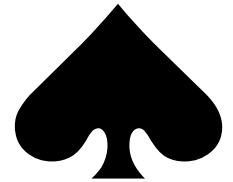


THE SPADE INVESTOR



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Defense * Homeland Security * Space

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- * Defense Sector Stocks Continue to Surge, At 52-Week Highs
- * Index Remains Well Above the 200-day Moving Average
- * Next PPA Resistance levels at \$20.08; Support at \$17.92 (vs. \$18.73 today)

SPADE Defense Index Statistics

3/31/10 Close: 2121.29
 All-time Close: 2747.67
 Date of all-time close: 9 October 2007

Commentary

For the past few months, I've been commenting that the stars were aligning for the Aerospace & Defense sector and, so far, we are being proven correct.

In February, we stated that the post-war spending in the FY-2011 budget was the strongest we could envision. Combined with the commercial aerospace market, which is in an upcycle in the aftermath of the global recession and led by Boeing's testing and late-in-the-year first delivery of the 787, and the conclusion was that the near-term forecast for aerospace & defense stocks was higher (barring external events).

March saw continued impressive gains of 6.57% in the SPADE Defense Index -- bettering the S&P 500 by nearly 70 basis points. Year-to-date, the sector has outperformed the market by an impressive 444 basis points, making it one of the top performing sectors year-to-date.

This rise is led by the large cap prime contractors, notable Boeing (NYSE: BA) which is up more than 34% YTD; the other four defense primes (LMT, NOC, RTN, GD) are all up more than 10%.

Interestingly several small-cap companies have recently taken strides to expand their capabilities via M&A activity -- Orbital Sciences (NYSE: ORB) recently added military and classified satellite manufacturing capability to complement their commercial operations; ViaSat (Nasdaq: VSAT) acquired satellite broadband operator WildBlue in order to expand the service and hence, the electronics receivers they manufacture for them, and Triumph's (NYSE: TGI) acquisition of Vought Aircraft is designed to boost their supplier status with Boeing.

All of these trends are still in play and the fundamentals and technicals remain strong.

For those not wanting to invest in a single company, the Powershares Aerospace & Defense ETF (NYSE: PPA), that tracks the SPADE Defense Index remains the play as it provides exposure to the large cap manufacturers, which are leading the sector higher this year, along with those firms involved with key defense technologies, such as cybersecurity, satellite imagery, and C4ISR, which analysts see as the next areas of growth in the current defense environment. PPA's

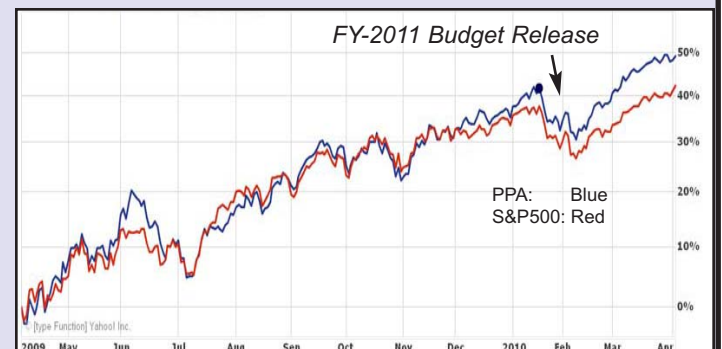
diversification provides the upside potential while reducing the volatility and risk of competing options.

	SPADE Defense	S&P500
March	6.57%	5.88%
1Q10	9.31%	4.87%
YTD	9.31%	4.87%

PPA remains well above its 50 and 200 day moving average



PPA beginning to decouple from the S&P500



Resistance Levels



FY-2011 Budget Request (Table 8.9, in billions)

	2009	2011E	2012E	2015E
Defense Dep't	666.355	708.001	616.360	666.036
Other Defense	28.622	25.091	25.002	26.474
Total	\$694.977	\$733.092	\$641.362	\$692.510

Up \$38 Billion → Up \$51 Billion →

Decline mostly due to withdraw from Mid-East actions will have limited impact on procurement and R&D

March 2010 Top Gainers			March 2010 Laggards			YTD Top Gainers			YTD Laggards		
1	Triumph Group	33.91%	1	Taser	[22.35%]	1	Triumph Group	45.26%	1	ICx Technologies	[26.79%]
2	Gencorp	33.33%	2	SAIC	[10.15%]	2	Kratos Defense	35.26%	2	DynCorp	[19.93%]
3	GeoEye	23.85%	3	OSI Systems	[8.95%]	3	Boeing	34.14%	3	Gencorp	[17.71%]
4	EMS Technology	20.99%	4	Argon ST	[8.09%]	4	Taser	34.02%	4	FLIR Systems	[13.90%]
5	Ducommun	20.13%	5	VSE Corporation	[3.22%]	5	Ladish Corp	33.95%	5	Aerovironment	[10.21%]
6	Esterline Techn	20.12%	6	CACI International	[1.43%]	6	Mercury Computer	24.61%	6	VSE Corporation	[8.70%]
7	Ladish Co	19.86%	7	Ball Corporation	[1.22%]	7	Orbital Sciences	24.57%	7	Comtech	[8.62%]
8	Digital Globe	17.14%	8	Mantech	[1.11%]	8	Esterline Tech	21.24%	8	Alliant Techsystems	[7.90%]
9	Boeing	14.96%	9	L-3 Communications	0.23%	9	Moog	21.18%	9	SAIC	[6.55%]
10	Viasat	13.92%	10	Ceradyne	0.75%	10	L-1 Identity	19.23%	10	CSC	[5.28%]

Largest Defense Prime Contractors		
	March	YTD
Lockheed Martin	7.02%	10.44%
Boeing	14.96%	34.14%
General Dynamics	6.41%	13.25%
Northrop Grumman	7.04%	17.40%
Raytheon	1.56%	10.87%

Year	SPADE	S&P500
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%

ETF Statistics (NYSEarca: PPA) Powershares Aerospace & Defense	
Exchange / Ticker Symbol:	NYSE / PPA
Fee	60 basis
Assets (3/31/10)**	\$132.8 M
Closing Price (3/31/10) **	\$18.71
Yield (12-month yield)*	1.15%
March 10 Volume **	752,000
Turnover **	9%
source: Yahoo Finance	

Avg. Market Cap.*	\$9.81 Billion
Portfolio P/E*	13.13
Portfolio P/B*	2.39
R-Squared	85.18
Std Dev	24.13
Alpha	5.31
Beta	1.11
Sharpe Ratio	[0.04]
* Index Universe 3/31/10 **Yahoo! Finance (2/26/10)	

Inside the Market

Long Range Bomber: The Pentagon stated that they expect to replace the bomber concept that was terminated last year with a family of systems, each designed for a specific mission.

Aerial Refueling Tanker: The Pentagon extended by 60 days the deadline for the \$35 billion contract to allow a bid from EADS.

Unmanned Strike and Surveillance System: The Navy released a request for information for a carrier-based stealthy system capable of integrating with manned aircraft.

Air Force One: Fox News reported that the Pentagon is considering purchasing a new fleet of presidential aircraft as the cost to operate them could soon exceed the value of the aging planes.

F/A-18 Super Hornet: Defense News reported that the Pentagon is reviewing a plan to buy the planes with multi-year contracts that could save the military 10%.

Japan F-X Fighter: Defense News reported that after a number of delays, Japan is ready to move ahead with a competition and RFPs are expected as early as April. 40-50 aircraft are anticipated.

NASA Climate Research: The Washington Post reported that the agency's Earth Science

budget will get a 62% (\$2.4 billion) increase through 2015 for climate research after cutbacks were instituted during the Bush administration.

Boeing 787: After three months off flight testing, Boeing completed its ultimate load test (at which the aircraft sees stresses 150% greater than those encountered in the most extreme flying conditions.) The initial analysis are said to look positive although the company will spend considerable time reviewing the data.

777, 747, and 737 Commercial Aircraft: Boeing announced that it is accelerating production of the 777 and 747 aircraft to two per month as airlines return to profitability. The 737 is currently overbooked in 2012 and the firm reported it already has 30 orders so far in 2010.

Business Jets: The New York Times reported that there are positive signs including overseas growth and increased flight operations in December and January that could signal that the cycle is shifting toward recovery although a pickup in orders is not anticipated until 2011. General Dynamics and Textron both maintain significant operations in this area.

Small Jets: United Technologies' Pratt & Whitney division is set to benefit from its PW1000G engine that will power the

Bombardier C-Series jet, the Mitsubishi Regional Jet, and Russia's United Aircraft Co.'s MS-21 jet. The engine is designed to provide 12-15% better fuel burn than today's most efficient jet engines and Republic Airways just ordered \$3 billion worth of the C-Series aircraft.

Mergers & Acquisitions

Triumph Group agreed to buy **Vought Aircraft** for \$984 million in cash and stock -- a strategic move designed to boost the firm's status as a supplier to Boeing and Airbus.

AAR Corporation acquired the aviation unit of **Xe Services** (formerly Blackwater Worldwide) in a deal valued at \$200 million. The acquisition is designed to expand AAR's value-added capabilities for government customers.

About

The SPADE Defense Index (**ticker: 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.

SPADE Indexes publishes a variety of sector and regional indexes. These include the SPADE Oklahoma Index (OKLAH) licensed to Geary Companies for its OOK Oklahoma ETF (NYSE: OOK) and the SPADE Texas Index (TEXAS) licensed to Geary Companies for its TXF Texas ETF (NYSE: TXF).

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

Historical Quarterly Performance of the SPADE Defense Index

Quarter	SPADE	S&P500
1Q10	9.31%	4.87%
4Q09	5.34%	5.49%
3Q09	16.36%	14.98%
2Q09	17.78%	15.22%
1Q09	[15.71%]	[11.67%]
4Q08	[18.14%]	[22.45%]
3Q08	[8.13%]	[9.00%]
2Q08	[4.69%]	[3.23%]
1Q08	[13.53%]	[9.92%]
4Q07	[4.22%]	[3.82%]
3Q07	[2.39%]	[2.99%]
2Q07	10.76%	5.81%
1Q07	4.37%	0.18%
4Q06	8.79%	6.17%
3Q06	3.21%	5.17%
2Q06	[4.03%]	[1.91%]
1Q06	10.65%	3.73%

Quarter	SPADE	S&P500
4Q05	[0.47%]	1.59%
3Q05	4.44%	3.15%
2Q05	3.91%	0.91%
1Q05	[2.52%]	[2.59%]
4Q04	9.80%	8.73%
3Q04	2.81%	[2.30%]
2Q04	6.34%	1.30%
1Q04	0.36%	1.29%
4Q03	18.97%	11.64%
3Q03	5.27%	2.20%
2Q03	19.03%	14.89%
1Q03	[7.92%]	[3.60%]
4Q02	3.39%	7.92%
3Q02	[17.04%]	[17.63%]
2Q02	[2.86%]	[13.73%]
1Q02	16.57%	[0.06%]

Quarter	SPADE	S&P500
4Q01	14.59%	10.29%
3Q01	[10.40%]	[14.29%]
2Q01	5.91%	5.52%
1Q01	[7.18%]	[12.11%]
4Q00	[0.05%]	[8.09%]
3Q00	12.14%	[1.24%]
2Q00	[7.11%]	[2.93%]
1Q00	0.83%	2.00%
4Q99	7.57%	14.54%
3Q99	[10.18%]	[6.56%]
2Q99	21.39%	6.71%
1Q99	[1.68%]	4.65%
4Q98	13.70%	20.87%
3Q98	[16.88%]	[10.30%]
2Q98	[1.88%]	2.91%
1Q98	14.99%	13.53%

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Top Defense Contractors: 2009 (Contracts Awarded)

Lockheed Martin **	\$31.3 B
Boeing **	\$20.9 B
Northrop Grumman **	\$16.1 B
General Dynamics **	\$15.9 B
Raytheon **	\$15.0 B
United Technologies **	\$7.1 B
L-3 Communications **	\$7.1 B
BAE Systems (UK)	\$6.8 B
Oshkosh Truck **	\$6.4 B

source: *Financial Times* 2/11/10, DoD
 Center for Responsive Politics,
 USASpending.gov; OMB

Top 100 DHS Contractors - 2009

1. Integrated Coast Guard*	\$675.0 M
2. IBM	\$511.3 M
3. Lockheed Martin**	\$374.8 M
4. General Dynamics**	\$365.8 M
5. Unisys	\$336.9 M
6. Accenture	\$304.6 M
7. Booz Allen Hamilton	\$282.6 M
8. SAIC**	\$279.7 M
9. L-3 Communications**	\$245.7 M
10. Boeing**	\$226.1 M

* Joint venture of Lockheed Martin and Northrop Grumman

** SPADE Defense Index constituent
 source: *Security Magazine*