment, there is a risk that you could lose all or a portion of your investment in the Fund. The Fund began trading on October 29, 2025, and has limited operating history. The Fund, Trust, and Adviser are not affiliated with the Fund's underlying securities.

Principal risks

Summarized from the Fund's prospectus, which contains the complete descriptions. Each is a principal risk regardless of the order in which it appears.

[Drone-specific principal risks — insert from the DRNZ prospectus.] The three CHIP-specific risks have been removed. Compliance to supply DRNZ's industry risk language (for example, drone and UAV companies, aerospace and defense, government contracting, and regulatory risks).

Concentration Risk. The Fund will be concentrated in an industry or group of industries to the extent the Index is so concentrated, and an adverse development affecting that industry, country, or region may affect the Fund more than a more broadly diversified fund.

Non-Diversification Risk. The Fund is classified as non-diversified and may invest a relatively high percentage of its assets in a limited number of issuers, making it more susceptible to a single adverse economic or regulatory occurrence.

New Fund Risk. The Fund is recently organized and has limited operating history, and there can be no assurance that it will grow to or maintain an economically viable size.

New Index Risk. The Index has limited performance history, and no assurance can be given that the Index methodology will result in the Fund achieving its investment objective.

Index Provider Risk. There is no assurance that the Index Provider will compile, calculate, or disseminate the Index accurately. Losses or costs associated with Index errors generally will be borne by the Fund and its shareholders.

Passive Investment Risk. The Fund is not actively managed, invests in Index securities regardless of investment merit, and generally will not take defensive positions in declining markets.

Non-Correlation Risk. The Fund's return may not match the return of the Index because of operating expenses, transaction costs, and differences between the Fund's holdings and the Index.

Foreign Securities, Currency, and Depositary Receipts Risk. Non-U.S. securities involve different accounting, regulatory, and market practices, less liquid markets, foreign taxes, and political risk. The Fund's net asset value could decline if a currency to which it has exposure depreciates against the U.S. dollar. Depositary receipts may be less liquid than the underlying shares.

Asia, Japan, and Europe Risk. The Fund may have significant exposure to Asian and Japanese issuers and exposure to European issuers, and may be adversely affected by economic, political, trade, and social developments, government intervention, tensions involving China or North Korea, and natural disasters in those regions.

Equity Securities, Large Capitalization, and Volatility Risk. Equity securities may be more volatile than other asset classes. Large capitalization companies may be less able to adapt to changing market conditions. The Fund may invest in securities that fluctuate significantly in price over short periods.

Market and Liquidity Risk. Fund shares could decline in value or underperform other investments because of economic, political, regulatory, or market developments, and some Fund investments may be difficult to sell, particularly in times of market turmoil.

Premium/Discount and Trading Issues Risk. Fund shares trade at market prices that may be above or below net asset value, and there can be no assurance that shares will trade with any volume, or at all. Trading may be halted, and bid/ask spreads may widen in stressed markets.

Authorized Participant and Market Maker Risk. The Fund has a limited number of authorized participants and may rely on a small number of market makers. If they step away, shares may trade at a material discount to net asset value and possibly face delisting.

Important information (continued)

Principal risks (continued)

Costs of Buying and Selling Fund Shares Risk. Brokerage commissions and bid/ask spreads may significantly reduce investment results, particularly for investors who trade frequently or make small investments.

Cyber Security and Operational Risk. The Fund is subject to operational risks, including breaches in cyber security, human error, and failures of service providers or systems.

The VettaFi Drone Index is an index of global companies that tracks the price movements of a portfolio of companies with exposure to Drones and Unmanned Aerial Vehicles (UAVs). The index contains companies that are engaged in drone/UAV manufacturing and enabling technologies.

The VettaFi Drone Index is a service mark of VettaFi LLC and has been licensed for use by REX Shares, LLC and the REX Drone ETF. The Fund is not sponsored, endorsed, sold, or promoted by VettaFi LLC, and VettaFi LLC makes no representation regarding the advisability of investing in the Fund. It is not possible to invest directly in an index. Index constituents shown are not fund holdings, and holdings are subject to change. Shares are bought and sold at market price, not net asset value, and are not individually redeemed from the Fund. This material includes forecasts, estimates, and forward-looking statements by third parties that may not be realized; information from third-party sources is believed to be reliable but is not guaranteed. Companies named are industry examples, not recommendations to buy or sell any security. REX Advisers, LLC is the investment adviser to the Fund.

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