

SPADE Defense Index Outperformed the US Market in 20 of 28 Years

A 5-Star Morningstar Rating

A 15-Year Average Total Return: 16.87% !!!

Total Assets Tracking The Benchmark Rose \$1.1 Billion During 2Q25

SPADE Defense Index Statistics

6/30/25 Close 16,618.84
12/31/24 Close 13,493.03

All-time Intraday High:
30 June 2025 16,636.85

All-time Closing High:
30 June 2025 16,618.84

COMMENTARY

“From Washington to Warsaw to Toyko, governments are accelerating long-term investments in military modernization,” Rene Reyna, Invesco

UK Army Chief Gen. Sir Roly Walker warned of “serious challenges” for NATO citing a real threat from Russia that could materialize into a large-scale attack within the next few years..

~ ~ ~

From an investment perspective, European defense has dominated the conversation recently and it’s not hard to see why. With the S&P500 up by 7% YTD and 13% over the past-year, it has been left in the dust by the performance gains from companies such as Rheinmetall, Thales, Saab, Leonardo, BAE, and Rolls Royce that have surged, rising from 64% to 184% YTD, with even bigger gains over the 1-year and 5-year. Meanwhile, the SPADE Defense Index—representing firms trading on the NYSE and Nasdaq—is up a “modest” 24% YTD and 37% over the past year.

A lot has happened over the last calendar quarter that has—and will—impact investments in the defense sector and, for investors, the answer may

continued on page 2

SPADE Defense Index March 2025 Rebalance

Added: None

Removed: None

Corporate Actions Affecting the Index in 2025

- Boeing is acquiring Spirit AeroSystems with an anticipated close in mid-2025 following the sale of SPR’s Airbus commercial business.
- Triumph Group is being acquired for \$3B with a closing scheduled for 2H2025.
- Honeywell plans to spin its advanced materials unit, valued at \$11 billion, into a publicly traded company in late 2025/2026 and separate its Aerospace & Automation businesses in 2H2026.

Dividend

Invesco’s Aerospace and Defense ETF issued a dividend of \$0.155 per share on 23 June 2025. Over the preceding 12 months, \$0.649 per share was returned.

Licensed Products

Exchange Traded Fund (ETF)

The SPADE Defense Index is licensed by Invesco and serves as the underlying index for the Invesco Aerospace & Defense ETF (NYSE Arca: PPA).

A Morningstar 5-Star Fund

★ ★ ★ ★ ★

Options Trading

Options on the Invesco Aerospace and Defense ETF (ticker: PPA) are available.

Continued from Page 1

not be as simple as following the latest trend. Over the past 25+ years, defense has been a model of consistency—steady stock gains and resilience through economic cycles. In contrast, industry specific/thematic funds often see share price spikes—AI and quantum computing currently come to mind and before that robotics, distance learning and medicine, vaccine stocks, etc. These have presented investors with tremendous short-term opportunities. Yet the disconnect between promise and top line revenue growth and, ultimately, profits inevitably see those gains to be short-lived. Whether European defense, which is seeing a generational shift in higher government spending for security, can justify and grow into these share price gains remains to be determined. The question of, “has the easy money been made or are we near the peak?” should always be a concern for investors.

So, let’s dive in to what’s happened since the last SPADE Investor newsletter.

In no particular order,

1. The defense budgets in most European nations are seeing dramatic growth that will continue higher through the end of the next decade. This will present new opportunities for European defense companies...as well as firms headquartered in the United States.

2. The United States proposed a fiscal year 2026 defense budget that sees total spending topping \$1 trillion for the first time. We’ll look inside the budget in a following section.

3. Investors are waking up to the potential growth of defense companies. More than a dozen funds around the globe targeting the sector have launched in the past year alone and assets managed by them have grown to more than \$25 billion.

4. The world is on a fear precipice, and investors focus on defense when there is fear.

a. Russia has been ramping up its attacks on Ukraine despite the cost in lives and equipment as it seeks to make gains while the US government pursues its laissez-faire policy instead of helping Europe supply Ukraine in its fight.

b. Despite prospects for a cease-fire in the region, the Middle East remains volatile. We will provide some insights regarding the continuing efforts by Israel v. Iran Proxies Hamas and Hezbollah; the Israel/US attack on Iranian nuclear facilities; and Pakistan’s threat to nuke

Israel if it that nation deploys nuclear weapons on Iran.

c. Lest we forget, India and Pakistan, two nuclear power nations, engaged in cross-border attacks on each other.

d. Meanwhile, as China continues to forge economic and political alliances and broker itself as a peaceful, third-party diplomatic options, its neighbors in Japan, the Philippines, and elsewhere are calling for changes to how the US and others define the theatre(s) of the navigable seas in the region.

European Defense

Funds with EU defense exposure are outperforming but are returns baked in or is this just the beginning?

The Russian invasion of Ukraine and the potential threat of future warfare has emboldened countries in the European Union to increase defense spending, surging to levels not seen in a generation. Defense budgets across the region are expected to double from \$476B in 2024 to \$910B by 2030. Recently, NATO allies have set a combined target of 5% of GDP for defense and security by 2035—Germany, Poland, and the UK are expected to be the first to reach that target.

As stated in the Wall Street Journal, “Europe is prioritizing security with massive investments in defense plans and efforts to grow the continent’s defense sector. Pullbacks in spending after the Cold War are now being reversed.”

The 5% of GDP represents a 3.5% core for personnel, equipment, and operations and 1.5% to “enhance the industrial base”—although as analysts point out this could include road and airport upgrades. Still, considering that in 2024 only 22 of 31 members (ex-US) exceeded 2% of GDP for defense, this represents a significant increase.

With the Trump Administration supporting a more laissez faire attitude toward NATO and reducing military aid to Ukraine, European nations are seeking to shift from relying on military alliances to expanding their local defense industrial base, building upon the lessons learned from Ukraine, and targeting equipment that would enable them to resist a future Russia’s invasion. The goal of which is to restore and preserve peace and security in the European Union over the long-term.

But this does not mean that US defense suppliers will not have opportunities. According to SIPRI, EU arms imports

continued on page 3

Continued from Page 2

rose 155% (2020-2024) vs. the 2015-2019 time period; with the US supplying 64% up from 52% in 2015-2019. Currently EU NATO states have almost 500 combat aircraft and other weapons still on order from the US and they have indicated there will be plenty of opportunities for transnational partnerships and for US-controlled companies operating in the EU. The US remains a leader in a number of technologies and systems that Europe needs including new anti-drone systems, state-of-the-art air and missile defense, cyberwarfare, AI and quantum computing.

Inside the FY2026 US Defense Budget

Topping \$1 trillion for the first time, the fiscal year 2026 defense budget requested by the Pentagon was officially for \$961.6 billion, plus it plans to use \$113.3 billion from the \$150 billion reconciliation bill that was just signed during FY26. The budget request failed to include the five-year spending plan that DoD normally provides, leaving questions as to how and when key initiatives will be funded.

Key elements of the budget:

- Procurement spending at \$205 billion (\$52B of which is from the reconciliation bill)
- R&D spending at \$1.2 billion (all in the base request).
- Orders by the Pentagon for the F-35 Joint Strike Fighter have been essentially halved to 24, down from 48 in the current year. Although this program represents roughly 30% of Lockheed Martin's revenues, in 2024 the firm delivered 110 of these aircraft to US and its allies. Near-term reduction of deliveries to its US clients will be filled as the firm seeks to work through its international order book valued at \$176 billion (UK, Italy, Netherlands, Australia, Israel, Singapore).
- The Next General Air Dominance (NGAD) fighter will replace the Lockheed Martin F-22 Raptor. Boeing won an estimated \$20 billion contract to develop the F-47 program, which in FY26 will receive \$3.4B + an additional \$531M for advanced acquisition of materials.
- The Navy's next generation strike fighter program F/A-XX will be delayed but \$74 million is requested to complete the design work.
- The Army confirmed previously announced cancellations of the M10 Booker, Robotic Combat Vehicle, Improved Turbine Engine Program, and the Grey Eagle drone.

- \$13.4 billion is allocated to autonomous technologies with \$9.4B to unmanned aerial systems, \$1.7B to on water systems; \$734M to underwater systems, \$210M for ground vehicles, and \$1.2B for "enabling capabilities" like software.

- \$29 billion for Shipbuilding and the maritime industrial base including 16 ships including two Arleigh Burke-class destroyers and a 2nd Virginia class submarine.

- \$25 billion for Golden Dome domestic missile shield whose overall cost is estimated at \$175 billion.

- \$25 billion for munitions.

- \$16 billion to accelerate innovative technologies such as drones, AI, and low-cost weapons.

- \$15 billion for nuclear modernization.

- \$3.6 billion for military satellites and \$1 billion for the X-37 space plane.

- \$9 billion for air superiority.

- \$12 billion for Indo-Pacific deterrence requirements.

Russia: Ramping Up Attacks on Ukraine Despite Massive Losses

In recent months, taking advantage of the spring and summer weather, Russia has been ramping up its attacks on Ukraine using waves of drones and long-range missile attacks to overwhelm Ukrainian air defenses. Russia also changed tactics to maximize its territorial gains by expanding the front lines and engaging in multiple fronts to spread out Ukrainian defenses. Meanwhile, Ukraine has struck a number of Russian military air bases and naval vessels, doing billions of dollars in damage to its strategic assets. At the time of the newsletter, the Trump Administration has halted shipments to Ukraine out of "concern over America's own depleted stockpiles," which many analysts have denied is actually a problem. Even with NATO nations such as Germany, The Netherlands, and Poland increasing their support, US anti-missile and drone systems play a huge impact in helping Ukraine deter attacks.

The toll on Russia:

The General Staff of Ukraine's Armed Forces reported that Vladimir Putin has lost 1,020,010 soldiers since the campaign started in February 2022. And on June 17, the UK

continued on page 4

Ministry of Defense reported that Russians with disabilities reportedly received 152,000 artificial limbs in 2025, confirming that their estimates exceed 1 million casualties – deaths and injuries – by Russia since it invaded Ukraine in Feb 2022.

In addition to the human toll, Russia has also taken a significant hit on military equipment. This includes 10,980 tanks, 22,922 armored fighting vehicles, 53,593 vehicles and fuel tanks, as well as 29,718 artillery systems. It has also lost 1,427 multiple launch rocket systems, 1,190 air defense systems, 420 airplanes, 340 helicopters, 42,796 drones, 28 ships and boats, and one submarine.

Russia may ultimately win and secure additional territory around the Black Sea, but it has been at a tremendous cost.

Middle East Insight

Whether you agree with Israel's methods or disagree with their use of disproportionate force against an enemy that doesn't follow the accepted rules of military engagement, the fact is that the Middle East is actually safer than it has been in years.

- (a) Iran terrorist proxies in Hamas and Hezbollah have seen their leadership decimated and their capabilities diminished.
- (b) Iran's nuclear program has been set back by months, if not years.
- (c) Syria's dictator, Bashar al-Assad, was overthrown and western nations are beginning to reestablish diplomatic and economic support

History says that peace in the region will not last for long. Any cease fire of hostilities has historically been used by antagonistic parties to regroup before trouble begins anew. One can hope, but thousands of years of history in the region suggests it is only a matter of time before the next conflict breaks out.

As Israel continues to perform systematic attacks on Hamas and Hezbollah cells, by far the most noteworthy action taken in the past three months was the news that Israel struck Iranian military installations, key military leaders and nuclear scientists, and ground based military sites. With some intelligence officials citing that Iran was only weeks away from enriching enough uranium for a half-dozen nuclear weapons, Israel felt the urgency to

act. This put the US in a precarious position as their bunker buster bombs are unique and would be necessary to impact the underground enrichment plant at Fordo. The US within days then struck three Iranian nuclear sites—the one at Fordo, Isfahan, and Natanz.

While Israel has diminished Iran's military capabilities, the resources at the regime's disposal are still vast. According to The Guardian, Iran has 600,000 active personnel (8th worldwide) and a yearly mobilization potential of 1.4 million people. It has 551 aircraft (1/3 of which are fighters) 1713 tanks, and enough subs to rank it 4th in the world.

As far as Iran's nuclear capabilities, the impact on Fordo remains unknown. Some have cited that Iran's centrifuges are largely intact, with the damage from the attack limited to aboveground structures and sealing off entrances. Others have stated that some of its enriched uranium stockpile was moved offsite before the strikes. One question not asked by media outlets is: Are analysts sure there were only three sites or were these three just the ones Iran wanted UN and the International Atomic Energy Agency to know about?

Still, the situation at the present time is:

- Israel targeted Iran's air defense and offensive missile capabilities and currently controls the airspace over Iran.
- Tehran's threat of reprisals led to minimal actual damage on Israeli and US targets.
- Iran's power is muted as Israel has weakened Hamas and Hezbollah, and the Syrian revolution reduced their influence in that nation as well.
- A spark to a wider regional conflict hasn't happened.
- Houthi rebels in Yemen are still in play.

China

With large-scale, active conflicts ongoing around the world, the perceived threat that China presents has, to some degree, been forgotten. As part of its long-game, China continues to forge economic and political alliances around the globe and broker itself as a peaceful nation offering a third-party diplomatic option.

According to Shehzad Qazi, the managing director the

China Beige Book, the US strikes on Iran “handed China an important talking point: It’s America, not China that threatens the global order and peace.”

China mediated a peace deal between Iran and Saudi Arabia in 2024, and Beijing hailed this as a sign it has emerged as a major power broker in the Middle East. Yet, according to CNBC, Israel is skeptical of China neutrality as a mediator because of its alignment with Iran and engagement with Hamas.

Meanwhile, Japanese Defense Minister Gen. Nakatani called for the US to “consider the East China Sea, the South China Sea, and the Korean Peninsula and surrounding areas as a single ‘theatre.’” Gilberto Teodoro, Philippine’s Secretary of National Defense said that was “reasonable” but should exclude Korean peninsula. Philippines and China have clashed frequently in the South China Sea around disputed shoals and atolls inside Manila’s exclusive economic zone. Japan and China repeatedly face off over uninhabited Japanese-administrated islands in the South China Sea.

Investors Wake Up to the Defense Sector

For too long, there has been a limited investment base in publicly-traded defense stocks—even as the benchmark SPADE Defense Index produced a 15-year return of nearly 16% annually. Many institutional and professional investors remained on the sideline either due to their aversion to the sector’s activities or viewing it as a niche market. That has begun to change. Even though the sector still remains small compared to technology, semiconductors, and other industries, the past year has seen a significant influx in money invested into the sector and the publicly-traded funds being offered to investors. The number of exchange traded funds (ETFs) investing in the sector has grown from 3 in 2022 to 20 today with the assets being managed through these vehicles tripling, approaching \$25 billion. A dynamic shift in the investor perception of the defense industry is underway. Increased attention to government spending on defense has sent the world’s publicly-traded defense stocks higher, providing significant gains over the past several years.

SPADE Defense Index – Solid Returns Over Time but Short-Term Underperforming...Why?

A question recently raised asked that while the SPADE Defense Index was up 21.57% in the first two quarters of

the year, the Index has, in the short-term, underperformed some of the other methodologies used for defense-sector funds. Why?

The answer is, simply, performance attribution. For example, both the SPADE Defense Index (and hence the Invesco ETF, PPA) and the iShares ETF (ITA) hold GE Aerospace in its portfolio, which has gained 48% YTD. ITA, however is market cap weighted, and GE represents more than 20% of its fund. GE now has a value nearly equivalent to Lockheed Martin, Northrop Grumman, and General Dynamics...combined.

Likewise, the two largest holdings of SHLD are German firm Rheinmetall (up 211% YTD and 1800% over the past five years) and US-listed Palantir (up 77% YTD and 420% over the past year). When an index overweights holdings that have a disproportionate gain, it is hard to compete in the short term. Long-term, however, is a different story. The diversification of the SPADE Defense Index has been core to its success over the past two decades, with a 15-year average return of nearly 17%—an investment record that many portfolio managers likely envy.

	YTD	1-Year	5-Year
S&P 500	7%	13%	97%
PPA	24%	37%	155%
Rheinmetall	184%	241%	2170%
Thales	77%	57%	230%
Saab	113%	103%	109%
Leonardo	77%	101%	684%
Aselsan (Turkey)	109%	152%	1772%
BAE	64%	47%	290%
Rolls Royce	69%	108%	965%
Palantir	78%	420%	1244%
GE	48%	51%	626%

The downfall of many industry-specific and thematic ETFs has been the disconnect between top line revenue growth and profits. The nature of the defense sector is slow and steady, resilience through economic and other cycles. While growth is certain when looking at budget increases, how and when it will impact individual firms is uncertain. It is unknown if gains are baked in or if a missed earnings report will lead to a significant share price decline. If that is the case, diversified funds provide a buffer to individual company risk and should benefit long-term investors.

By The Numbers (2Q2025)

\$2.72 Trillion – Global 2024 defense spending, up 9.4% from 2023, and the largest since the end of the Cold War according to a new SIPRI report.

\$175B – Estimated cost over three years for the proposed Golden Dome missile shield.

\$142B – The White House announced a defense agreement with Saudi Arabia covering missile defense, naval systems, and more.

\$96B – Boeing from Qatar Airways for 160 jets including 130 - 787s and 30 - 777Xs.

\$18.8B – Proposed NASA FY-2026 budget, down 25% from 2025.

\$15B – Amount proposed by the House Transportation and Infrastructure Committee to modernize the FAA air traffic control.

\$12.4B – General Dynamics Electric Boat contract mods to build two more VA-class submarines. HII Newport News Shipbuilding is a subcontractor.

\$4B – Amount the new budget authorizes for the F-47 (Boeing) including \$804M for the Collaborate Combat Aircraft Programs.

\$2.1B – RTX from the Missile Defense Agency to provide engineering and product support for Standard missile-3 Block Variants.

\$2B – US State Dept approval for Foreign Military Sale with Australia for sustainment support of its F/A-18F Super Hornet and EA-18G Growler aircraft. The deal includes advanced electronic warfare systems, software updates, etc. Boeing is the principal contractor.

\$1.8B – Cost of Boeing's expansion for its advanced combat aircraft manufacturing facility near St. Louis.

\$1.2B – Navy to RTX for AN-SPY-6(V) Air and missile defense radars for surface ships.

\$1.1B – Navy to RTX for AIM-9X-Block II missiles

\$1.04B – The sale of RTX AIM-120 AMRAAM missiles to Australia has cleared the US State Dept.

\$987M – Navy to General Dynamics for nuclear submarine and aircraft carrier support.

\$855M – US Army to CACI, a 5-year contract to provide global logistics and engineering support.

\$802.8M – The US Air Force to fund flight testing for its Hypersonic Attack Cruise Missile.

\$728M – Army to General Dynamics for 120mm Insensitive Munition High Explosive-Trace rounds.

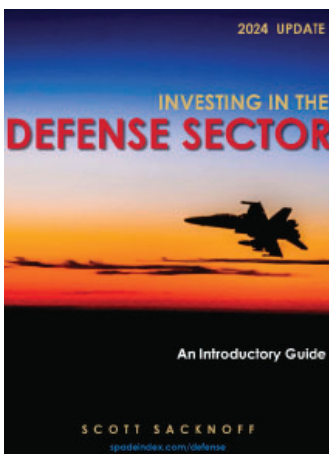
\$646M – UN Navy to Raytheon for additional SPY-6(V) radars under a \$3B 5-yr program

\$621M – US Army to General Dynamics, a contract mod for the Interim Maneuver Short-Range Air Defense System.

\$580M – US Navy to RTX to produce next-generation jammer mid-band system, including jammer pods for the Royal Australian Air Force.

\$387.1M – US Air Force Hypersonic Missile procurement AGM-183a Air Launched Rapid-Response Weapon, marking shift from development to production.

\$379M – The US Army to HII for live training, ranges, and combat training centers.



A New Update to this Classic Guide!

Free Download: [HTTPS://SPADEINDEX.COM/FILES/INVESTING_DEFENSE_SECTOR_GUIDE.PDF](https://spadeindex.com/files/investing_defense_sector_guide.pdf)

A 58-page educational guide designed to provide investors with a basic understanding of the defense industry and its activities, what drives it, and the unique risks associated with investing in it. It is not meant to recommend or promote any individual company or fund. It is offered for free and can be shared by advisors, analysts, and investors without having to sign in or subscribe.

2Q25 Leaders

1	BKSY	166.62%
2	AVAV	139.07%
3	RKLB	100.06%
4	TTMI	99.02%
5	ATI	65.94%
6	PLTR	61.52%
7	AXON	57.42%
8	KTOS	56.45%
9	CW	53.98%
10	KRMN	50.69%

2Q25 Laggards

1	KBR	[3.75%]
2	NOC	[2.34%]
3	VVX	[1.02%]
4	BAH	[0.44%]
5	SAIC	0.30%
6	TGI	1.62%
7	TDY	2.93%
8	HXL	3.20%
9	LMT	3.64%
10	MOGA	4.47%

ETF Statistics (NYSE Arca: PPA)
Invesco Aerospace & Defense

Exchange / Ticker	NYSE / PPA
Assets (6/30/2025)	\$5.8 B
Closing Price (6/30/2025)	\$141.69
Dividend Yield*	1.07%
2Q2025 Volume**	11.03 Million
Turnover*	18%
Morningstar Rating*	***** (5-Star)
* Morningstar ** Yahoo Finance - 6/30/2025	

Capture Ratio	3-Yr	5-Yr	10-Yr
Upside	113	105	108
Downside	73	70	80

YTD Results

1	Blacksky	91.01%	29	L3Harris	19.35%
2	Aerovironment	85.16%	30	Boeing	18.37%
3	Palantir	80.25%	31	CACI	18.00%
4	Kratos Defense	76.08%	32	LOAR	16.51%
5	Elbit Systems	74.18%	33	CAE	15.33%
6	Viasat	71.56%	34	AIR	12.29%
7	Howment	70.18%	35	Amentum	12.27%
8	Karman	67.87%	36	Spirit Aerosystems	11.94%
9	TTM Technologies	64.93%	37	General Dynamics	10.71%
10	ATI	56.87%	38	Teledyne	10.38%
11	GE	54.31%	39	Parker Hanifan	9.73%
12	Woodward	47.27%	40	Leidos	9.51%
13	DRS	43.86%	41	Eaton	7.58%
14	Amphenol	42.17%	42	Northrop Grumman	6.55%
15	Rocketlab	40.44%	43	Textron	4.97%
16	AXON	39.31%	44	Iridium	3.96%
17	Triump Group	38.00%	45	Honeywell	3.09%
18	Heico	37.97%	46	Keysight Tech.	2.00%
19	Curtiss Wright	37.67%	47	V2X	1.51%
20	OSI Systems	34.30%	48	SAIC	0.74%
21	Ducommun	29.99%	49	Cadre Holdings	-1.30%
22	BWX Technologies	29.33%	50	Lockheed Martin	-4.73%
23	Mercury Systems	28.24%	51	Moog	-8.00%
24	Standard Aero	27.83%	52	Hexel	-9.87%
25	HII	27.79%	53	KBR	-17.24%
26	Raytheon	26.18%	54	Booz Allen	-19.10%
27	Transdigm	19.99%	55	Parsons	-22.20%
28	Oshkosh Truk	19.44%	56	C3.ai	-28.58%

Portfolio Price/Earnings	26.73	Beta (3-yr)	0.94
Portfolio Price / Book	5.05	Alpha (3-yr)	9.38
Portfolio Price / Sales	2.31	R-squared (3-yr)	60.37
Portfolio Price / Cash Flow	6.85	STD Deviation	17.84
Long-Term Earnings	11.49%	Sales Growth	6.85%
Historical Earnings	10.20%	Cash Flow Growth	14.42%
		Book Value Growth	3.55%

Total Return (Avg Annual %)	
1-Year	37.92%
3-Year	26.77%
5-Year	21.51%
10-Year	15.99%
15-Year	16.87%
Since Inception	13.20%
Morningstar, 7/1/2025	

Price Return by Decade (ex div)		
	2000-2009	2010-2019
SPADE Defense	310.26%	189.73%
S&P 500	97.07%	[24.11%]
Alpha (bps)	12,053	12,118
Alpha (%)	120.53%	121.18%
SPADE Defense 2020-YTD		108.56%
Alpha (%) 2020-YTD		16.49%

Index Performance (ex div)			
	SPADE Defense Index	S&P 500	Alpha (bps)
YTD	23.17%	5.50%	1767
2024	24.88%	23.31%	157
2023	17.70%	24.23%	[653]
2022	8.56%	[19.44%]	2800
2021	6.61%	26.89%	[2028]
2020	[0.73%]	16.26%	[1699]
2019	38.49%	28.88%	961
2018	[8.15%]	[6.24%]	191
2017	28.92%	19.43%	949
2016	17.95%	9.53%	842
2015	3.23%	[0.73%]	396
2014	11.77%	11.39%	38
2013	48.27%	29.60%	1867
2012	16.30%	13.41%	289
2011	[2.75%]	[0.00%]	[275]
2010	9.62%	12.78%	[316]
2009	21.71%	23.45%	[174]
2008	[38.03%]	[38.49%]	46
2007	22.17%	3.52%	1964
2006	19.33%	13.62%	571
2005	5.30%	3.00%	230
2004	20.47%	8.99%	1148
2003	37.27%	26.38%	1089
2002	[2.87%]	[23.37%]	2050
2001	0.94%	[13.04%]	1488
2000	4.98%	[10.14%]	1512
1999	15.31%	19.53%	[422]
1998	6.63%	26.67%	[2004]

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 and its homeland security, and space components. The Index is designed to reflect the broad diversity of activities that is representative of companies involved with the sector—naval vessels, military aircraft, armored vehicles, helicopters, drones and remotely piloted vehicles, missiles and missile defense, command and control, secure communications, battlespace awareness, intelligence and reconnaissance, and space systems, as well as national/homeland security activities including border security, biometric screening systems, and military AI and cybersecurity efforts. SPADE Indexes, founded in 2004, specializes in designing and managing equity benchmarks for ETF and other products.

Rules

The SPADE Defense Index was designed to be RIC (registered investment company) compliant for the purpose of enabling financial products. Companies are required to meet an eligibility criteria that includes market valuation (>\$250M), listing on a major US exchange, and have sufficient liquidity. Importantly, each firm must be considered systematically important to the defense of the United States and their defense business is systematically important to the revenues and health of the firm. We follow an enhanced modified market cap methodology that employs our TrueCap™ strategy, enabling the index to more accurately handle firms with diversified operations. Full details can be found at: www.spadeindex.com/defense

Legal & Disclaimers

© 2025 SPADE Indexes LLC—SPADE, the SPADE icon, and “The SPADE Investor” newsletter are registered trademarks. SPADE Indexes LLC is the owner of the trademark, service marks, and copyrights related to its indices. This newsletter does not constitute an offer of an investment product. SPADE Indexes LLC makes no representation regarding the advisability of investing in vehicles based on the SPADE Defense Index. All information is provided ‘as is’ for informational purposes only and is not intended for trading purposes or advice. Neither SPADE Indexes LLC nor any related party is liable for any informational error, incompleteness or for any actions taken based on information contained herein.

SPADE Indexes LLC

PO Box 5752

BETHESDA, MD 20824

UNITED STATES

TEL: +1 (202) 596-1812

INFO@SPADEINDEX.COM

WWW.SPADEINDEX.COM

