

2025: Another Solid Year with Low Volatility

- The SPADE Defense Index Outperformed the S&P500 by More Than 20%.
- 10 Firms in the Index Gained 100%+, 22 Gained 50%+
- Assets Tracking the Index Rose from \$4.5 Billion to Nearly \$7 Billion
- A 15-Year Average Total Return of 16.43%.
- A 5-Star Rating from Morningstar * * * * *

SPADE Defense Index Statistics

12/31/25 Close 18,410.17
12/31/24 Close 13,493.03

All-time Intraday High:
28 October 2025 18,877.22

All-time Closing High:
28 October 2025 18,686.32

Price Return	SPADE Defense	S&P 500
4Q25	0.68%	2.35%
2025	36.44%	16.39%

COMMENTARY

Some Recent Analyst Headlines

- Is 2026 the Year to Go Big on Defense ETFs?
- 2026: Defense Stocks Are Set to Soar
- Defense is No Longer Cyclical, it's Strategic

2025 Results

In January 2024 we first pondered if we might be investing at the precipice of World War III stating that “there are a lot of parallels today to the political environment and activities that took place prior to World War II.”

In January 2025, we stated that our Wall of Worry was extensive. We thought that there might be a conclusion to hostilities between Russia and Ukraine but spending in Europe to bolster their defenses against future Russia aggression would continue to rise, benefiting the defense industrial base. Fighting in the Middle East would continue and escalated action between Israel and Iran with strategic strikes by US forces was likely. And that the impact of the 2024 US Presidential Election would

continued on page 2

SPADE Defense Index December 2025 Rebalance (see details on page 3)

Added: nLASER (LASR),
Firefly Aerospace (FLY)

Removed: Acquisition of Spirit Aerosystems (SPR) by Boeing (BA) closed in 4Q25.

Corporate Actions Affecting the Index in 2026

- Honeywell plans separate its Aerospace & Automation businesses in 2H2026.
- CAE's board is investigating a sale of the business.
- KBR announced plans to spin off its Mission Technology Solutions (MTS) segment into a separate, tax-free public company by mid-to-late 2026

Dividend

The Invesco Aerospace and Defense ETF returned a total dividend of \$0.659 per share during 2025.

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

see increases in US defense spending and an administration friendly to mergers and acquisitions. Overall this forecast was quite prescient, although the Russia-Ukraine conflict drags on.

For the year, the total return of the SPADE Defense Index was 37.14%, outperforming the S&P 500 by more than 20%. Overall, the Index ended 2026 with a 10-year return of 16.99%, and a 15-year return of 16.43%.

2026 Forecast

As we turn our attention from the past to the upcoming year, it is our opinion that the environment in 2026 is conducive for continued investment gains in the aerospace and defense sector with investors benefiting from:

- Increasing geopolitical tensions in multiple regions of the world with a high possibility that major new engagements conflagrate and capture the news.
- Greater spending on defense in the US, Europe, Asia, the Middle East, and elsewhere.
- Robust commercial aerospace & space markets.

In the past few weeks alone, we've seen:

- The US engage in a military action to capture the President of Venezuela;
- UK and French forces bomb ISIS forces inside Syria; while Saudi Arabia threatens the UAE over its role in Yemen;
- China engaging in a military drill near Taiwan that was seen as a test run for a blockade;
- The US launching airstrikes against the Islamic State in Nigeria;
- The US openly hinting at military action to acquire Greenland (from a NATO nation);
- Israel attacking Hezbollah sites in Lebanon; and threats by Israel and the US telling Iran that unless they stop attempts to rebuild their missile and nuclear capabilities, additional strikes are likely.
- The US and Iran are engaging in verbal

sparring after President Trump threatened Tehran if they “violently kills peaceful protesters, America will come to their rescue.”

- Additionally, President Trump has indicated an interest in altercations in Mexico (against the drug lords operating in the region), Columbia, and Cuba.

While not structured the same as the “organized” Allies vs. Axis conflict of WWII or Allied Powers vs. Central Powers of WWI, there is little doubt that the world is highly engaged in conflict. Whether historians eventually call it WWII remains to be seen.

Meanwhile, two separate statements from President Trump on January 7th and January 8th had a direct impact on the share prices of many companies in the sector. The first dealt with a possible executive order mandating that firms receiving DoD contracts redirect capital away from share buybacks, dividends, and executive compensation, and instead shift those funds toward internal research & development and expanding production. With many investors holding defense stocks for their return of capital via dividends and buybacks that reduce share counts, the initial reaction was an immediate decline of 2% in the SPADE Defense Index. This was quickly mitigated the following day, when President Trump announced his intention to see a defense budget of \$1.5 Trillion (roughly 50% higher than the current budget) and the Index gained back what it lost the prior day. Ultimately, should they be enacted into practice, and that is a big “if,” both could benefit the top and bottom lines.

Our prediction for 2026 remains the same—during periods of global instability, investors have historically increased their allocation to the defense sector in order to hedge against the risk associated with conflict-driven news. Subject to broader market conditions and any black swan events, we expect that public companies associated with defense products and services will likely outperform the broader market. We expect that 4Q2026 will see some volatility in the sector following the results of the US Congressional elections. Should the Democratic Party recapture one or both houses of Congress, investors may see that as a short-term opportunity to call the top and exit their positions in the sector. How quickly a rebound takes place will depend on whether investors focus on action or political rhetoric.

continued on page 3

Thoughts on Greenland & the Future of NATO

How much is rhetoric and how likely is it to lead to action? Under President Trump one has to give sway to action, although this could be a line in the sand that military leadership won't cross. However, should a military action to acquire Greenland occur, the Trump Administration may be able to achieve something that Vladimir Putin and Russia could not—see the end to NATO. Many believe a military annexation of Greenland would trigger the collapse of NATO—an event that could have a significant impact on the value of the US dollar and its treasury bonds in addition to Europe limiting trade with the US and pulling back even further from purchasing US defense products. It's interesting that many policy analysts and economists agree that the simple action of acquiring a country with a population of 50,000 people (1/20 the population of Rhode Island) could plunge the global economy into a recession.

Thoughts on Russia-Ukraine

If Ukraine is forced to cede land to achieve a peace deal with Russia, that doesn't mean the fighting is over. A ceasefire like won't bring peace to the region but, instead, create a shadow war of attacks by resistance fighters. Some of that is already being accomplished today with fighters employing homemade bombs on railroad tracks used by Russia to bring in weapons and supplies and drone attacks on Russian military and economic facilities. Likewise, a conclusion to official hostilities between the two nations won't diminish European plans to remobilize and improve their defensive capabilities. NATO officials along with several politicians in the area have stated that they believe that Russia's next action could be a move against a European nation. It is unlikely that European will not continue to improve their air defenses, missile capabilities, and ground force capabilities.

Thoughts on Middle East

Historically, peace in the Middle East never lasts and is simply the calm between storms. Despite a fragile ceasefire in Gaza, there remains continued flare-ups in the area. Additionally, Israel continues to take action against Hezbollah in Lebanon. The UK and France recently took action against ISIS sites in Syria, which politically remains unstable after the removal of President Bashar al-Assad; Saudi Arabia continues to engage in rebel forces in Yemen and has warned the UAE about its relationship with Yemen.

What this means is that spending for defense hardware in the region continues to grow, with US defense contractors a major beneficiary. In July 2025, the Israeli Knesset approved a \$12.5B increase (26.6%) in defense spending with plans to shore up its nation's air defense systems. Likewise, per Breaking Defense, Saudi Arabia and Qatar have invested a combined \$57B in spending on defense systems, including the US THAAD missile battery system.

Thoughts on China...and Taiwan

China makes an easy target for the White House to focus on—a billion people, and a high technology capability that is rivaling the US economically on the global stage in many industries. Still, at the present time, China does not represent a direct military threat to the continental United States—an action that would see both sides lose. The question becomes is how the US react if there is a direct intervention by China into the democratic nation / US ally of Taiwan?

Does China want to reintegrate Taiwan? Of course. Does Taiwan want to remain independent? Also, of course. As a bit of history, the era of Chinese rule ended in 1895 when the Qing Dynasty lost the island to Japan in the Sino-Japanese War. Taiwan became independent in the late 1940s after WWII. However, after the government lost the Chinese Civil War to the communists in December 1949, it retreated to Taiwan. China claims it is the successor to government that was the Allied power representative in 1945, Taiwan disagrees. It remains a complex and unresolved geopolitical issue.

For defense sector investors, the key question is how does the US react? If it draws the US into a military escalation, spending on security is likely to rise to meet this new threat. If there is no direct action or the status quo is maintained, it is likely that heightened security concerns justify continued high levels of spending in this area. Either way, it appears a win-win for defense spending.

continued on page 4

Defense Sector Trends

Below are a dozen technological and operational trends reshaping the sector in 2026.

1. Rise of the Technology Disruptors: National security customers are showing interest in working with firms and technologies sourced from outside the traditional defense industrial base. Firms in this category include: Anduril, Palantir, SheildAI, and SpaceX.

2. Emerging Battlefields / Space: Space is increasingly viewed as a contested domain and plays a vital role in the Golden Dome missile defense initiative. Modernizing advanced space systems and satellite protection are key to modern defense capabilities.

3. Emerging Battlefields / Electronic Warfare:

Ensuring GPS resilience and electromagnetic spectrum dominance to protect existing assets has become a baseline requirement

4. Emerging Battlefields / Drones, Counter-Drone Actions, and Autonomy: The war between Russia and Ukraine has exponentially scaled the use and impact of unpiloted vehicles. There is a growing emphasis on expanding cost-effective drone production, counter-drone technologies (to eliminate the threats posed by one or a fleet of vehicles), and autonomy technologies that enable the fielding of autonomous wingmen to fly alongside crewed jets in a collaborative combat environment aircraft as well as enabling a single operator to control a fleet of drones.

5. Artificial Intelligence: This is moving beyond research into integration. AI is (a) being scaled into back-office activities such as procurement, logistics, and real-time maintenance scheduling; (b) becoming central to military airpower by focusing on shortening the “observe-orient-decide-act” loop via AI-enabled battle management and threat prioritization; and (c) being used by DoD for AI-driven anomaly detection to counter enemy actors that use AI to automate reconnaissance and identify vulnerabilities.

6. Hypersonics: Developing operational missiles as well as the advanced air defense countermeasures to stop enemy use of them against us.

7. Addressing Supply Chain Vulnerabilities:

a. Vertical Integration – Via acquisition or strategic partnerships and/or with international suppliers to ensure the production of critical munitions and drones

b. Additive Manufacturing – This has moved beyond pro-

totyping; 3D printing is being used for full-scale production of complex and lightweight components.

8. Addressing Aging Assets: With production backlogs for new aircraft, operators (commercial and military) are flying legacy aircraft fleets longer. There is renewed emphasis on predictive maintenance and aftermarket services to keep existing assets mission ready. Maintenance, Repair, and Overhaul (MRO) sales continue to be strong. Aviation Week has projected increasing demand at 3.2% CAGR between 2026 and 2035 with the share focused on engines rising to 53% (good news for engine manufacturing primes GE, Honeywell, and RTX/Pratt & Whitney and MRO operators).

9. Enhanced Cybersecurity: 2026 marks first full year of strict Cybersecurity Maturity Model Certification (CMMC) enforcement. Contractors must now have demonstrable auditable security controls to win or keep DoD contracts.

10. Commercial Aerospace: Multi-year backlogs fueled by rising fleet utilization, fleet growth, and steady gains in passenger and cargo demand should continue to provide a tailwind for Aerospace & Defense firms.

11. Increased Global Activity: This is associated with Europe’s multi-year rearmament, Asian naval readiness, and a high priority for nations around the globe to expand their air defenses against missiles and drones.

12. Modernization and Expansion of Naval Fleets: The United States and China have both deemed this a high priority.

continued on page 5

Thoughts on Mergers and Acquisitions

M&A has historically been a way for larger defense firms to quickly acquire technology; gain skilled workers, many times with clearance; obtain existing contracts and market access, broaden their product offerings; and stay competitive.

With shifting security priorities, a demand for next-generation capabilities, and increasing competition from new technology and non-traditional defense firms, innovation cycles are accelerating. We anticipate that 2026 is shaping up to be a banner year with more than a dozen IPOs and spinoffs expected and record deals in terms of firms and value. We don't anticipate that approvals of deals from the highest levels of government to be an obstacle.

In 2026, we expect a:

- Rise in cross-border dealmaking to capitalize on local/global opportunities.
- Continued dealmaking by, and from, private equity and strategic buyers.

- Larger firms divested non-core assets and using that capital to focus on areas they deem a priority.

- Among the higher-growth defense segments and therefore, priority focus areas, are: (a) Space systems, munitions and missile supply chains, and defense electronics and sensors (all elements of Golden Shield) and (b) AI/autonomy/software enabled capabilities including those for drones.

M&A Areas in Play

- Unmanned Systems and Autonomy – DoD's needs for drones and counter-drones
- ISR (Intelligence, Surveillance, Reconnaissance)
- Cyber and Electronic Warfare
- Space Technology (satellite tech, communications, and missile defense)

4Q2025 M&A Deals

\$2.6 Billion – CACI announced plans to acquire the ARKA Group, a technology firm involved with remote sensing, data analysis, weapons and platforms.

\$1.8 Billion – Howmet acquired Consolidated Aerospace Manufacturing, Stanley Black & Decker's aerospace unit. The deal expects to close in 2026.

\$960 Million – Transdigm acquired Stellant Systems from private equity firm Arlington Capital Partners. The firm specializes in highly engineered, electronic components.

\$925 Million – Redwire acquired Edge Autonomy --4.2 EV/Rev, 12.9x EV/EBIDTA (fixed wing and UAV subsystems and components).

\$855 Million – Firefly Aerospace acquired national security tech firm SciTech.

\$845 Million – L3Harris is selling its 60% stake in its space and propulsion business to private equity firm AE Industrial Partners as it reshapes its portfolio.

\$765 Million – Transdigm acquired RTX's Simmonds Precision Products Business to expand its product offerings, customer base and exposure to military aircraft programs.

\$356 Million – Kratos acquired Israeli satellite firm Orbit Technologies.

\$78 Million – AAR acquired HAECO Americas to help scale and expand its geographic footprint for its maintenance operations.

Other 2025 Deals of Note

- Boeing acquired Spirit AeroSystems bringing crucial aero-structures capabilities back inhouse.

- Curtiss Wright – Cited as a potential acquisition target or one that could be an acquirer.

- In May, AeroVironment closed on its \$4.1 billion deal to acquire Blue Halo for its space, C-UAS, and EW technology.

Potential 2026 IPOs and Corporate Actions

IPOs

- Anduril (US)
- SpaceX (US)
- Hawkeye 360 (US)
- Sierra Space (US)
- Shield AI (US)
- Skydio Drones (US)
- KNDS (Europe)
- Czechoslovak Group “CSG”
- Israel Aircraft Industries
- Bagira Systems (Israel)
- Rafael Systems (Israel)

Spinoffs

- Honeywell Aerospace
- KBR Mission Technology Solutions

For Sale

- CAE’s board announced in that it was investigating a sale of its business.

Military Assets Used by the US in Venezuela

The US employed more than 150 military aircraft and drones and other assets in its incursion into Venezuela. This included:

- Fighter Jets: F-22 Raptor, F-35 Lightning II (including Marine Corps F-35B), F-18 Hornet
- Bombers: B-1 Lancers
- Electronic Warfare Aircraft: EA-18G Growlers to jam air defenses
- Early Warning/Command Aircraft: E-2D Hawkeyes

- Drones: Remotely piloted aircraft and stealth RQ-170 Sentinel drones
- Helicopters: Insertion/extraction, countermeasures against missiles
- Naval Support: Warships (destroyers, cruisers, amphibious ships) providing command, launching platforms, and missile support
- Special Operations personnel.

Military Activities include:

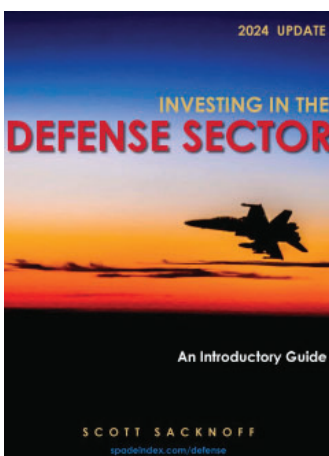
- Suppression of enemy air defenses (SEAD) – to disable specialized aircraft and weapons

- Electronic Warfare – Employing direct infrared countermeasures (DIRCM) on helicopter to blind missile seekers

- Low Altitude flights – Helicopters flying below 100 feet above water to avoid detection

- Intel and Cyber – satellite surveillance, signals intelligences, and potential insider cooperation

- Precision strikes – dismantling air defenses and hitting key locations (La Carlota Air Base, La Guaira Port, and Higuero Airport)



Investing in the Defense Sector: A Free 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.

By The Numbers (4Q25)

\$2.7 Trillion – Global military spending reached a record as European defense spending rose 17% while Middle Eastern nations increased theirs by 15% per the latest SIPRI report

\$901 Billion – President Trump signed the National Defense Authorization Act for FY2026, a record amount.

\$151 Billion – The Missile Defense Agency awarded contracts to 1,014 companies for phase I of the shield program, part of the Golden Dome initiative.

\$38 Billion – Boeing from Emirates for 65 - 777X jets matching Qatar Airways May order and making it its highest value booking of 2025.

\$25.3 Billion – General Dynamics, Northrop Grumman, Leidos, DRS, HII, L3Harris were part of 10 firms to be awarded part of the contract to support engineering development to field emerging technologies and address electronics obsolescence.

\$13 Billion – Boeing from FlyDubai for 75 - Boeing 737 Max aircraft, with an option for 75 more.

\$11 Billion – The White House approved an arms sale to Taiwan to include HMAARS and self-propelled howitzers pending Congressional approval.

\$9.8 Billion – Lockheed Martin from the US Army for 1,970 Patriot Advanced Capability - 3 Missile Segment, the largest contract in its Missile & Fire Control division history.

\$8.6 Billion – Boeing from Israel for 25 F-15IA fighter jets with an option for 25 more.

\$4.7 Billion – Boeing from the US Army for AH-64E Apache helicopters and Longbox trainers

\$4.2 Billion – Boeing for E-4B aircraft maintenance and support services.

\$3.5 Billion – Northrop Grumman, Raytheon, and L3 Harris from the Space Development Agency for 54 satellites for Tranche 3 Tracking Layer of the Proliferated Warfighter Space Architecture.

\$2.7 Billion – Boeing from the US military for post production support services for Apache helicopter. This follows a \$4.7B award last month for the production of new Apache AH-64E helicopters and related equipment.

\$2.5 Billion – Boeing from US Air Force for the construction of Lot 12 KC-46A Pegasus tankers.

\$2.3 Billion – Elbit reported a contract to upgrade Israel's main battle tanks.

\$2.28 Billion – General Dynamics Electric Boat from the US Navy, a contract modification enabling materials procurement for Columbia-class submarine hulls.

\$2 Billion – Boeing from the Pentagon for B-52 Commercial Engine Replacement Program

\$1.8 Billion – Safran received conditional EU antitrust approval to purchase the RTX Collins Aerospace Flight Control Unit.

\$1.7 Billion – Raytheon to provide four Patriot missile defense systems to Spain..

\$1.7 Billion – General Dynamics NASSCO from the US Navy for the construction of two John Lewis class fleet replenishment oilers.

\$1.5 Billion – A joint venture between Raytheon and Rafael won a contract for the Tamir surface-to-air missile and related equipment.

\$1.4 Billion AUD – Boeing Defense Australia received an order from that government to purchase 6 Ghost Bat drones after the drones passed live weapons test. It is the first domestically designed military aircraft in over 50 years.

\$1.3 Billion – General Dynamics IT from the US Army Europe and Africa to secure and modernize IT platforms for US Army Europe and Africa under EMITS.

\$1.2 Billion – RTX Pratt & Whitney from the War Department to sustain the F100 engine.

\$1.0 Billion – Lockheed Martin from the Space Development Agency for 18 space vehicles in the Tranche 3 Tracking Layer constellation, a potential value of \$1B+.

\$931 Million – Boeing from the US Navy to extend the service life of 60 F/A-18 E/F Super Hornets to 10,000 flight hours and integrate Block III avionics

\$874 Million – AeroVironment to provide drones and counter-drone systems for international buyers under a US Army contract.

\$512 Million – Raytheon from the US Army for a new radar systems for reconnaissance missions.

4Q25 Leaders

1	Planet Labs	51.93%
2	RocketLab	45.61%
3	ATI	41.10%
4	Amentum	21.14%
5	TTM Tech.	19.79%
6	Woodward	19.63%
7	Huntington Ingalls	18.12%
8	Hexcel	17.86%
9	Viasat	17.61%
10	Moog	17.28%

4Q25 Laggards

1	AIRO Group	[57.40%]
2	Parsons	[25.47%]
3	Leonardo DRS	[23.70%]
4	Aerovironment	[23.18%]
5	C3.ai	[22.22%]
6	AXON International	[20.86%]
7	Kratos Defense	[16.92%]
8	Booz Allen	[15.70%]
9	Redwire	[15.46%]
10	KBR	[14.99%]

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

Exchange / Ticker	NYSE / PPA
Assets (12/31/2025)	\$6.8 B
Closing Price (12/31/2025)	\$156.63
Dividend Yield*	0.98%
4Q2025 Volume**	9.97 Million
Turnover*	15%
Morningstar Rating***	***** (5-Star)

* Morningstar 12/31/25 ** Yahoo Finance - 12/31/2025 *** Morningstar 11/31/2025

Capture Ratio	3-Yr	5-Yr	10-Yr
Upside	112	109	110
Downside	82	71	85

YTD Results

1	Planet Labs	388.12%	30	General Dynamics	27.77%
2	Viasat	304.94%	31	Keysight Tech.	26.50%
3	Kratos Defense	187.76%	32	Cadre Holdings	26.44%
4	TTM Technologies	178.79%	33	Leidos	25.23%
5	Rocketlab	173.89%	34	Moog	23.73%
6	Karman Holdings	143.90%	35	Boeing	22.67%
7	Palantir	135.03%	36	Northrop Grumman	21.50%
8	Elbit Systems	123.86%	37	CAE	19.86%
9	ATI	108.50%	38	Hexcel	17.86%
10	Amphenol	94.59%	39	Spirit Aerosystems	15.90%
11	Howmet	87.46%	40	Standard Aero	15.83%
12	General Electric	84.68%	41	V2X	14.05%
13	Woodward	81.66%	42	Textron	13.96%
14	Hungtington Ingalls	79.96%	43	Teledyne Tech.	10.04%
15	Mercury Systems	73.83%	44	Leonardo DRS	5.51%
16	Blacksky	73.77%	45	Transdigm	4.94%
17	RTX	58.49%	46	Lockheed Martin	[0.47%]
18	Aerovironment	57.18%	47	Eaton	[4.03%]
19	Curtiss Wright	55.34%	48	AXON Int'l	[4.44%]
20	BWX Technologies	55.17%	49	LOAR Holdings	[8.00%]
21	OSI Systems	52.34%	50	SAIC	[9.95%]
22	Ducommun	49.43%	51	Honeywell	[13.63%]
23	L3 Harris	39.61%	52	KBR	[30.51%]
24	Parker Hannifan	38.19%	53	Parsons	[33.01%]
25	Amentum	37.90%	54	Booz Allen	[34.45%]
26	Heico	36.11%	55	AIRO Group	[36.59%]
27	AAR Corp	35.10%	56	Iridium	[40.11%]
28	Oshkosh Truck	32.14%	57	Redwire	[53.83%]
29	CACI Int'l	31.86%	58	C3.ai	[60.85%]
			59	Voyager Tech.	[62.52%]

Portfolio Price/Earnings	27.61	Beta (3-yr)	0.89
Portfolio Price / Book	5.05	Alpha (3-yr)	6.93
Portfolio Price / Sales	2.51	R-squared (3-yr)	54.04
Portfolio Price /Cash Flow	19.59	STD Deviation	13.65
Long-Term Earnings	11.75%	Sales Growth	6.81%
Historical Earnings	9.85%	Cash Flow Growth	13.94%
		Book Value Growth	3.19%

Total Return (Avg Annual %)		Price Return by Decade (ex div)			Index Performance (ex div)			
1-Year	37.14%		2000-2009	2010-2019		SPADE Defense Index	S&P 500	Alpha (bps)
3-Year	26.71%	SPADE Defense	310.26%	189.73%	2025	36.44%	16.39%	2005
5-Year	18.99%	S&P 500	97.07%	[24.11%]	2024	24.88%	23.31%	157
10-Year	16.99%	Alpha (bps)	12,053	12,118	2023	17.70%	24.23%	[653]
15-Year	16.43%	Alpha (%)	120.53%	121.18%	2022	8.56%	[19.44%]	2800
Since Inception	13.43%				2021	6.61%	26.89%	[2028]
Morningstar, 12/31/2025		SPADE Defense 2020-YTD		130.41%	2020	[0.73%]	16.26%	[1699]
		Alpha Over S&P500		18.52%	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

© 2026 SPADE Indexes LLC—SPADE, the SPADE icon, “The SPADE Investor” newsletter, and TrueCap 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

