



Why Multi-Theme Investing? Why GXDW?

Tejas Dessai

tdessai@globalxetfs.com

Date: April 1, 2025

Topic: [Thematic Investing](#)

We're living in a golden age of disruption, and thematic investing has become an indispensable tool for investors that seek to capitalize on structural change. By design, thematic strategies target long-term shifts, but their performance is often shaped by macroeconomic forces such as inflation, fiscal policy, capital cycles, interest rates, inventory cycles, or even geopolitics. While these factors may not alter the direction of the structural trend, they might often dictate short-term appetite for the strategy.

Multi-theme ETFs seek to simplify thematic investing by bundling multiple high-potential trends into a single strategy. But we believe a successful theme construction approach should go beyond backward-looking metrics like sales growth or earnings estimates to identify true disruptors. Moreover, a diversified basket of disruptive themes without the flexibility to adapt with the market's direction can be self-defeating, offsetting winners with laggards and ultimately undermining performance.

In constructing multi-theme solutions, we believe a more dynamic approach is needed—one that captures emerging leadership as themes gain traction. We believe momentum indicators provide a disciplined framework for balancing market timing with thematic conviction. That's why we have revamped our multi-theme offering, the Global X Thematic Growth ETF (previously traded under the ticker GXTG), and renaming it the [Global X Dorsey Wright Thematic ETF \(GXDW\)](#). GXDW seeks to track the Nasdaq Dorsey Wright Thematic Rotation™ Total Return Index, which leverages Dorsey Wright's proprietary Relative Strength methodology and dynamically rotates into the five themes with the strongest momentum across Global X's Thematic ETF universe, offering investors a more agile way to access multiple themes through a single investment.

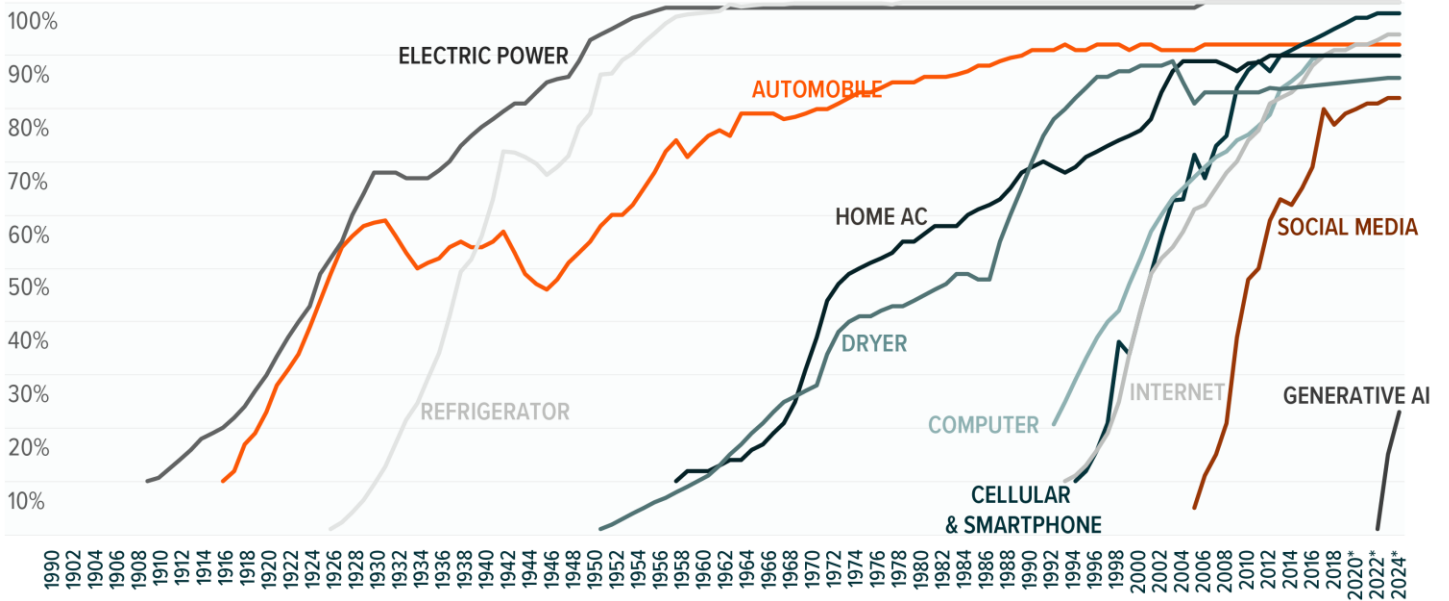
Key Takeaways

- Disruption is accelerating, making thematic investing an essential tool for investors to stay agile and rapidly adapt.
- Multi-theme strategies offer the power of thematic investing in a single strategy but need to evolve to balance disruptive potential with market reality.
- Rotating into themes with higher momentum may be a more effective solution for multi-theme construction than earnings estimates or backward-looking metrics like sales growth.



DISRUPTION IS SEEN ACCELERATING

Technology Adoption Rates Across U.S. Households (% of U.S. Households)



*Forecast

Sources: Generative AI: Backlinko. (2024, June 4). ChatGPT / OpenAI Statistics: How Many People Use ChatGPT; Other Technologies: Global X ETFs forecast with information derived from: Our World in Data. (2019, July 27). Share of United States Households Using Specific Technologies.

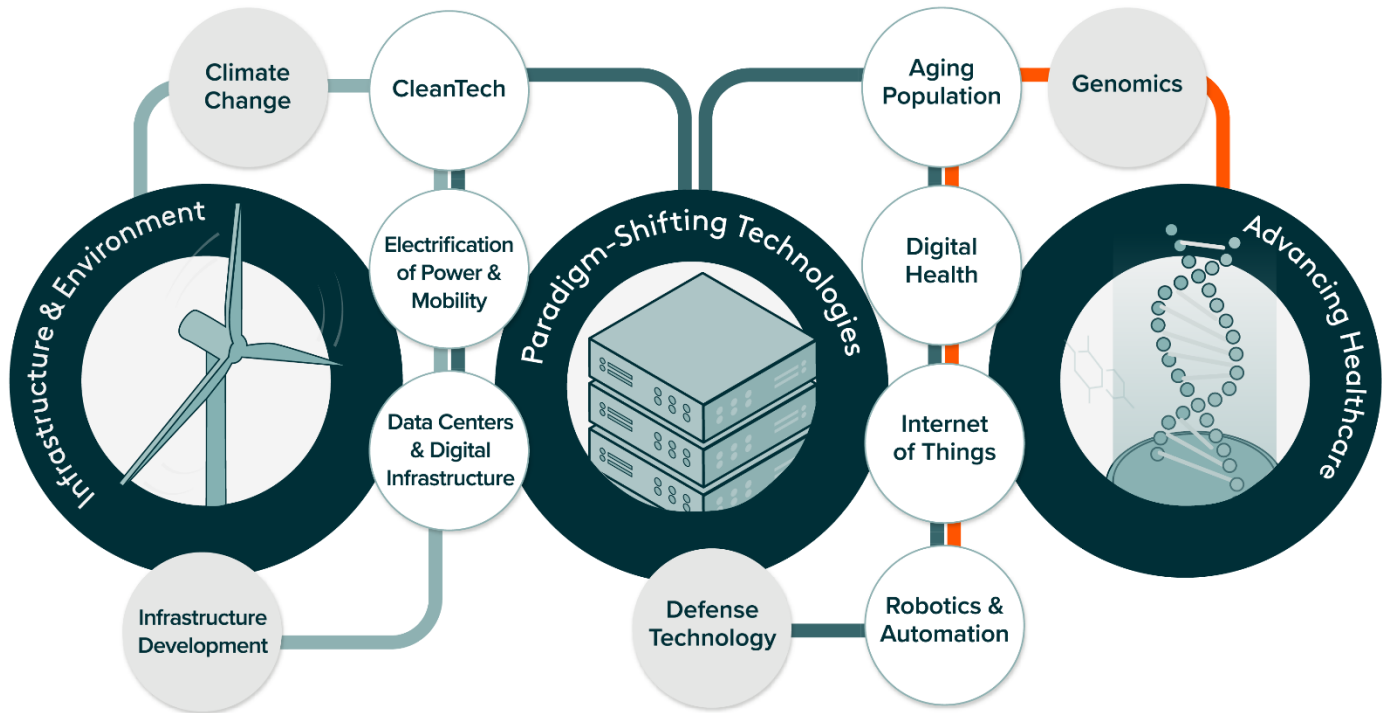
Change Is the Only Constant

The modern economy is defined by accelerating disruption. Technology, demographic shifts, resource scarcity, and emerging forces like deglobalization are reshaping entire industries, while creating new investment opportunities. Most importantly, these structural shifts are converging in a way that amplifies their impact. AI is reshaping sectors like Healthcare, Financial Services, or even Media, energy is colliding with technology, and the digital and physical worlds are fusing, accelerating adoption curves and compelling corporations to rethink their investments. Innovation has never been linear, but today, its scale and speed are unprecedented.

Thematic investing offers a strategic approach that seeks to capitalize on these changes, isolating high-growth trends that may define the future. Ideally, thematic investing follows an unconstrained approach to capturing innovation, ignoring geographic boundaries, style biases, or traditional sector limitations. Market capitalization or size of a company should also not be restrictive factors. This broad, unconstrained approach can help gain exposure to the fastest growing and most rapidly adopted technologies.



DISRUPTION IS CONVERGING, COMPOUNDING EFFECTS



Over the last 15 years, Global X has identified several of these powerful themes and developed targeted ETFs to provide investors with efficient access to companies benefitting from disruption. With the latest launches of the [Global X U.S. Electrification ETF \(ZAP\)](#), [Global X Infrastructure Development ex-U.S. ETF \(IPAV\)](#), and the [Global X Defense Tech ETF \(SHLD\)](#), we now offer 32 ETFs that target high conviction, investable, long-term themes.¹ At the industry level, U.S.-listed thematic ETFs managed nearly \$90 billion in assets as of December 2024, a nearly **fivefold increase** over the past five years, which underscores the growing role of thematic strategies.²

But with over thirty mature themes recognized by Global X alone, and nearly **280 thematic ETFs** available to investors in the U.S., in addition to other thematic solutions, selecting the right themes at the right time is becoming an increasingly arduous task.³

Simplifying Theme Selection

Multi-theme ETFs help investors navigate an increasingly crowded thematic landscape by providing exposure to multiple high-growth trends within a single investment. Their diversified structure not only simplifies theme selection but may also mitigate concentration risk in particular geographies, sectors, and market capitalizations. However, the effectiveness of these ETFs ultimately depends on how they are constructed.

We believe a key weakness in many multi-theme ETFs is their reliance on backward-looking metrics—such as sales growth or earnings—to select themes. While these fundamentals offer insight into long-term potential, they fail to capture shifting market dynamics or macroeconomic forces. Additionally, sales or earnings growth data typically emerges quarterly or semi-annually, while markets react far more swiftly. This lag may leave multi-theme ETFs exposed to themes facing short-term headwinds, potentially undermining performance.

Not All Themes Are Created Equal

While many themes are designed keeping a large total addressable market opportunity in mind, macroeconomic forces such as interest rates, fiscal policy, monetary policy, regulation, inflation, or even consumer behavior shifts can significantly influence the short-term trajectory of thematic trends, amplifying or dampening their momentum.

For instance, some themes like Electric Vehicles or Clean Technologies may require significant capital to become viable, meaning performance can lag in periods with high interest rates as the cost of funding innovation goes up. Similarly, themes like AI or Data Centers, reliant on large scale infrastructure investment, tend to favor well-capitalized incumbents with existing technological and computing advantages in early stages. Commodity-driven themes, such as Lithium, are highly sensitive to inventory cycles and fluctuating commodity prices. Themes such as Uranium and Nuclear Power can be limited by permitting cycles and regulatory factors.

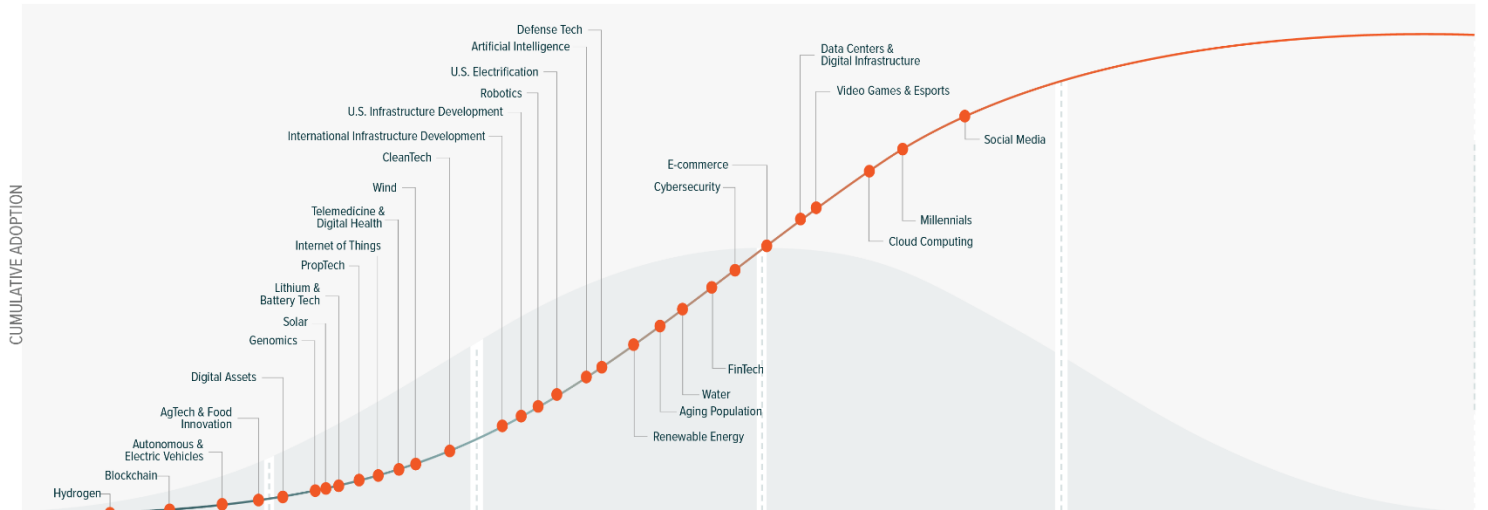
Additionally, themes generally progress through distinct adoption cycles, often defined by the S-shaped adoption curve.⁴ Early stages of adoption are marked by experimentation and skepticism, while later stages see widespread integration, but also



saturation risks. As a result, assessing a theme’s current positioning requires more than recognizing its disruptive potential or its immediate fundamental trajectory, and demands a deep understanding and recognition of market conditions and timing.

We believe investors should be selective, prioritizing themes that not only drive innovation but also align with favorable macroeconomic tailwinds. In our view, a multi-theme ETF that fails to account for these factors risks undermining long-term performance.

GLOBAL X THEMES MAPPED BY ADOPTION PHASE



Displayed for illustrative purposes. Curve shape not indicative of mathematical transformation.

PHASES OF ADOPTION

Phase	Percentage	Description
INNOVATORS	2.5%	Adoption starts slowly, as only a small group of Innovators take a chance on a new technology before it is proven or widely accepted.
EARLY ADOPTERS	13.5%	Early Adopters accelerate and evangelise via word-of-mouth. This is often the tipping point, as Early Adopters convince others that a particular technology is worthwhile.
EARLY MAJORITY	34%	Early Majority, we reach the part of the Adoption S-curve where the slope is the steepest, and hence the rate of adoption is at its fastest. In this phase, sales tends to explode.
LATE MAJORITY	34%	Adoption continues growing at a solid pace as the Late Majority are convinced to participate, and the technology appears seemingly everywhere.
LAGGARDS		Finally, holdouts, begrudgingly acquiesce and accept/adopt a technology.

Balancing Innovation with Market Reality

The market constantly adapts, pricing in new realities. We believe well-constructed multi-theme solutions should in fact seek to leverage market movements to their advantage to understand what themes are positioned for outperformance relative to others.

Research suggests that investing when the market is scaling new heights is an effective long-term strategy, as strength often signals potential for outperformance.⁵ Winning themes tend to continue winning, further benefiting from capital inflows, increasing adoption, and strengthening narratives.⁶

Moreover, by systematically rotating into stronger themes and reducing exposure to relative underperformers, a market momentum-based strategy can exit poorly performing strategies, potentially helping the portfolio remain resilient during market downturns, which is key to the long-term success of a multi-theme ETF solution—where wild swings aren’t uncommon.

Multi-Theme Solution with Momentum at the Core

Ultimately, a superior multi-theme solution must balance disruptive potential with real-world market forces. With that framework in mind, we are revamping our multi-theme offering, transitioning from the Global X Thematic Growth ETF (GXTG) to the **Global X Dorsey Wright Thematic ETF (GXDW)**, placing market momentum at the center of theme selection.

How GXDW Works

GXDW tracks the Nasdaq Dorsey Wright Thematic Rotation Total Return Index (NDWTR), which selects five thematic ETFs that demonstrate the strongest relative momentum in the markets. To qualify for inclusion, an ETF must be sponsored by Global X and focus on a specific, structurally disruptive theme or have a significant overweight toward a particular theme. Currently, the starting universe consists of 27 ETFs.⁷

To construct the index, Nasdaq Dorsey Wright applies its proprietary **Nasdaq Dorsey Wright Relative Strength Matrix** methodology, which seeks to rank ETFs in the starting universe based on their relative price momentum. Nasdaq Dorsey Wright



uses Point and Figure charting to record supply and demand trends, filtering for insignificant trends and short-term market noise, focusing on capturing long-term price movements in the underlying ETFs. The top five ETFs with the strongest momentum are included in the index, seeking to track themes positioned for outperformance.

NASDAQ DORSEY WRIGHT THEMATIC ROTATION INDEX STARTING UNIVERSE

Nasdaq Dorsey Wright Thematic Rotation Index Starting Universe

Global X Aging Population ETF	Global X Hydrogen ETF
Global X AgTech & Food Innovation ETF	Global X Internet of Things ETF
Global X Artificial Intelligence & Technology ETF	Global X Lithium & Battery Tech ETF
Global X Autonomous & Electric Vehicles ETF	Global X Millennial Consumer ETF
Global X Blockchain ETF	Global X PropTech ETF
Global X Clean Water ETF	Global X Renewable Energy Producers ETF
Global X Clean Tech ETF	Global X Robotics & Artificial Intelligence ETF
Global X Cloud Computing ETF	Global X Social Media ETF
Global X Cybersecurity ETF	Global X Solar ETF
Global X Data Center & Digital Infrastructure ETF	Global X HealthTech ETF
Global X Defense Tech ETF	Global X U.S. Infrastructure Development ETF
Global X E-commerce ETF	Global X Video Games & Esports ETF
Global X FinTech ETF	Global X Wind Energy ETF
Global X Genomics & Biotechnology ETF	

Source: Nasdaq Indices. (n.d.). Nasdaq Dorsey Wright Thematic Rotation Index. As of March 31, 2025.

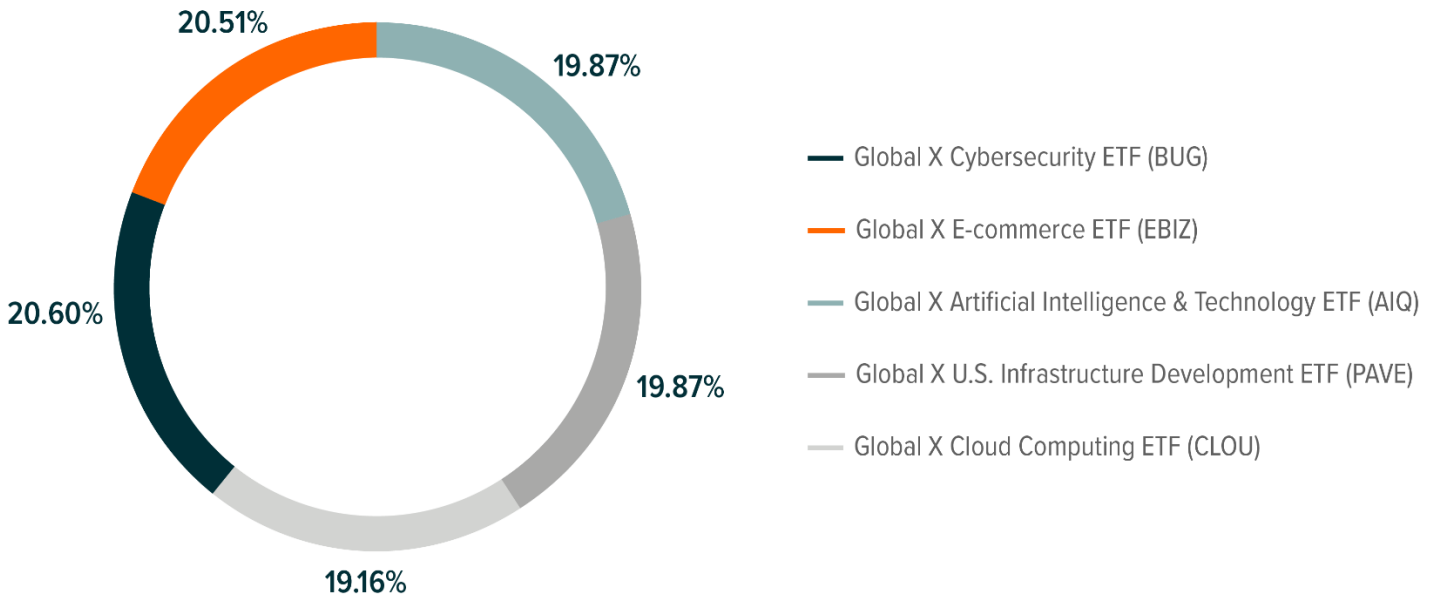
Key Methodology Highlights

- **Starting Universe:** The starting universe consists of 27 thematic ETFs sponsored by Global X, which target a specific theme or that has a significant overweight toward a particular theme.
- **Momentum-Driven Selection:** The Nasdaq Dorsey Wright method assigns a relative strength rank to each ETF in the starting universe, identifying the top five ranked ETFs for final inclusion in the index.
- **Equal Weighting:** Selected ETFs receive an equal starting weight, providing balanced exposure to the most promising themes.
- **Rebalancing & Reconstitution:** The index is evaluated monthly, with weighting adjustments made only when themes are added or removed, with the objective of allowing trends to develop without frequent turnover.

Momentum is a time-tested factor in investing. By focusing on sustained market strength while filtering out short-term fluctuations, GXDW provides investors with exposure to high-growth themes potentially poised for long-term outperformance.



NASDAQ DORSEY WRIGHT THEMATIC ROTATION INDEX COMPONENTS



Source: Nasdaq Indices. (n.d.). Nasdaq Dorsey Wright Thematic Rotation Index. As of March 31, 2025. Constituents are subject to change.

Conclusion: GXDW Is a Multi-Theme Solution that Seeks to Harness Momentum

Thematic investing offers a powerful way to tap into structural changes reshaping the economy, but success lies in identifying the right themes at the right times. **The Global X Dorsey Wright Thematic ETF (GXDW)** leverages a momentum-based approach in an effort to dynamically capture the most promising disruptive trends, seeking to align investors with long-term growth drivers. By focusing on sustained market momentum, this strategy can help investors navigate the complexities of thematic investing, providing a disciplined, data-driven path to potentially capitalize on the next wave of transformative growth.

Related ETFs

[GXDW – Global X Dorsey Wright Thematic ETF](#)

Click the fund name above to view current performance and holdings. Holdings are subject to change. Current and future holdings are subject to risk.

Footnotes

1. Global X ETFs, as of February 27, 2025.
2. Global X ETFs based on data from Bloomberg. (n.d.). Accessed on January 30, 2025.
3. Global X ETFs analysis based on data from Bloomberg. (n.d.). Accessed on January 30, 2025.
4. Science Direct. (n.d.) Diffusion of Innovation, by E.M. Rogers. Accessed on February 27, 2025.
5. Schroders. (2024, February 14). Scared of investing when the stock market is at an all-time high? You shouldn't be.
6. Jim Collins. (n.d.). The Flywheel Effect. Accessed on March 15, 2025.
7. Nasdaq Dorsey Wright Thematic Rotation (NDWTR) Index Methodology Summary, as of February 27, 2025.



This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information is not intended to be individual or personalized investment advice and should not be used for trading purposes. Please consult a financial advisor for more information regarding your situation.

Investing involves risk, including the possible loss of principal. The investable universe of companies in which GXDW may invest may be limited. Emerging economic themed companies typically face intense competition and potentially rapid product obsolescence. Thematic companies may have limited product lines, markets, financial resources or personnel. They typically engage in significant amounts of spending on research and development, capital expenditures and mergers and acquisitions, and there is no guarantee that the products or services produced will be successful. Investment in the Fund is subject to the risks of the underlying ETFs. GXDW is non-diversified.

Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

Carefully consider the fund's investment objectives, risks, and charges and expenses before investing. This and other information can be found in the fund's full or summary prospectuses, which may be obtained at globalxetfs.com. Please read the prospectus carefully before investing.

Global X Management Company LLC serves as an advisor to Global X Funds. The Funds are distributed by SEI Investments Distribution Co. (SIDCO), which is not affiliated with Global X Management Company LLC or Mirae Asset Global Investments. Global X Funds are not sponsored, endorsed, issued, sold, or promoted by Indxx, nor does Indxx make any representation regarding the advisability of investing in the Global X Funds. Neither SIDCO, Global X nor Mirae Asset Global Investments are affiliated with Indxx.