

FRONTLINE PUBLIC SAFETY INDEX

senev



The selenev Frontline Public Safety Index offers exposure to a high-growth, resilient sector driven by structural trends in government outsourcing, demographic shifts, increasing policing complexity, and macroeconomic factors.

Companies in the index are well-positioned to benefit from rising demand for public safety solutions.

The Frontline Public Safety Index invests only in US-listed equities.




INVESTMENT CASE

DEMAND FACTORS & GROWTH POTENTIAL



The policing and public safety sector is poised for sustained growth due to four key drivers:

1. **Government Push for Efficiency via Private Sector Partnerships:** Fiscal constraints and operational demands are driving governments to outsource aspects of police service delivery to private providers, creating robust revenue streams for index constituents.
 2. **Demographic Trends and Workforce Dynamics:** An expanding police workforce, coupled with high turnover and retirements, is increasing demand for equipment, training, and external expertise.
 3. **Rising Complexity of Modern Policing:** The integration of advanced technologies (e.g., AI, cybersecurity, biometrics) requires specialized solutions, where private sector companies hold a competitive edge.
 4. **Economic Weakness and Crime Correlation:** Recessions historically increase crime rates, amplifying demand for public safety solutions and making the sector a defensive investment.
- 

1. Government Financial Positions and Private Sector Partnerships

Governments face mounting fiscal pressures, with U.S. local government budgets allocating 14.8% of expenditures (\$14.82 billion in 2021-22) to policing (California State Controller's Office, 2023). To optimize budgets, governments are increasingly partnering with private firms for services like predictive policing, digital forensics, and infrastructure management. In Europe the UK's National Police Chiefs' Council estimates that technology investments could save £370 million annually by freeing up 15 million hours of police time (NPCC, 2025).

The U.S. Department of Justice has awarded over \$1.2 billion in grants since 2019 to fund technology & training partnerships (DOJ, 2024). Academic research supports this trend: a 2024 study in *Surveillance & Society* notes that police services are acquiring “risk technologies” (AI analytics, surveillance systems) from private providers to enhance efficiency driven by fiscal and operational pressures.

Investment Implication: Companies providing scalable, cost-effective solutions benefit from long-term government contracts.



2. Demographic Trends and Police Workforce Dynamics

The U.S. police workforce is expanding, with 708,000 sworn officers in 2023, projected to grow 2-3% annually due to population growth and urban expansion (source: Bureau of Justice Statistics, 2023). Concurrently, high turnover (10-15% annually) and retirements (20% of senior officers expected to retire by 2028) are creating shortages of experienced personnel (Police Executive Research Forum, 2024). This drives demand for basic equipment (e.g., tasers, vehicles) and training services, as well as external expertise from private firms.

A 2022 study in *Police Practice & Research* highlights the need for enhanced recruitment and training to address turnover increasing reliance on private training providers.

The FBI's 2024 report notes a 70% surge in active shooter incidents from 2020-2024, necessitating advanced equipment like ballistic gear and surveillance systems

Investment Implication: Index companies benefit from rising equipment and training expenditures



3. Increasing Complexity of Modern Policing

Modern policing requires expertise in high-tech domains like cybersecurity, AI-driven analytics, and digital forensics, where private providers have a competency advantage. The rapid adoption of technologies creates a structural demand for scalable solutions from private firms: 58% of U.S. agencies use body-worn cameras, 39% use license plate readers, and 34% use drones (National Institute of Justice, 2017).

Investment Implication: The index includes high-growth tech firms with innovative pure-play tech such as Soundthinking (previously ShotSpotter) as well as established players like Motorola Solutions, which provides command center software and video surveillance.



4. Crime Rises During Economic Weakness

Historical data shows a correlation between economic downturns and rising crime rates, particularly property and violent crimes. The anticipated economic slowdown in 2026 (IMF projects U.S. GDP growth at 1.8%) is likely to exacerbate crime, increasing demand for public safety solutions.

A 2025 Brookings Institution report finds that unemployment reductions correspond with significant drops in property crime, while economic weakness increases violent crime by 2-4% annually. The 2008-2009 recession saw a 5.5% spike in property crimes (FBI Uniform Crime Reporting, 2010).

Investment Implication: Economic downturns drive demand for police services, and companies with strong government contracts are insulated from market volatility.





PERFORMANCE

Cumulative index performance



Performance from backtest inception April 1, 2012 to January 10, 2026

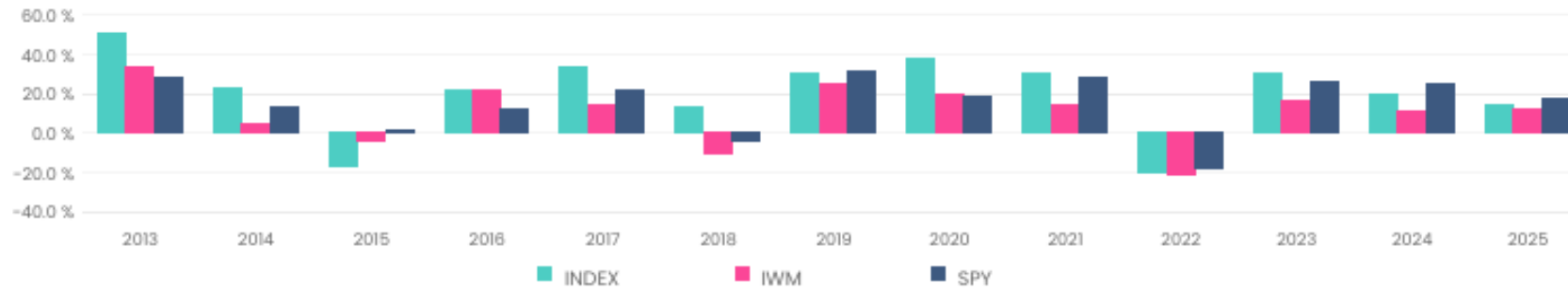
Index live date August 13, 2022

Index risk and return characteristics

Jan 10, 2026

| | STD DEV (ANN %) | MAX DRAWDOWN % | DRAWDOWN PERIOD | SHARPE RATIO | SORTINO RATIO |
|-------|-----------------|----------------|-------------------------|--------------|---------------|
| INDEX | 20.87 | 36.61 | 2020-01-16 - 2020-03-18 | 0.88 | 1.2 |
| IWM | 20.95 | 41.13 | 2018-08-31 - 2020-03-23 | 0.48 | 0.63 |
| SPY | 16.46 | 33.72 | 2020-02-19 - 2020-03-23 | 0.86 | 1.04 |

Calendar year returns



| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------|-------|-------|--------|-------|-------|--------|-------|-------|-------|--------|-------|-------|-------|
| INDEX | 50.84 | 22.64 | -17.42 | 21.98 | 34.2 | 13.42 | 30.86 | 38.16 | 30.53 | -20.51 | 30.88 | 20.14 | 14.46 |
| IWM | 33.81 | 5.04 | -4.48 | 21.59 | 14.58 | -11.13 | 25.39 | 20.03 | 14.54 | -21.49 | 16.82 | 11.39 | 12.28 |
| SPY | 28.21 | 13.46 | 1.23 | 11.99 | 21.7 | -4.56 | 31.22 | 18.33 | 28.73 | -18.65 | 26.17 | 24.89 | 17.72 |

Index Performance

| | 3MO % | YTD % | 1YR % | 3YR (ANN %) | 5YR (ANN %) | 10YR (ANN %) | ITD (ANN %) |
|-------|-------|-------|-------|-------------|-------------|--------------|-------------|
| INDEX | 1.49 | 5.83 | 23.06 | 22.01 | 13.71 | 22.44 | 18.34 |
| IWM | 6.47 | 5.71 | 20.96 | 13.81 | 5.48 | 11.24 | 10.03 |
| SPY | 4.99 | 1.78 | 20.97 | 22.24 | 14.46 | 15.62 | 14.21 |

INVESTING IN THE INDEX



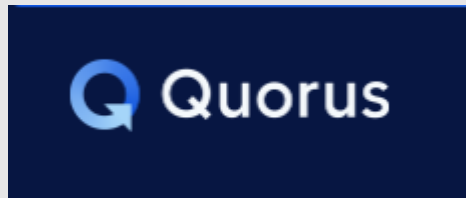
The selenev Frontline Public Safety Index is available as an SMA strategy via direct indexing for investors with Global Beta Advisors.



RIAs can access the Index via the Artha portfolio management platform, which is also accessible to advisors using the Nitrogen platform.



The Index is also available as an SMA strategy for Charles Schwab account holders via direct indexing with Quorus



And RIAs can also access the Index via Smartleaf's Model Distribution service or on C8's platform.





Index performance does not reflect the deduction of any fees or expenses. Performance is provided on a total-return basis. Historical performance illustrations in the indices may be based on a back-test calculation. Past performance of an index is not a guarantee of future results. This information does not constitute, and should not be considered a substitute for financial, legal, or tax advice

[selenev.com](https://www.selenev.com)