

Strong Sector Gains Continue

- The SPADE Defense Index Has Outperformed the S&P500 in 4 of the past 5 years, twice by 20%+
- 29 Firms in the Index Gained 20% in 2Q26 (roughly half)
- ETFs Assets Tracking the Index Have Regained the #2 Spot for Defense Sector Funds \$8.4 Billion
- A 15-Year Average Total Return of 16.59%.
- A 5-Star Rating from Morningstar * * * * *

SPADE Defense Index Statistics

6/30/26 Close 20,772.35
12/31/25 Close 18,410.17

All-time Intraday High:
3 March 2026 21,893.39

All-time Closing High:
3 March 2026 21,288.14

Price Return	SPADE Defense	S&P 500
YTD	12.83%	9.55%
2Q26	6.71%	14.87%
1Q26	5.68%	[4.63%]
2025	36.44%	16.39%

COMMENTARY

As we enter the second half of 2026...

- Hostilities between the US and Iran continue punctuated by the occasional cease fire. This conflict is approaching 6 months.
- Israel and Lebanon are negotiating a peace treaty.
- The war between Russia and Ukraine is now 53 months old with no end in sight.
- European nations including Germany (200B euros by 2030) and the United Kingdom have proposed record defense budgets as peace in Europe remains under threat by Russia's Putin with one lawmaker stating that "We [Russia] still have enough equipment to blow up half of Finland."
- Fresh military engagements between Pakistan and Afghanistan continue with the Afghan Taliban announcing in early July that it had carried out airstrikes inside Pakistan and, in response, Pakistan launched coordinated ground and aerial operations.
- The defense sector currently has 49 ETF products targeting the sector. In total, they have attracted \$64 Billion in assets under management.

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SPADE Defense Index June 2026 Rebalance

Added: Hawkeye 360 (HAWK),
ONDAS (ONDS)

Removed: AIRO Group (AIRO)

Corporate Actions Affecting the Index in 2026

- Honeywell separated its Aerospace & Automation businesses on 29 June 2026.
- KBR 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 \$0.136 per share on June 22. Prior twelve month dividends totaled \$0.637 per share.

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.

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Thoughts

Global military spending has increased annually for the past dozen years with 2026 seeing record highs. The total is expected to approach \$3 Trillion in 2027.

Defense spending, which was already trending upward, accelerated in response to the Russian invasion of Ukraine in February 2022. The past several years have seen western European nations increase spending on security at levels that are the largest in more than a generation—since the conclusion of World War II. Meanwhile, in the United States, spending on defense topped \$1 trillion and the White House has proposed a \$1.5 trillion budget for FY2027.

There should be no doubt that the world has become increasingly more unstable in the 2020s. Historically defense stocks perform best in times of uncertainty, global instability, and fear—whether perceived or real. It doesn't matter if it is because of a conflict, the forthcoming threat of a conflict, the aftermath of a terrorist action, or a worry that our current state of readiness or our ability to use a new technology or defend against it is not where it needs to be.

Let's look at some questions and issues that investors have asked about recently.

* * *

Defense...Some of the Latest Numbers

- Defense venture investing - \$17.8B (1Q26) [fnex.com](#)
- The Pentagon is racing to spend \$151B in reconciliation funding by October 1 or it loses some of the funds.
- The White House is asking for \$87.6B in supplemental spending with \$67B for defense.
- The government awarded Lockheed Martin a \$35B, 7-year procurement deal to quadruple production of THAAD interceptors.

...and data from the latest SIPRI report

- Global military expenditures reached \$2.89 Trillion, up 2.9% despite a 7.5% decline in the US as President Trump halted new aid to Ukraine.
- Defense spending represents 2.5% of world GDP and 3.2% of Europe's GDP in Europe, double its 2016 level. European defense spending is up 14% to \$864B.

- International arms transfers from 2021-2025 have gained 210% over the previous 5 years.
- All 9 nuclear armed states continue their modernization programs.
- NATO has suggested a 5% of GDP level for defense spending by its member states for 2035, up from a 3.5% target in 2030.
- India's defense budget reached \$92.1B, up 8.9%, and the 5th highest in the world.
- Israel's defense budget declined by 4.9% to \$48.3B as the war in Gaza winds down.
- Armed UAVs have become functionally indistinguishable from short-range missiles.
- Space-based interceptors (ie. Golden Dome) risk triggering another arms race.
- There has been an unraveling of multilateral institutions, such as UN peacekeeping forces and NATO, enabling nations like Turkey, Egypt, Pakistan, UAE, etc. to act as mediators.

A Test of Wills and a War of Attrition

Are we referring to the US and Iran or Russia and Ukraine? The answer is "yes" despite the former war being 5 months old and the latter 53 months.

Both conflicts have ceased to be about achieving strategic goals and have devolved into a war of personalities. Each conflict will only end when one leader has pushed the other past the point when their opponent is no longer willing to continue the fight. The problem is that the breaking point, the "line in the sand," is unknown.

President Trump has engaged in missile attacks, a naval blockade, assassinations, and even diplomatic enticements to coerce Tehran to agree to his terms. Iran, meanwhile, has exploited its proximity to energy and materials transportation routes to disrupt international commerce traveling through the Strait of Hormuz with the hope that increased costs would lead to the US to either back down for economic reasons or escalate their efforts into a ground war anticipating that rising casualties could cause the US to retreat in response to the inevitable popular uprising against the war. Regardless, peace appears elusive.

...likewise the situation between Russia and Ukraine. A new, more violent phase of the war has begun with

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Russia increasing missile and drone attacks targeting Ukraine's capital city Kiev and historic buildings. Meanwhile, Ukraine is using long-range attack drones to target Russian energy and economic interests. Russia hopes that increased damage to Kiev can break the will of the people. Ukraine hopes that having the war directly impact the Russian people economically and by experiencing an energy crisis, its citizens will begin to put pressure on Vladimir Putin and the Russian government. According to *The Telegraph*, Putin has recently increased his personnel security force to 800 officers!

Germany Takes the Lead

The cabinet approved a first draft of the 2027 budget that calls to boost spending on defense and security to more than 200B euros by the end of the decade. This would be one third of their federal budget and hit 3.5% GDP, the stated NATO target for 2030. Germany is also contemplating 5% by 2035. Meanwhile, a number of German politicians have publicly stated that they see Western Europe as the next target for Russia.

The SpaceX IPO

The largest IPO in history generated a lot of discussion among investors and the broader index community. Because of its size, passive index providers had to decide whether to change rules associated with rebalance schedules, profitability, post-IPO listing times, etc. in order to add the firm and, if so, how fast. Ultimately Standard & Poors decided to not change their inclusion rules for the S&P500 while NASDAQ, Russell, and others did. As a defense index, SPADE received a number of calls regarding whether we would add the firm and how fast. Although systematically important to the Pentagon, the firm was not included in our 2Q26 rebalance because SpaceX wasn't public long enough for us to gather the data we use for preparing our TrueCap methodology. And as we anticipated, there has been significant volatility in their share price from the IPO launch to the present.

True Innovation in Defense Procurement

#1 - It went largely unnoticed but the US Army announced plans to award R&D contracts that would see the rights to the designs and technology transfer to the agency. This would allow them to rapidly procure hardware, such as drones, from multiple vendors instead of relying on the firm that developed the technology.

#2 - Defense contractors have seen progress payments increased to 90% monthly under the Revolutionary FAR Overhaul initiated by Executive Order 14275. This is seen as quickly providing funds to manufacturers seeking to expand production and speed deliveries.

#3 - President Trump announced that he plans to give Ukraine a license to manufacture Patriot missile interceptors domestically. As a state-of-the-art system that give the United States a military edge in conflicts—one that is currently produced by Lockheed Martin and RTX—analysts believe that long-term security risks will detail this idea.

Commercial Aerospace Growth Thru 2045

Airbus expects demand for airliners to surge through 2045 driven by airlines interest in longer, thinner routes between smaller cities and a need to replace aging fleets. Their *Global Market Forecast* estimates that 47% of new deliveries will be for replacement including 15,580 single aisle airlines and 4,240 widebodies. Fleet age less than 10 years old has declined to 53% today from 63% in 2015. Jets 11-20 years old increased from 29% to 35%.

Struggles with Manufacturing Bottlenecks

Think Tank CSIS highlighted that despite increased Pentagon funding and demand, there is a bottleneck in defense procurement as manufacturers are struggling to deliver equipment quickly due to limited facility space, a shortage of skilled workers, and supply chain challenges. The latter is especially pronounced as investments by the government and large prime contractors to expand have failed to take into account the parts needed from downstream suppliers who have not as easily ramped up their manufacturing capabilities.

Some Interesting Defense News

1. The Pentagon is seeking to replace the MQ-9 Reaper with more affordable, long-range drones after it had substantial losses during the current conflict with Iran.
2. The Trump Administration has proposed a 5th public shipyard to support the US Navy maintenance, repair, and operations (MRO) needs.
3. A rapid launch record was set. The US Space Force launched a satellite in under 17 hours as part of the Vic-tus Haze mission, conducted by RocketLab and True Anomaly.

Defense Sector Trends

Below are a dozen technological and operational trends reshaping the sector in 2026. Rising defense budgets and private capital investments are fueling a major recapitalization: expanding weapons production, manufacturing capacity, and supply chain investment. Beyond technology and expansion into growing markets, M&A transactions are increasingly focused on alleviating bottlenecks, securing critical suppliers in order to become more vertical, increase output and reduce supply chain risk.

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. As the market evolves, there is increased competition with non-traditional players, many of whom are not publicly traded. Examples of firms in this category include: Anduril, Palantir, ShieldAI, 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 un-piloted vehicles. There is a growing emphasis on expanding cost-effective drone production, counterdrone technologies (to eliminate the threats posed by one or a fleet of vehicles), and a range of emerging technologies (such as enabling the fielding of autonomous wingmen to fly alongside crewed jets in a collaborative combat environment aircraft or that enable 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) 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.

7. Addressing Aging Assets: With production backlogs for new aircraft, operators (commercial & 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 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 Aerospace, and RTX/Pratt & Whitney and MRO operators).

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

9. 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.

10. 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.

11. Modernization and Expansion of Naval Fleets: The US and China have both deemed this a high priority.

12. The US Industrial Base:

The Pentagon has stated that it is critical to address supply chain vulnerabilities and has been investing in areas that:

- (a) Expand the ability to source critical components from suppliers located within the United States;
- (b) Encourage vertical integration via acquisition or strategic partnerships and/or with international suppliers to ensure critical production; and
- (c) Make use of additive manufacturing. This has moved beyond prototyping; 3D printing is being used for full-scale production of complex and lightweight components.

While the Pentagon is targeting production increases of 400% for missiles, missile defense systems, and drones, for example, finding qualified employees and parts from suppliers to meet that demand is a large and slow effort.

Anticipated 2026 IPOs and Corporate Actions

IPOs

- Aevox - [listed AVEX]
- Anduril (US)
- Applied Aerospace & Defense [listed AADX]
- SpaceX - [listed SPCX]
- Hawkeye 360 - [listed HAWK]
- Sierra Space (US)
- Shield AI (US)
- Skydio Drones (US)
- KNDS (Europe) - delayed

- Czechoslovak Group “CSG” - [listed CSG.AS]
- Israel Aircraft Industries
- Bagira Systems (Israel)
- Rafael Systems (Israel)
- Gabler Group (Germany) [listed - XK4.DE]
- AXYV (formerly L3 Missile Solutions)
- Exyn Tech [listed EXYN]
- Swarmer [listed SWMR]
- True Anomaly

- Vantor
- Lanteris
- LIG Next
- Cambium
- Roark Aero
- Chaos Industries

Spinoffs

- Honeywell Aerospace (completed 29 July 2026.) Ticker: HONA
- KBR Mission Technology Solutions

Notable Recent M&A Deals

Booz Allen Hamilton is acquiring a business unit of Ultra Intelligence & Communications for \$720M to further build out a defense technology portfolio with artificial intelligence being a key piece. Ultra Mission Solutions specializes in software, encryption, and edge-compute products designed for use in contested and other environments where connections are likely degraded and command-and-control and secure data movement. Ultra employs 220 people.

Lockheed Martin bought Ultra Maritime (Braintree, MA) on 6 July 2026 for \$3.45B. The firm specializes in advanced undersea warfare and anti-submarine warfare.

Heico acquired Cook Defence Systems on June 4. The firm is a UK designer and manufacturer of track systems for armored fighting vehicles.

Ondas bought Omnisys (Israel) (5/18) who develops mission optimization systems for defense and homeland security applications. Its BRO suite is used for intelligence gathering, spectrum management, air defense, air surveillance, border security, and electronic warfare.

Ondas completed the acquisition of Mistral (4/24) a prime contractor with access to US Army and Special Operations contract vehicles.

RocketLab acquired Iridium in an \$8 billion cash-and-stock transaction that brings together RCLB's launch and satellite manufacturing business with IRDM's operational 66-satellite communications constellation.

RocketLab acquired Motiv Space Systems to strengthen its robotics and precision mechanisms capabilities.

Leidos shed its security screening unit in an agreement with Analogic. The transaction moves 1,500 employees and \$625 million in revenue to the Altaris-owned imaging tech company.

MDA Space acquired Blue Canyon for \$620M from RTX.

CACI International completed its \$2.6B all-cash acquisition of ARKA, a firm that provides electro-optical/infrared (EO/IR) and hyperspectral imaging capabilities, and Agentic AI-based software, that deliver robust geospatial intelligence for critical national security missions.

The US Department of Defense completed a \$1B investment in **L3 Missile Solutions**. The division is planned to spin-off from L3Harris, be renamed as Axyv, and publicly listed later in 2026.

By The Numbers (2Q26)

\$1T – The House Appropriations Committee approved the spending bill for FY27. This includes \$11.4B for critical munitions and funding shift for the F-35 JSF and E-7 Wedgetail.

\$152B – The Pentagon is working to allocate funds from the One Big Beautiful Bill by the end of September to avoid an 8.3% cut to any unallocated funds.

\$105B – UK aims to boost defense spending by 2029 under its Defense Investment Plan.

\$67.1B – Amount, as part of an \$87.6 White House proposal for supplemental spending, to cover costs related to Operation *Epic Fury*.

\$60B – The Defense Logistics Agency increased the maximum value of a multivendor procurement vehicle for rapid drone sourcing and other tactical equipment.

\$35B – Lockheed Martin from the Pentagon to quadruple production of the THAAD missile interceptor over the next 7 years.

\$20B – The Air Force released a draft request for proposals for the Test and Evaluation Technologies for Ranges, Armaments, and Spectrum III (TETRAS III).

\$19.2B – Israel set a record for defense exports in 2025.

\$14.6B – Venture capital investment in autonomous weapons startups this year driven by geopolitical urgency, technological advancements, and changes in Pentagon procurement. This includes Anduril Industries and Shield AI (*Tech Times*).

\$13.7B – The Pentagon plans to invest through 2031 to improve F-35 readiness as the mission-capable rate has fallen from 67% to 44%. GAO says constraints on industry capacity could threaten the effort as the industry needs to deliver \$7B in parts.

\$8B – Amount RocketLab is spending to acquire Iridium that would reinvent the buyer as a self-launching, fully integrated space company.

\$6.14B – UK, Japan, and Italy have signed a contract with Edgewing to develop a 6th generation fighter jet under the Global Combat Air Program.

\$4.3B – The War Department has asked Congress for permission to reprogram funds to cover higher personnel and operational costs shifting funds from various weapons and technology programs to personnel accounts.

\$2.7B – Leidos from the US Army to accelerate production of hypersonic weapons for the Army and Navy.

\$2B – Boeing from the US Space Force to build a pair of next-generation Mobile User Object System Satellites (MUOS).

\$1.75B – Space Development Agency contracts to L3Harris and Sierra Space to build 36 satellites for the Golden Dome missile defense shield. Each will build 18 for delivery by 2028.

\$1.5B – RTX Pratt & Whitney to sustain F119 engines and extend the operational life of the F-22 Raptor.

\$1.4B – Elbit from an undisclosed European customer to support modernization programs over the next five years and includes autonomous uncrewed systems, advanced electronic warfare, and precision guided munitions.

\$1.4B – BWXT from the US Naval Nuclear Propulsion Program as part of its role in supplying nuclear reactor systems and components for aircraft carriers and submarines.

\$1.1B – Raytheon from the US Navy for AIM-9X Block II missile production.

\$1B – RTX from Kuwait of National Advanced Surface-to-Air Missile Systems.

\$994M – US Army in 2027 for counter-small drone technology in areas such as directed energy, handheld systems, and kinetic and nonkinetic interceptors.

\$614M – L3Harris from the Pentagon to support the US Special Operations Command's Suite of integrated Radio Frequency Countermeasures system, AN/ALQ-211.

\$500M – Missile Defense Agency to L3 Harris to sustain the High Altitude Observatory aircraft fleet, which independently verifies missile interceptor tests.

\$437M – Viasat from US Space Force for the first two operational satellites in the Protected Tactical Satellite Communications-Global program (Swarm 1) which will launch in 2028 and provide anti-jam communications.

90% – Defense contracts have seen progress payments increased to 90% monthly under the Revolutionary FAR Overhaul initiated by Executive Order 14275.

2Q26 Leaders

1	Iridium	97.73%
2	Viasat Inc	96.09%
3	TTM Tech	91.97%
4	Mercury Systems	67.78%
5	Rocketlab	58.28%
6	Carpenter Tech	56.50%
7	Ducommun	51.81%
8	Moog Inc.	44.83%
9	Redwire	43.88%
10	LOAR Holdings	40.71%

2Q26 Laggards

1	Hawkeye 360	[40.18%]
2	Karman Holdings	[37.64%]
3	Leidos	[33.79%]
4	Kratos	[29.29%]
5	HII	[26.33%]
6	Northrop Grumman	[25.35%]
7	Booz Allen	[22.25%]
8	Amentum	[20.74%]
9	Palantir	[20.24%]
10	OSI Systems	[17.63%]

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

Exchange / Ticker	NYSE / PPA
Assets (6/30/2026)	\$8.4 B
Closing Price (6/30/2026)	\$176.65
Dividend Yield*	0.79%
2Q26 Volume**	15.24 Million
Turnover*	15%
Morningstar Rating***	***** (5-Star)

* Morningstar 6/30/26 ** Yahoo Finance - 6/30/2026 *** Morningstar 5/31/2026

Capture Ratio	3-Yr	5-Yr	10-Yr
Upside	122	108	110
Downside	91	69	89

YTD 2026 Results

1	Iridium	215.59%	31	Honeywell Aero	14.77%
2	TTM Technologies	171.04%	32	BWX Tech	12.62%
3	Viasat Inc	160.62%	33	Parker Hannifan	11.28%
4	Carpenter Tech	96.03%	34	Heico	10.07%
5	Ducommun	94.69%	35	SAIC	9.69%
6	nLASER	85.60%	36	Lockheed Martin	5.33%
7	Moog Inc.	74.03%	37	Textron	5.23%
8	AAR Corp	72.64%	38	General Dynamics	5.22%
9	Keysight Tech.	72.29%	39	Standard Aero	4.29%
10	ATI	71.75%	40	Raytheon	3.45%
1	Planet Labs	68.00%	41	Transdigm	0.16%
12	Mercury Systems	67.55%	42	Boeing Co	[0.30%]
13	Redwire	60.92%	43	L3 Harris	[1.02%]
14	Blacksky	48.91%	44	AXON Int'l	[1.29%]
15	Rocketlab	45.71%	45	Northrop Grumman	[10.68%]
16	Woodward	40.73%	46	CACI Intl	[13.06%]
17	Curtiss Wright	37.46%	47	KBR	[14.10%]
18	V2X	36.68%	48	OSI Systems	[14.26%]
19	Hexcel	35.40%	49	Parsons	[15.23%]
20	Eaton	33.79%	50	Ondas	[15.57%]
21	Firefly Aerospace	31.43%	51	CAE	[17.62%]
22	Elbit Systems	31.33%	52	HII	[17.70%]
23	Howmet	31.14%	53	Booz Allen	[28.08%]
24	Teledyne Tech	30.58%	54	Amentum	[28.72%]
25	Amphenol	30.47%	55	Cadre Holdings	[30.19%]
26	Leonardo DRS	25.17%	56	AeroVironment	[31.76%]
27	Voyager Tech	23.37%	57	Karman Holdings	[31.78%]
28	Oshkosh Truck	22.17%	58	Kratos Defense	[34.32%]
29	General Electric	21.33%	59	Palantir	[34.36%]
30	LOAR Holdings	18.54%	60	Hawkeye 360	[40.18%]
			61	Leidos	[42.92%]

Portfolio Price/Earnings	27.98	Beta (3-yr)	0.85
Portfolio Price / Book	5.02	Alpha (3-yr)	9.77
Portfolio Price / Sales	2.70	R-squared (3-yr)	49.33
Portfolio Price /Cash Flow	18.68	Sales Growth	5.14%
Long-Term Earnings	14.86%	Cash Flow Growth	11.69%
Historical Earnings	11.32%	Book Value Growth	7.06%

Total Return (Avg Annual %)	
1-Year	27.49%
3-Year	28.79%
5-Year	19.36%
10-Year	17.84%
15-Year	16.59%
Since Inception	13.78%
Morningstar, 7/1/2026	

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		161.42%
Alpha Over S&P500		29.29%

Index Performance (ex div)			
	SPADE Defense Index	S&P 500	Alpha (bps)
YTD	13.46%	9.57%	389
2025	36.44%	16.39%	2005
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	12.78%	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

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Investing in the Defense Sector: A Free Guide

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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.

End of June 2026		100.0%						Market	Forward	Price/	Price/	
								Cap	P/E	Sales	Book	
		Percent	31-Mar-26	30-Jun-26	YTD	QTD		6/30/2026	(ttm)	ttm	mrq	Div Yld
Company	Ticker	30-Jun-26	Price	Price	% Ch	% Ch		5,663				forward %
Iridium	IRDM	0.19%	27.74	54.85	215.59%	97.73%		5.81	46.29	6.64	12.38	1.09%
Viasat Inc	VSAT	0.98%	45.80	89.81	160.62%	96.09%		12.27	222.67	2.64	2.63	
TTM Technologies	TTMI	0.77%	97.42	187.02	171.04%	91.97%		19.42	34.63	6.26	10.57	
Mercury Systems	MRCY	0.67%	72.91	122.33	67.55%	67.78%		7.35	7.60	4.93		
Rocketlab	RKLB	2.42%	64.22	101.65	45.71%	58.28%		65.51	-5082.50	93.46	25.85	
Carpenter Technology	CRS	1.89%	394.15	616.84	96.03%	56.50%		30.65	48.68	10.12	14.82	0.13%
Ducommun	DCO	0.24%	122.00	185.21	94.69%	51.81%		2794.00	36.43	3.32	4.17	
Moog Inc.	MOGA	0.84%	292.64	423.84	74.03%	44.83%		13.43	36.88	3.22	6.39	0.28%
Redwire	RDW	0.28%	8.50	12.23	60.92%	43.88%		2.43	-29.83	6.56	2.23	
LOAR Holdings	LOAR	0.41%	57.29	80.61	18.54%	40.71%		7.55	51.24	14.04	6.40	
Amphenol	APH	2.73%	126.35	176.32	30.47%	39.55%		216.915	30.79	8.37	15.51	0.57%
Voyager Technologies	VOYG	0.14%	23.39	32.25	23.37%	37.88%		1.91	-23.37	11.43	4.97	
ATI	ATI	1.62%	145.46	197.10	71.75%	35.50%		26.898	36.42	5.85	15.190	
AXON International Inc.	AXON	3.35%	424.69	560.61	-1.29%	32.00%		45.186	53.02	15.15	12.78	
General Electric	GE	7.29%	283.77	373.73	21.33%	31.70%		390.48	43.04	8.08	21.59	0.50%
AAR Corp	AIR	0.51%	109.46	142.93	72.64%	30.58%		5.684	-20.17	5.65	2.06	
Heico	HEI	1.62%	274.20	356.19	10.07%	29.90%		49.75	52.01	10.13	10.41	0.07%
Keysight Tech.	KEYS	0.92%	282.37	350.07	72.29%	23.98%		59.83	29.53	9.83	9.44	
Hexcel	HXL	0.68%	80.93	100.06	35.40%	23.64%		7.55	31.47	3.89	5.96	0.70%
nLASER	LASR	0.24%	57.02	69.62	85.60%	22.10%		3.93	103.06	13.55	9.15	
Eaton	ETN	2.18%	357.67	426.12	33.79%	19.14%		165.46	27.04	5.80	8.39	1.03%
Woodward	WWD	1.50%	357.92	425.44	40.73%	18.86%		25.35	39.53	6.34	10.04	0.30%
Planet Labs	PL	0.93%	27.95	33.13	68.00%	18.53%		11.81	9948.95	35.18	26.61	
Howmet	HWM	4.21%	230.46	268.86	31.14%	16.66%		107.573	44.66	12.48	19.52	0.18%
SAIC	SAIC	0.33%	94.92	110.41	9.69%	16.32%		4.67	10.03	0.64	3.34	1.34%
Standard Aero	SARO	0.87%	25.83	29.91	4.29%	15.80%		9.94	17.36	1.59	3.69	
Transdigm	TDG	3.24%	1158.96	1332.04	0.16%	14.93%		74.51	28.37	7.84	-8.10	
Curtiss Wright	CW	1.75%	681.12	757.76	37.46%	11.25%		27.99	44.45	7.76	10.64	0.14%
Blacksky	BKSY	0.09%	25.16	27.92	48.91%	10.97%		1.04	-51.23	10.59	12.70	
Teledyne Technologies	TDY	0.84%	605.01	666.90	30.58%	10.23%		30.90	25.60	4.96	2.93	
Parker Hannifan	PH	3.65%	895.24	978.12	11.28%	9.26%		123.33	28.68	5.88	8.44	0.82%
V2X	VVX	0.20%	68.50	74.56	36.68%	8.85%		2.34	10.99	0.49	2.12	
Boeing Co	BA	6.79%	199.03	216.47	-0.30%	8.76%		170.64	51.74	1.85	28.52	
Textron	TXT	1.19%	87.56	91.73	5.23%	4.76%		15.95	12.57	1.05	1.99	0.09%
Oshkosh Truck	OSK	0.30%	147.21	153.48	22.17%	4.26%		9.57	10.93	0.92	2.15	1.49%
Firefly Aerospace	FLY	0.24%	28.47	29.40	31.43%	3.27%		4.83	-22.83	26.12	4.26	
General Dynamics	GD	4.53%	343.22	354.24	5.22%	3.21%		95.80	19.49	1.78	3.67	1.80%
Honeywell Aerospace	HONA	4.33%	226.03	223.90	14.77%	-0.94%		70.94	25.56	1.88	5.22	4.25%
Raytheon Technologies	RTX	7.23%	192.90	189.73	3.45%	-1.64%		255.51	25.03	2.83	3.85	1.45%
Parsons	PSN	0.18%	54.17	52.39	-15.23%	-3.29%		5.61	14.21	0.89	2.12	
CAE	CAE	0.73%	26.05	25.06	-17.62%	-3.80%		8.06	23.43	1.64	2.16	
Leonardo DRS	DRS	0.91%	44.52	42.67	25.17%	-4.16%		11.28	29.65	3.08	4.10	0.88%
BWX Technologies	BWXT	1.06%	204.49	194.65	12.62%	-4.81%		17.83	37.48	5.28	13.93	0.53%
KBR	KBR	0.27%	36.86	34.53	-14.10%	-6.32%		4.38	8.32	0.57	2.76	1.91%
Cadre Holdings	CDRE	0.10%	30.68	28.51	-30.19%	-7.07%		1.22	19.94	1.92	3.63	1.43%
Ondas	ONDS	0.18%	9.04	8.24	-15.57%	-8.85%		4.34	-164.80	45.19	3.60	
AeroVironment	AVAV	0.82%	183.05	165.07	-31.76%	-9.82%		8.354	30.59	5.19	1.92	
Elbit Systems	ESLT	3.24%	849.09	758.72	31.33%	-10.64%		35.55	42.01	4.32	8.28	0.53%
CACI Intl	CACI	0.80%	543.87	463.25	-13.06%	-14.82%		10.23	14.83	1.12	2.39	
Lockheed Martin	LMT	5.73%	604.39	509.46	5.33%	-15.71%		117.46	15.88	1.56	15.65	2.71%
L3 Harris	LHX	3.97%	345.15	290.59	-1.02%	-15.81%		54.14	21.29	4.21	2.83	1.72%
OSI Systems	OSIS	0.24%	265.51	218.70	-14.26%	-17.63%		3.61	19.17	2.00	4.03	
Palantir	PLTR	1.15%	146.28	116.67	-34.36%	-20.24%		279.69	56.04	53.54	33.10	
Amentum	AMTM	0.26%	26.08	20.67	-28.72%	-20.74%		5.05	7.45	0.36	1.09	
Booz Allen	BAH	0.54%	78.03	60.67	-28.08%	-22.25%		7.28	8.83	0.65	6.61	2.99%
Northrop Grumman	NOC	4.41%	682.24	509.31	-10.68%	-25.35%		72.34	16.89	1.71	4.23	1.85%
HII (Huntington Ingalls)	HII	0.98%	379.90	279.89	-17.70%	-26.33%		11.029	13.94	0.86	2.14	1.97%
Kratos Defense & Security	KTOS	0.78%	70.51	49.86	-34.32%	-29.29%		9.35	46.30	6.61	2.74	
Leidos	LDOS	0.89%	155.52	102.97	-42.92%	-33.79%		12.95	7.84	0.75	2.58	1.67%
Karman Holdings	KRMN	0.40%	80.05	49.92	-31.78%	-37.64%		6.62	54.18	12.66	16.31	
Hawkeye 360 (7May26 IPO)	HAWK	0.18%	33.80	20.22	-40.18%	-40.18%		1.98	114.15	13.71	-1.00	
Data Provided by Morningstar, Yahoo Finance/Thomson Reuters (PEG), Morningstar (div)												