

### **Three Top Defense Trades to Consider Now**

With Russia's invasion of Ukraine, U.S. defense stocks could soar.

All with defense spending likely to rise.

For one, according to Todd Harrison, director for budget analysis at the Center for Strategic and International Studies, as quoted by Defense One, "The political reality is that the Russian incursion in Ukraine has created much more support for an increase in the defense budget. At a minimum, I think [Democrats] won't oppose it because it's hard to, politically, at this point given what we're seeing."

Two, Reuters is also reporting the Biden Administration is expected to request another \$800 billion for overall defense spending, including \$773 billion for the Defense Department.

That being said, investors may want to consider these three opportunities.

#### **iShares U.S. Aerospace & Defense ETF (ITA)**

With an expense ratio of 0.42%, the ETF provides exposure to companies that manufacture commercial and military aircrafts and other defense equipment, according to BlackRock. Some of its top holdings include Raytheon Technologies (RTX), Boeing (BA), Lockheed Martin (LMT), L3Harris Technologies (LHX), and General Dynamics (GD), for example.

#### **Invesco Aerospace & Defense ETF (PPA)**

With an expense ratio of 0.61%, the PPA ETF offers exposure to companies involved in the development manufacturing, operations and support of US defense, homeland security and aerospace operations. Some of its top holdings include Lockheed Martin, Boeing, Raytheon Technologies, Honeywell, General Dynamics, L3Harris Technologies, and Textron to name a few.

#### **SPDR S&P Aerospace & Defense ETF (XAR)**

With an expense ratio of 0.35%, the SPDR S&P Aerospace & Defense ETF seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the S&P Aerospace & Defense Select Industry Index. It has holdings in Lockheed Martin, Northrop Grumman, L3Harris Technologies, and Raytheon, for example.