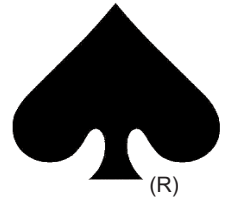


THE SPADE INVESTOR^(R)



1Q 2013

Defense * Homeland Security * Space

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Commentary

The first quarter of the year went better than I think anyone anticipated. Fears of sequestration have (so far) not had a significant impact on most companies operating in the sector. March proved to be quite strong with the sector outperforming the broader markets by 249 basis points to catch up and pull ahead of the overall markets. It is our belief that barring any significant news regarding sequestration and budget issues from Congress or the White House (and this is a BIG IF), investors might continue to notice the sector's positives -- strong balance sheets, stable dividends, growing international sales, growing commercial aerospace sales, and government reductions that impacted overhead and shifts in future procurement rather than near-term changes to current, existing contracts. The sector is approaching the all-time-high achieved in late 2007.

Please note that we've been posting thoughts on the market on SeekingAlpha.com as we seek to attract a wide audience. We will continue to post some thoughts here as well as provide statistics and data on the SPADE Defense Index, the Powershares ETF (NYSE: PPA) that tracks it, and the companies that comprise the index.

SPADE Defense Index Statistics

3/31/13 Close: 2651.67
 All-time Close: 2758.58
 Date of all-time close: 11 October 2007

	SPADE Defense	S&P500
1Q13	10.20%	10.03%
March	6.09%	3.60%

YTD Top Gainers

1	Gencorp	45.36%
2	Oshkosh Truck	43.31%
3	Key W Holdings	27.11%
4	Viasat	24.52%
5	Engility	24.51%
6	Huntington Ingalls	23.05%
7	Computer Sciences	22.92%
8	Ducommun	22.39%
9	Orbital Sciences	21.21%
10	URS COporation	20.76%

YTD Laggards

1	Mercury Computer	[19.89%]
2	Aerovironment	[16.61%]
3	Taser	[11.07%]
4	Cubic	[10.94%]
5	American Science	[6.47%]
6	Harris	[5.35%]
7	Comtech	[4.33%]
8	Booz Allen	[3.45%]
9	ITT Exelis	[3.37%]
10	Heico	[3.02%]

Largest Defense Prime Contractors

	1Q13
Lockheed Martin	4.58%
Boeing	15.45%
General Dynamics	1.79%
Northrop Grumman	3.80%
Raytheon	2.14%
L-3	5.61%

ETF Statistics (NYSEarca: PPA) Powershares Aerospace & Defense

Exchange / Ticker Symbol: NYSE / PPA
 Assets (3/31/13) \$ 48.6M
 Closing Price (3/31/13) \$23.14
 Yield (12-Month Yield) 2.10%
 1Q13 Volume 931,300
 Turnover 8%
 source: Yahoo Finance

Portfolio Price / Earnings	14.47
Portfolio Price / Book	2.53
ROE	24.34%
source: Powershares	
Beta (3 year)	0.92
Alpha (3 year)	1.28
R-squared (3 year)	79.88
source: Yahoo Finance	



PPA (blue) 50-day MA (red)
 S&P500 (rust) 200-day MA (green)

SPADE Defense Index (DXS)
Actual Performance (ex div)

	SPADE Defense Index (NYSE: DXS)	S&P500 (ex-div)
1Q13	10.20%	10.03%
2012	16.30%	13.41%
2011	[2.73%]	0.00%
2010	9.61%	12.78%
2009	21.71%	23.45%
2008	[38.03%]	[38.49%]
2007	22.17%	3.53%
2006	19.33%	13.62%
2005	5.30%	3.00%
2004	20.47%	8.99%
2003	37.27%	26.38%
2002	[2.87%]	[23.37%]
2001	0.94%	[13.04%]
2000	4.98%	[10.14%]
1999	15.31%	19.53%
1998	6.63%	26.67%

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About the SPADE Defense Index

The SPADE Defense Index (NYSE: DXS) provides an investment benchmark for the value that the market ascribes to companies involved with defense, homeland security, and space.

The Index is designed to reflect the broad diversity of activities that is representative of companies involved with the sector – including industrial firms that manufacture aircraft, tanks, ships, and missiles; and those involved with current and next generation systems related to network centric warfare and information technology; intelligence, surveillance, and reconnaissance; satellites; border security; and defense systems that protect the lives of our servicemen and servicewomen.

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SPADE Indexes publishes a variety of private and public sector and regional indexes. Public indexes listed on the NYSE include the SPADE Defense Index (ticker: DXS), the SPADE Oklahoma Index (ticker: OKLAH); and the SPADE Texas Index (ticker: TEXAS).

Licensed Products

Exchange Traded Fund - ETF

Licensed to Invesco Powershares, the Powershares Aerospace & Defense Portfolio ETF (NYSE: PPA) is designed to track the performance of the SPADE Defense Index.

Rules

The Index was designed to be RIC (registered investment company) compliant for the purpose of enabling financial products. Companies are required to meet a variety of eligibility criteria including market valuation, liquidity, and listing on a major U.S. exchange. Full details are available on our website.

- * Market Cap: Minimum \$100M
- * Share Price: Minimum \$5.00
- * Sufficient Liquidity

Apr-13		SPADEFense Index							Market	Forward	Price/	Price/	PEG	
Company	Ticker	Float %	Price	Price	% Ch	% Ch		Cap	P/E	Sales	Book	5 yr	Div Yld	
		31-Mar-13	28-Feb-13	31-Mar-13	2013	MTD		intraday	(ttm)	ttm	mrq	expected	forward %	
AAR Corp	AIR	0.38%	17.57	18.39	-1.55%	4.67%		0.70	9.06	0.33	0.76	0.9	1.60%	
Anaren	ANEN	0.13%	18.73	18.93	-2.67%	1.07%		0.24	11.58	1.49	1.26	1.05		
American Science & Engineering	ASEI	0.26%	62.54	60.99	-6.47%	-2.48%		0.50	24.69	2.69	2.27	1.51	3.30%	
Alliant Techsystems	ATK	1.22%	65.80	72.43	16.90%	10.08%		2.37	9.76	0.52	1.64	-1.41	1.40%	
AeroVironment	AVAV	0.21%	22.12	18.13	-16.61%	-18.04%		0.40	36.26	1.35	1.27	3.16		
Boeing Co	BA	6.45%	76.90	85.85	15.45%	11.64%		64.92	11.87	0.80	11.10	0.98	2.30%	
Booz Allen & Hamilton	BAH	1.01	12.80	13.44	-3.45%	5.00%		1.86	8.96	0.32	9.92	0.74	2.70%	
Ball Corp	BLL	3.67%	44.41	47.58	6.32%	7.14%		7.11	12.82	0.81	6.36	1.30	1.10%	
Caci Intl	CACI	0.69%	50.75	57.87	5.16%	14.03%		1.33	9.16	0.35	1.16	0.62		
Comtech	CMTL	21.00%	26.78	24.28	-4.33%	-9.34%		0.41	21.68	1.08	0.99	0.85	4.50%	
Rockwell Collins	COL	3.97%	60.11	63.12	8.51%	5.01%		8.62	12.78	1.82	8.14	1.42	1.90%	
Computer Sciences	CSC	3.90%	48.03	49.23	22.92%	2.50%		7.56	14.19	0.48	2.28	2.58	1.60%	
Cubic Corp	CUB	0.59%	41.74	42.72	-10.94%	2.35%		1.14	14.38	0.84	1.69	1.86	1.10%	
Ducommun	DCO	0.11%	15.50	19.79	22.39%	27.68%		0.21	9.38	0.28	0.93	-5.47		
Digital Globe	DGI	1.10%	26.08	28.91	18.29%	10.85%		2.13	39.6	5.11	2.55	-5.40		
Engility	EGL	0.21	18.87	23.98	24.51%	27.08%		0.40	7.56	0.24	1.07			
Esterline Technologies	ESL	1.21%	68.93	75.70	19.01%	9.82%		2.35	12.29	1.18	1.41	0.90		
Flir Systems	FLIR	1.94%	26.33	26.01	16.53%	-1.22%		3.77	14.45	2.66	2.35	1.27	1.40%	
General Dynamics	GD	4.97%	67.97	70.51	1.79%	3.74%		24.77	9.83	0.78	2.17	1.47	3.20%	
Gencorp	GY	0.42%	12.05	13.30	45.36%	10.37%		0.81	32.44	0.81				
Heico	HEI	1.19%	43.41	43.41	-3.02%	0.00%		2.30	21.6	2.58	4.42	1.33	0.30%	
Huntington Ingalls	HII	1.36%	48.04	53.33	23.05%	11.01%		2.64	10.77	0.39	3.94	0.77	0.80%	
Honeywell Intl	HON	6.39%	70.10	75.35	18.72%	7.49%		59.06	13.70	1.56	4.54	1.46	2.20%	
Harris Corp	HRS	2.78%	48.07	46.34	-5.35%	-3.60%		5.23	9.16	0.95	2.79	-46.05	3.20%	
Hexcel	HXL	1.50%	27.25	29.01	7.60%	6.46%		2.91	14.43	1.83	2.9	1.35		
KEY W Holding	KEYW	0.30%	14.50	16.13	27.11%	11.24%		0.58	35.07	2.39	1.94	5.38		
Kratos Defense & Security	KTOS	0.15%	4.23	5.03	0.00%	18.91%		0.28		0.30	0.89	-0.86		
L-3 Communications Hldgs	LLL	3.77%	76.27	80.92	5.61%	6.10%		7.27	9.70	0.55	1.33	15.65	2.70%	
Lockheed Martin	LMT	6.20%	88.00	96.52	4.58%	9.68%		30.98	10.63	0.64		1.36	4.80%	
Mantech International'a'	MANT	0.51%	24.81	26.87	3.59%	8.30%		1.00	12.44	0.38	0.83	1.58	3.10%	
Moog Inc.	MOGA	1.07%	44.96	45.83	11.70%	1.94%		2.08	11.72	0.84	1.54	1.58		
Mercury Computer Sys	MRCY	0.12%	6.85	7.37	-19.89%	7.59%		0.24		1.07	0.70	-1.02		
Northrop Grumman	NOC	4.58%	65.68	70.15	3.80%	6.81%		16.63	9.57	0.66	1.76	-10.15	3.10%	
Orbital Sciences Corp	ORB	0.51%	14.78	16.69	21.21%	12.92%		1.00	14.14	0.70	1.40	1.05		
Osi Systems	OSIS	0.64%	57.63	62.29	-2.73%	8.09%		1.25	17.30	1.53	2.75	0.97		
Oshkosh Truck	OSK	1.91%	38.56	42.49	43.31%	10.19%		3.71	13.20	0.46	2.06	0.82		
Precision Castparts	PCP	5.53%	186.59	189.62	0.11%	1.62%		27.77	15.78	3.52	2.93	1.35	0.10%	
Raytheon Co	RTN	4.58%	54.57	58.79	2.14%	7.73%		19.19	10.61	0.78	2.39	1.94	3.70%	
SAIC	SAI	2.39%	11.82	13.55	19.70%	14.64%		4.63	11.39	0.41	1.74	1.16	3.50%	
TASER International Inc.	TASR	0.22%	7.47	7.95	-11.07%	6.43%		0.42	24.84	3.66	4.81	1.02		
Transdigm	TDG	3.95%	142.34	152.92	12.14%	7.43%		7.96	19.07	4.42	13.12	1.45		
Teledyne Technologies	TDY	1.51%	73.58	78.44	20.55%	6.61%		2.93	16.17	1.37	2.54	3.07		
Triumph Group	TGI	2.03%	73.41	78.50	20.21%	6.93%		3.91	11.63	1.06	1.92	0.91	0.20%	
Textron	TXT	3.83%	28.85	29.81	20.25%	3.33%		8.09	11.29	0.65	2.68	0.86	0.30%	
URS Corporation	URS	1.88%	42.26	47.41	20.76%	12.19%		3.65	9.84	0.33	1.00	1.00	1.80%	
United Technologies	UTX	6.36%	90.55	93.43	13.93%	3.18%		85.64	13.39	1.47	3.28	1.12	2.30%	
Viasat Inc	VSAT	1.11%	46.96	48.44	24.52%	3.15%		2.16	54.43	2.05	2.44			
ITT Exelis	XLS	1.06%	10.32	10.89	-3.37%	5.52%		2.05	7.16	0.37	2.02	-1.22	3.80%	

Data Provided by Yahoo Finance & Capital IQ, and Forward P/E by Thompson