Annual Manufacturing Supplier Outlook

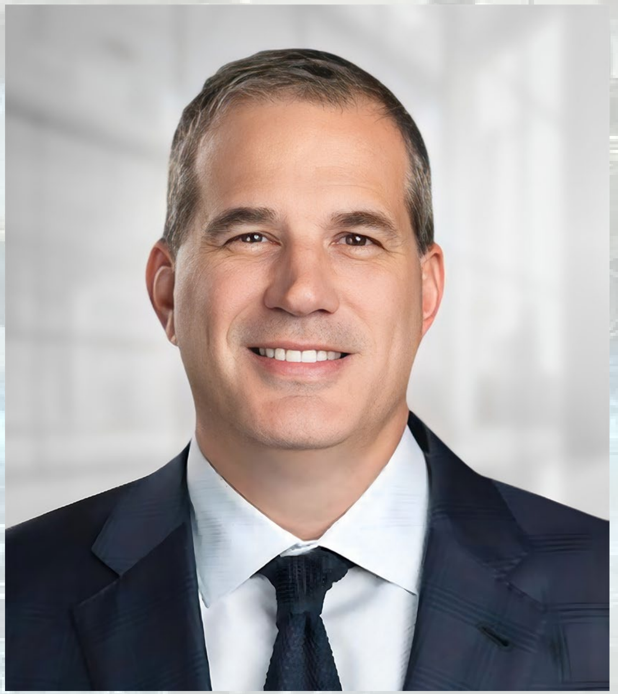
Industry Spotlight: Igniting the Future for Aerospace & Defense Supply Chain

October 23, 2025

IGNITING the FUTURE

Industry Update:

U.S. A&D suppliers are poised for takeoff, amid surging investment



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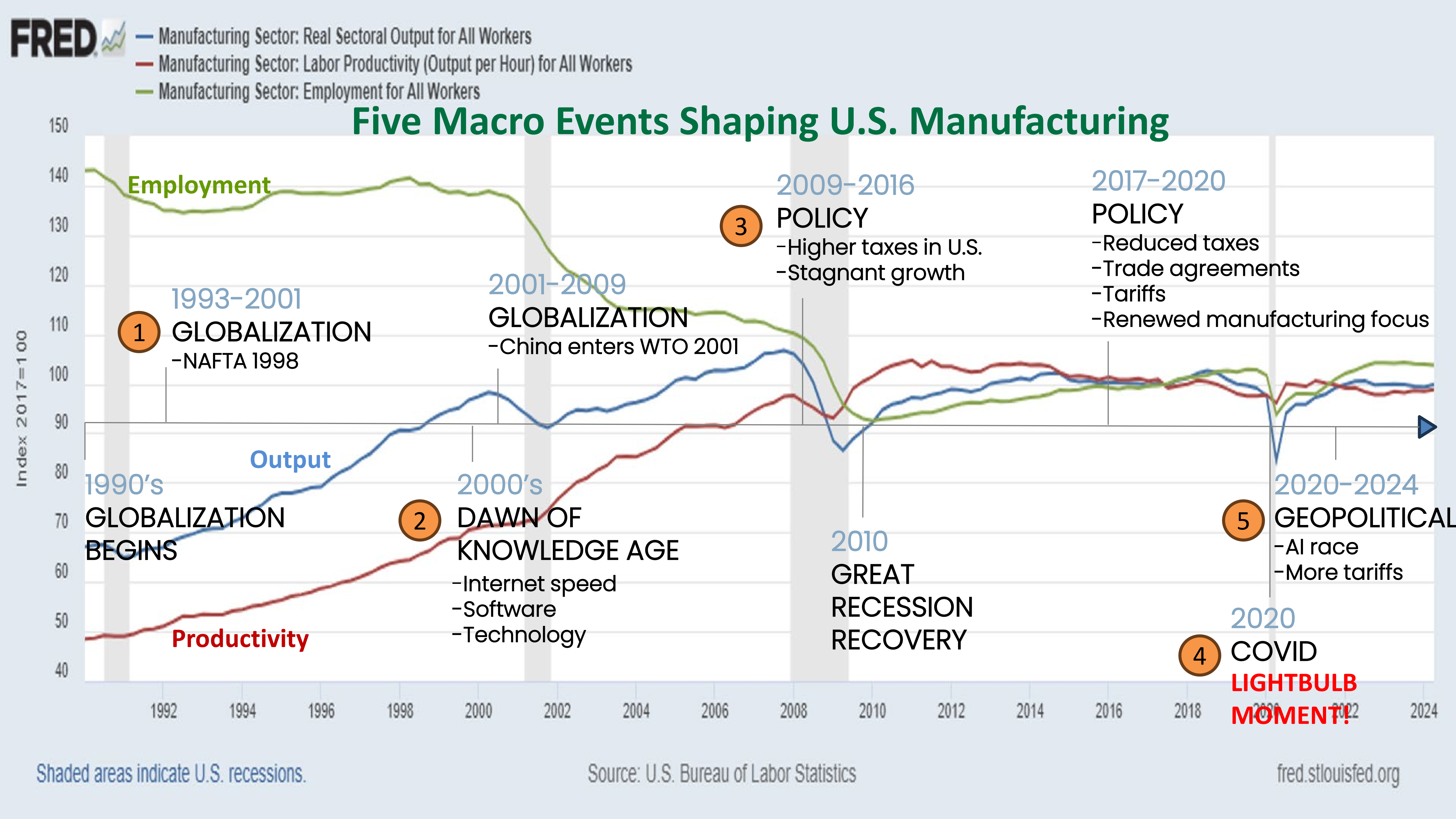
UHY


Manufacturing
Reimagined



FRED
— Manufacturing Sector: Real Sectoral Output for All Workers
— Manufacturing Sector: Labor Productivity (Output per Hour) for All Workers
— Manufacturing Sector: Employment for All Workers
Five Macro Events Shaping U.S. Manufacturing
Index 2017=100
150
140
130
120
110
100
90
80
70
60
50
40
Employment
Output
Productivity
1993-2001
1 GLOBALIZATION
-NAFTA 1998
2001-2009
GLOBALIZATION
-China enters WTO 2001
2009-2016
3 POLICY
-Higher taxes in U.S.
-Stagnant growth
2017-2020
POLICY
-Reduced taxes
-Trade agreements
-Tariffs
-Renewed manufacturing focus
1990's
GLOBALIZATION BEGINS
2000's
2 DAWN OF KNOWLEDGE AGE
-Internet speed
-Software
-Technology
2010
GREAT RECESSION RECOVERY
2020-2024
5 GEOPOLITICAL
-AI race
-More tariffs
2020
4 COVID
LIGHTBULB MOMENT!
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2024
Shaded areas indicate U.S. recessions.
Source: U.S. Bureau of Labor Statistics
fred.stlouisfed.org

OBSTACLES IMPEDING SUCCESS

Attracting Labor

Supply Chain

Flat Productivity

Timing of Demand

The Time To Act Is Now!

OPPORTUNITIES FOR SUCCESS

Training Programs

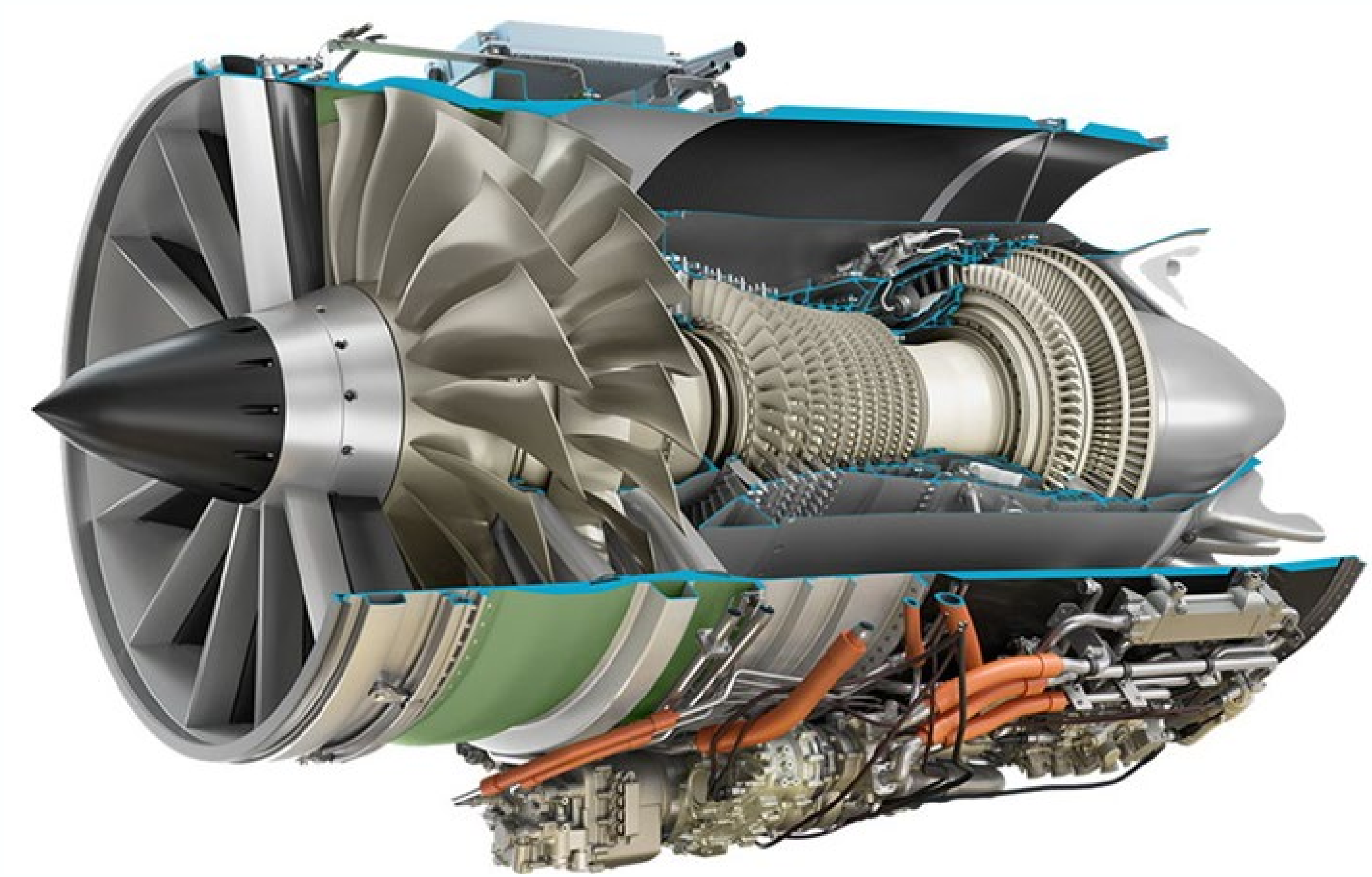
Capital/M&A

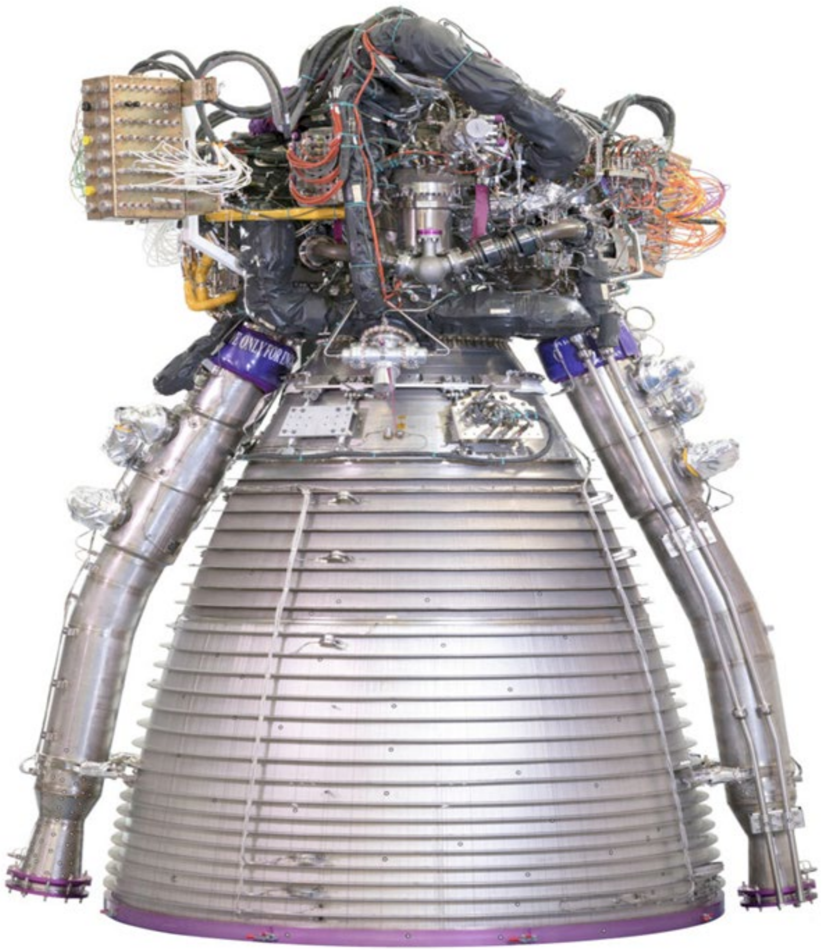
Federal Tax Policy

Technology

Aerospace and Defense Trends

How many parts does it take to build a jet engine?





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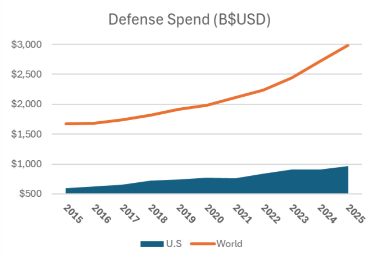
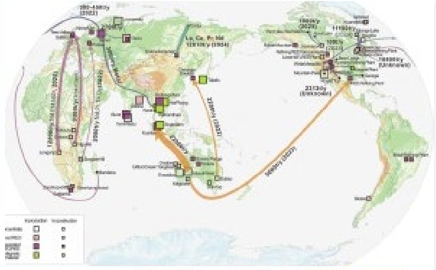
Aerospace & Defense Trends

Increased defense spending

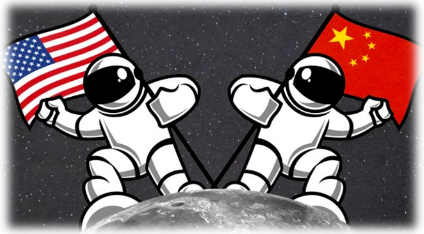


Supply chain and rare earths



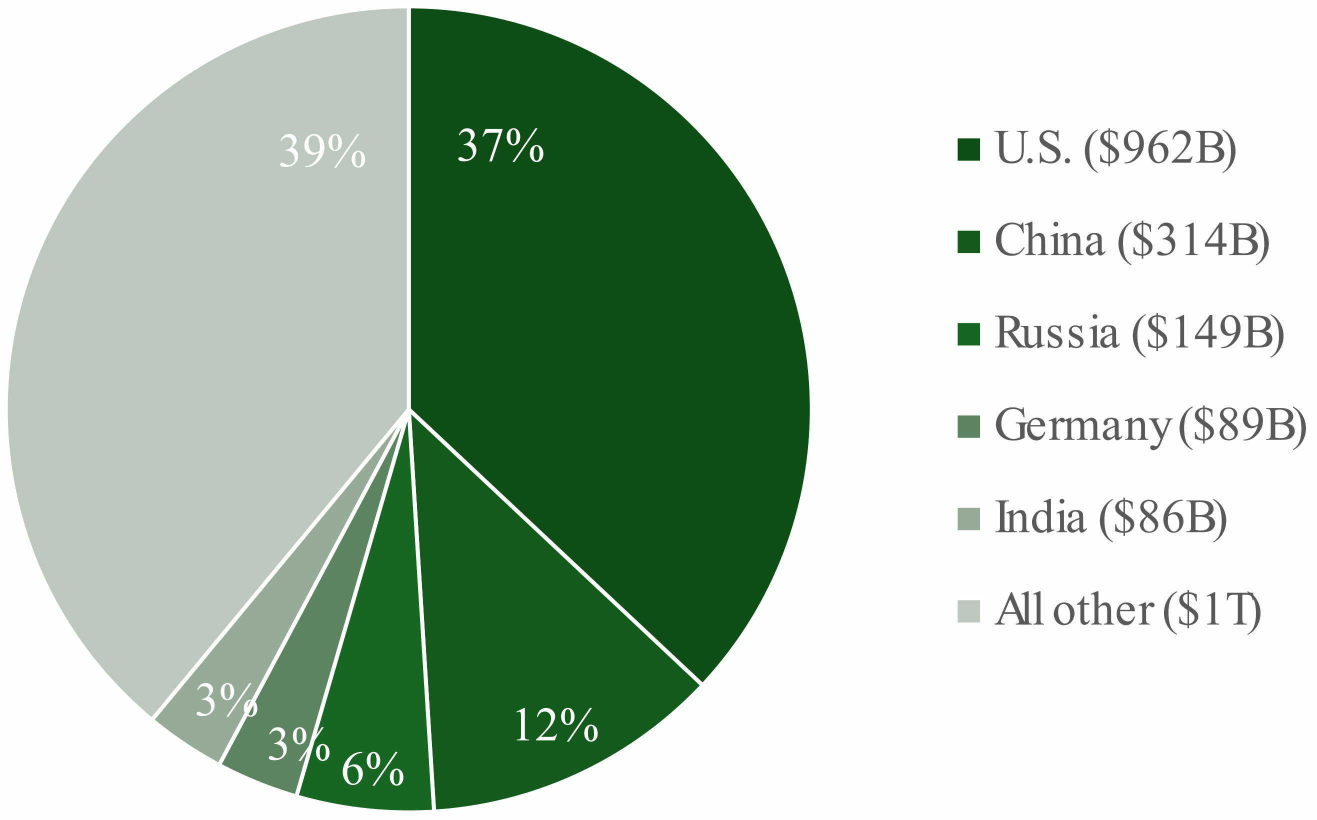
Evolving war-fighting technology

New space race



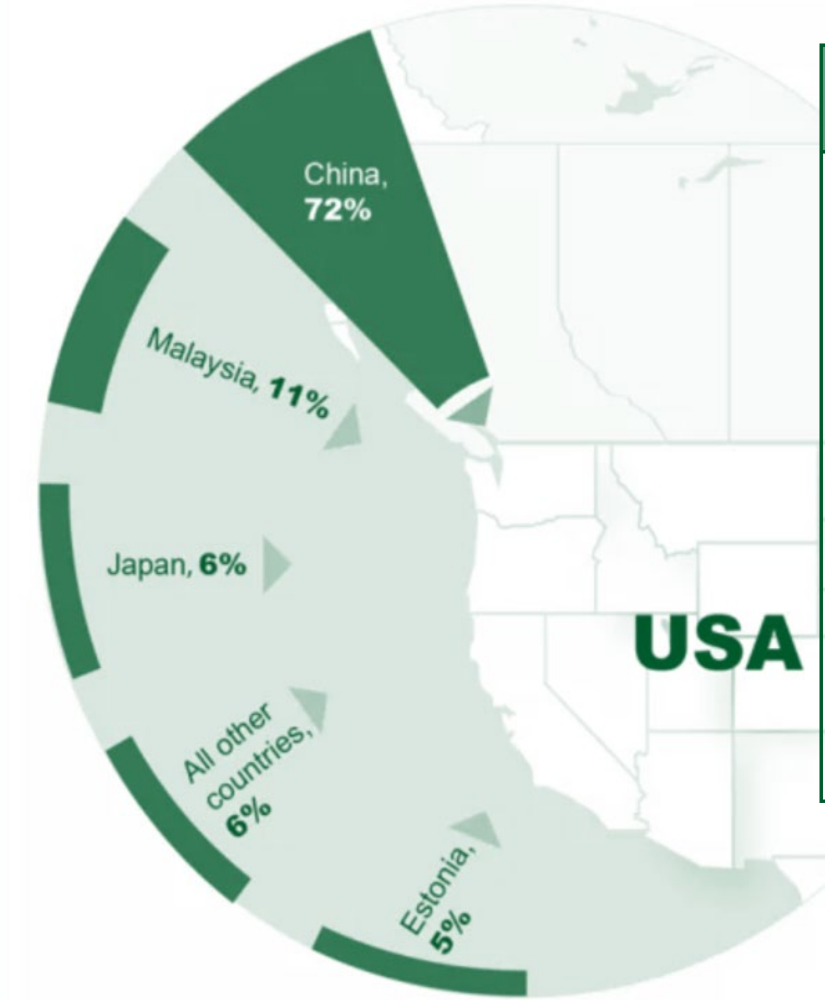
Aerospace & Defense Trends

Increased Defense Spending



Aerospace & Defense Trends

Supply Chain and Rare Earths



Rank	Country	Rare-Earth Res. (Tonnes)
1	China (PRC)	44M
2	Brazil	21M
3	India	6.9M
4	Australia	5.7M
5	Russia	3.8M
6	Vietnam	3.5M
7	United States	1.9M
8	Greenland (Denmark)	1.5M
9	Tanzania	0.9M
10	South Africa	0.9M

How Rare Earths Are Used

Motors, Radar, Missiles, etc.

Virgina-Class Submarine

4,600KG

DDG-51 Destroyer

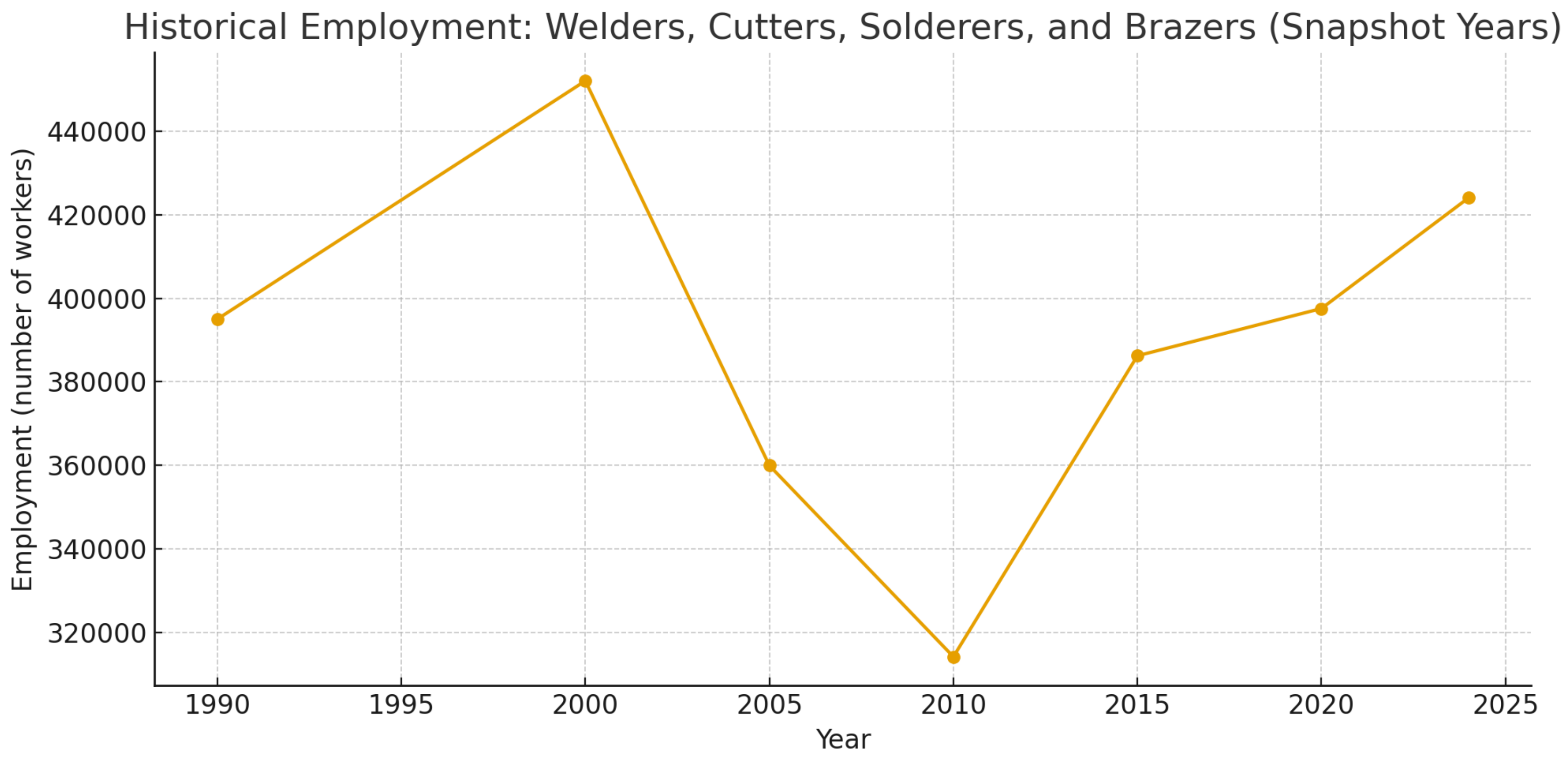
2,600KG

F-35

418KG

Aerospace & Defense Trends

Supply Chain - Skilled Labor



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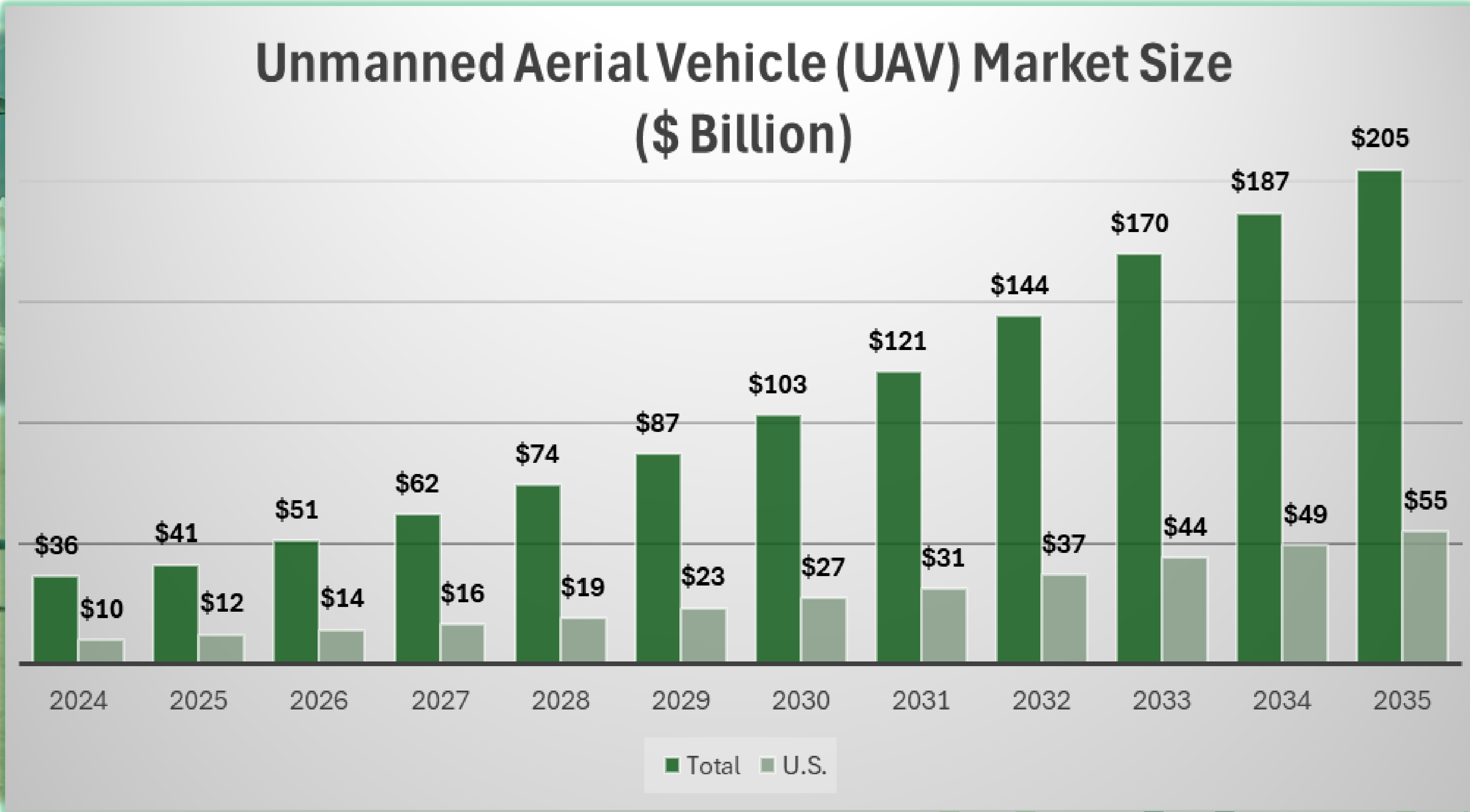
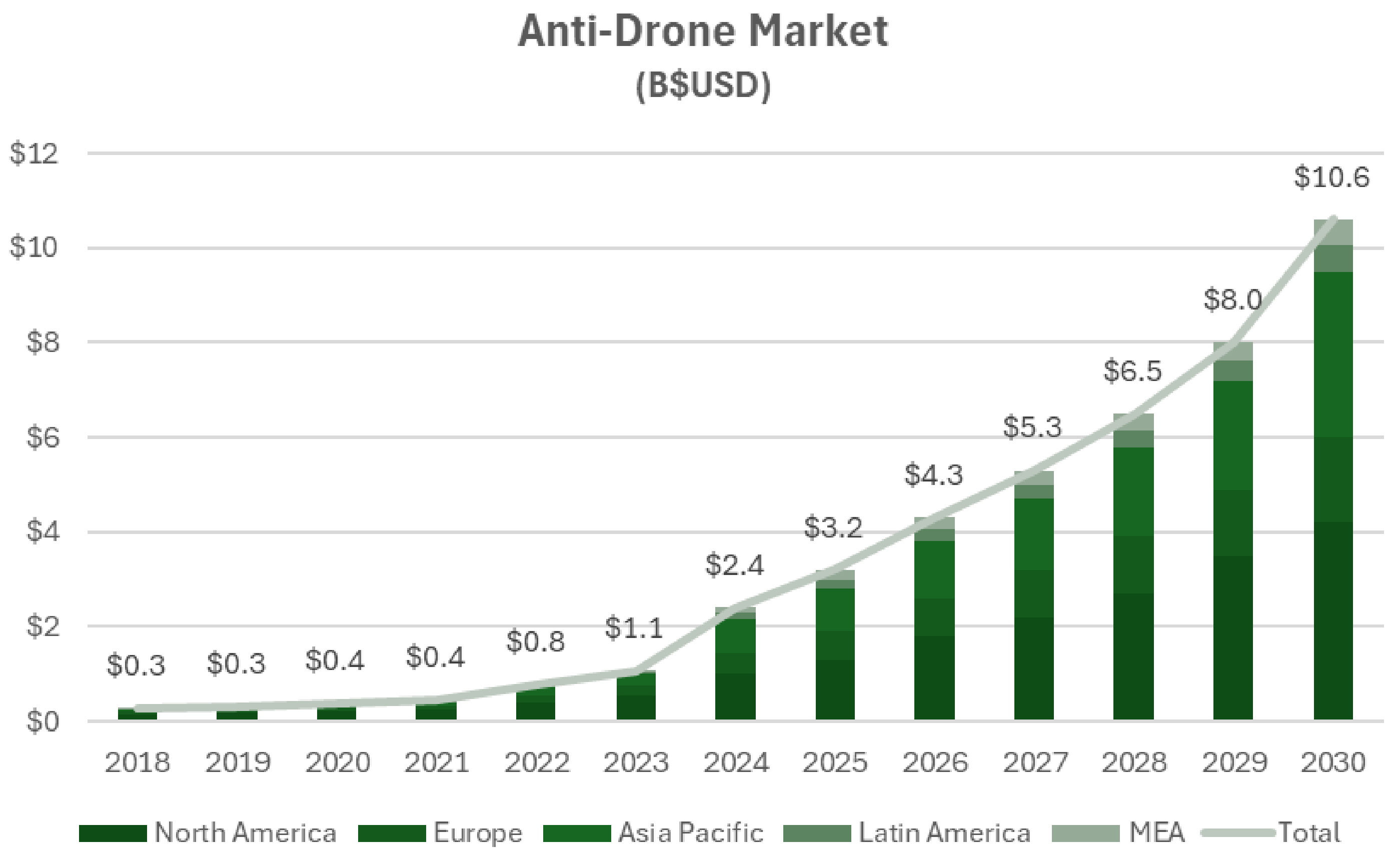
Aerospace & Defense Trends

Evolving War-Fighting Technology



Aerospace & Defense Trends

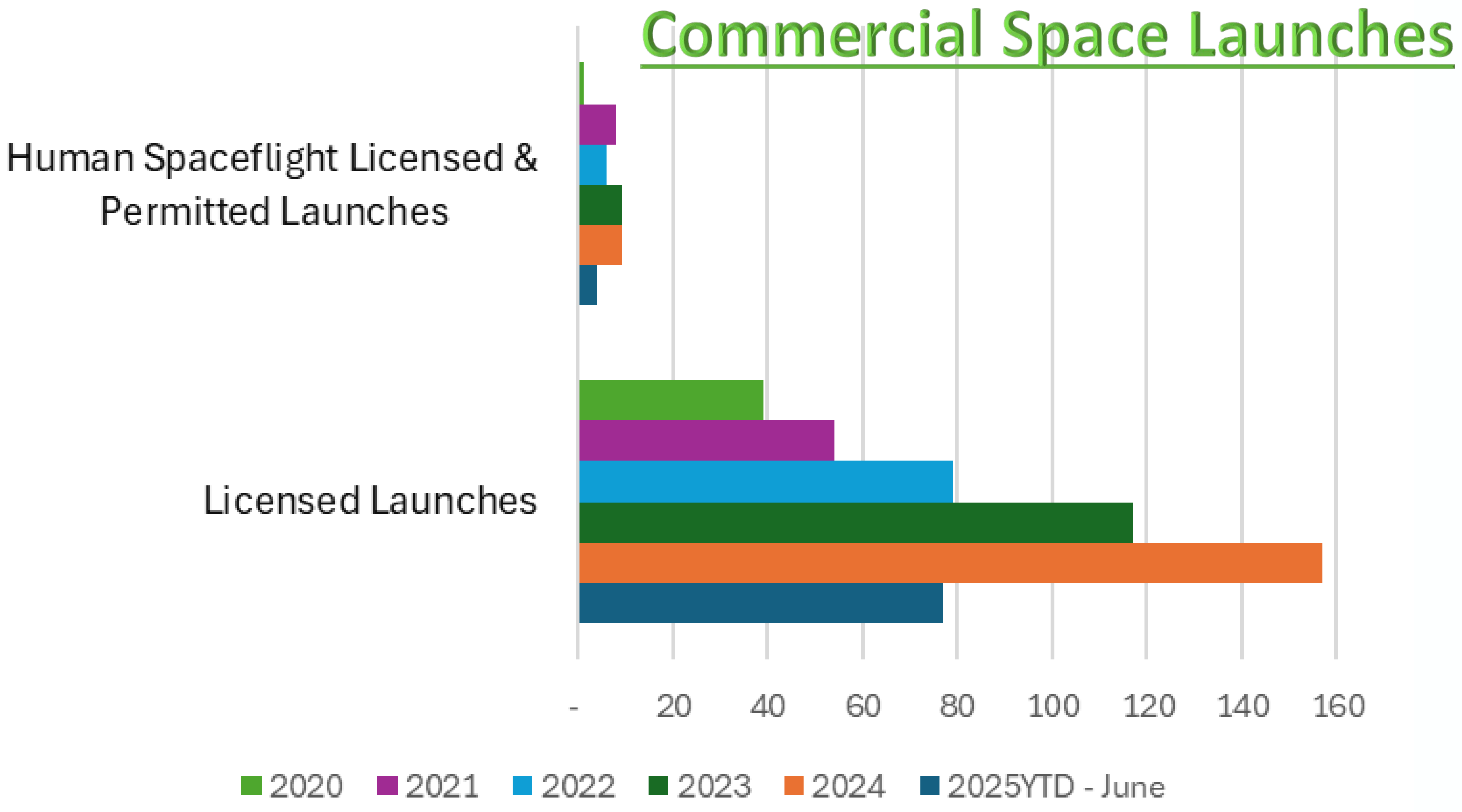
Evolving War-Fighting Technology



U.S. Monthly Artillery Shell Production	
Cold war	10,000
1990-2020	6,000
2021 (Pre Ukraine war)	15,000
2022	14,500
2023	28,000
2024	36,000
2025	40,000
Ukrainian usage (2024)	~200,000

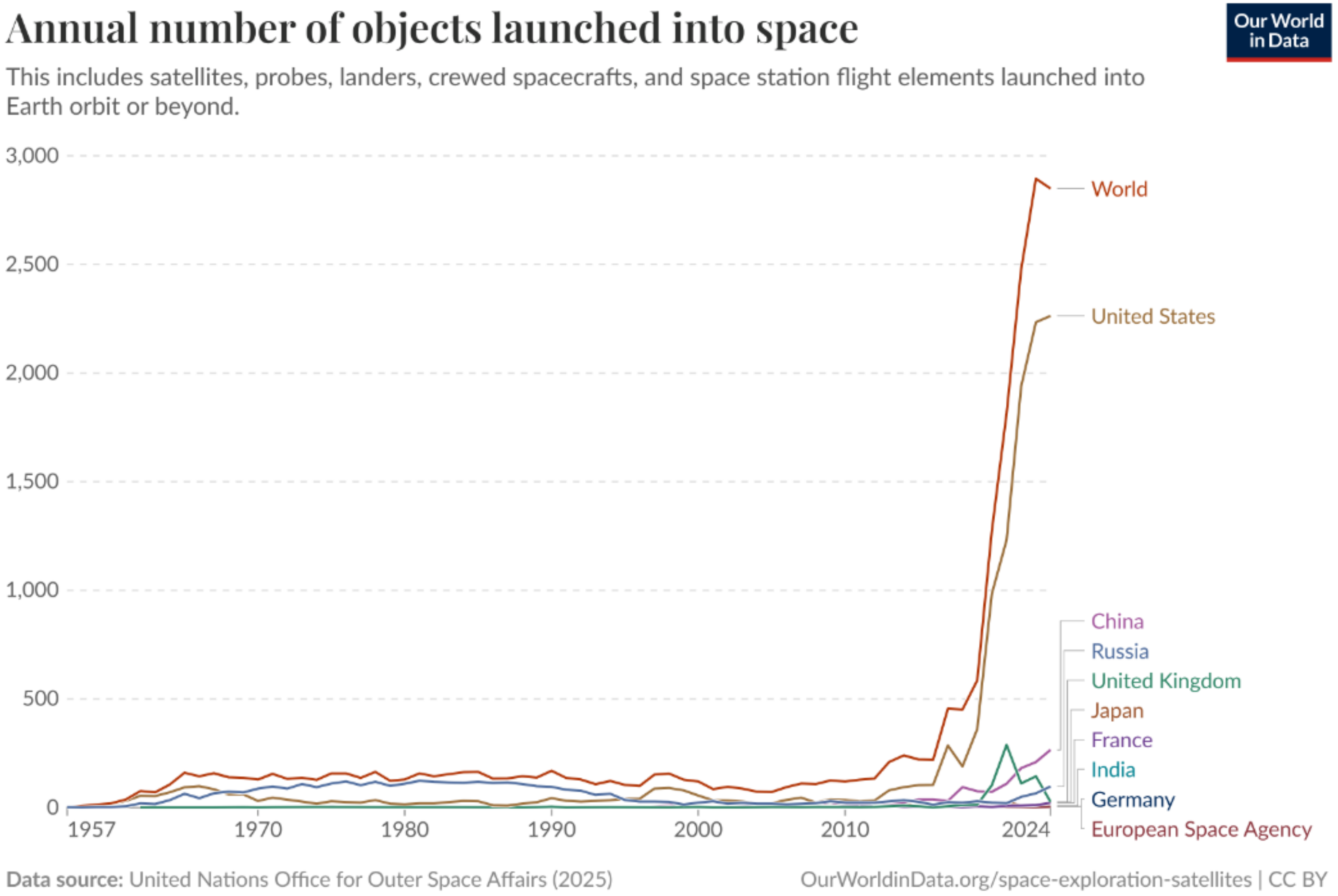
Aerospace & Defense Trends

New Space Race



Aerospace & Defense Trends

New Space Race



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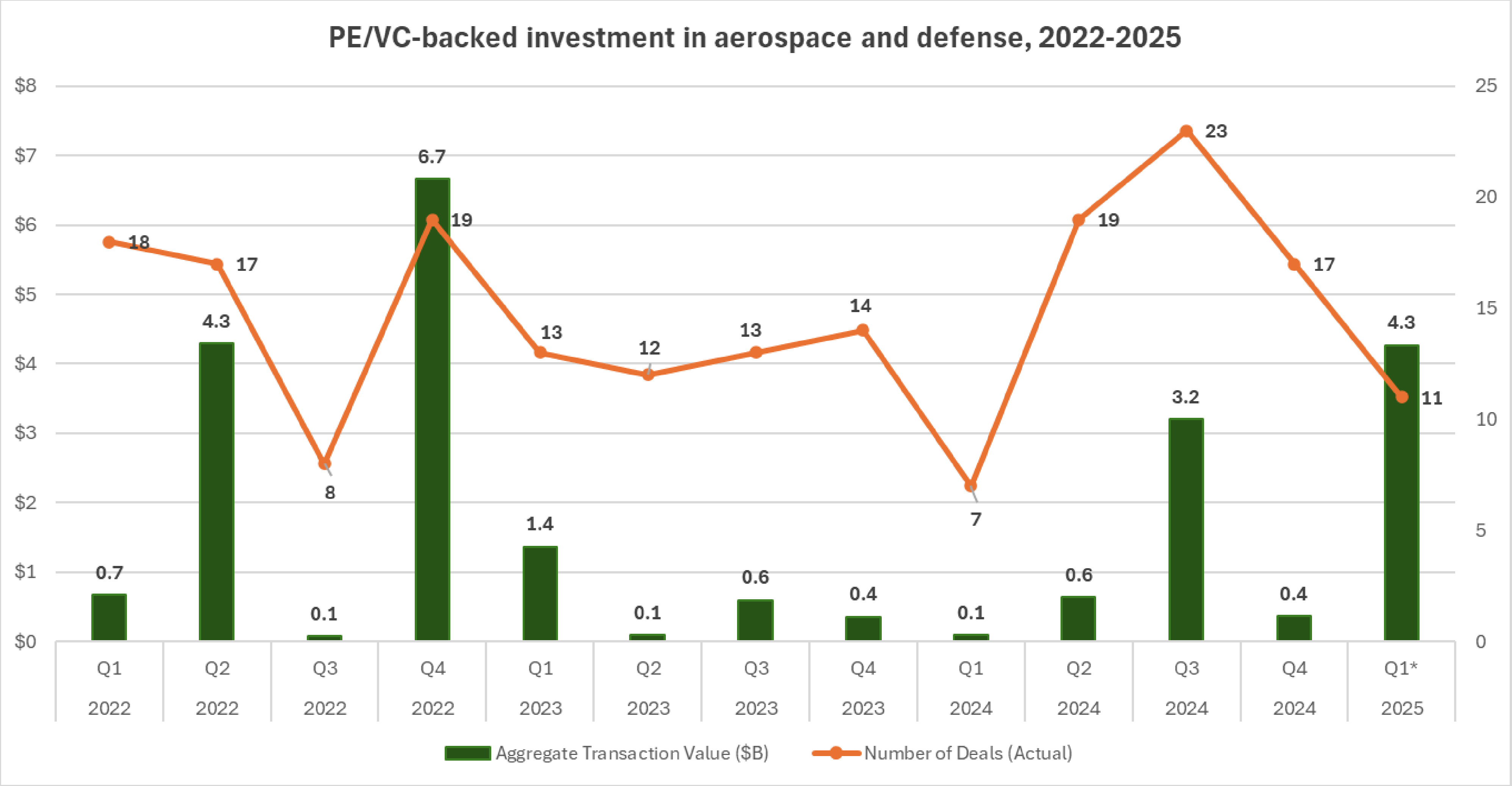
CAPITAL



Private Equity in Defense Technology—Changing the Face of National Security

IGNITING THE FUTURE FOR **AEROSPACE & DEFENSE** SUPPLY CHAIN

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AGENDA

8:30 AM
Industry update: U.S. A&D suppliers are poised for takeoff, amid surging investment
Thomas Alongi, National Manufacturing Partner; Larry Stoklosa, Aerospace & Defense Partner; UHY

8:45 AM
Economic outlook: Is the U.S. positioned for growth or a setback?
Tom Jalics, Chief Investment Strategist, Fifth Third Bank

9:15 AM
Drones: Redefining global warfare from the supply base
Chief Warrant Officer 5(R) Brian Ellis, Program Manager, SUAS Fleet Management, US Army Corps of Engineers

9:45 AM
Refreshment break

10:00 AM
Suppliers' moment! How to seize extraordinary growth opportunities in the defense sector
Panel discussion featuring Mike Stone, Partner and retired Major General, Warner Norcross + Judd LLP, Jimmy Smith, Retired Navy SES, and Major General Darren Werner, Military Leader, appointed President of SAPA Transmission, moderated by Matt Casey, Executive Partner at Warner Norcross + Judd LLP

10:45 AM
Built to compete: Strategic application of high mix, low volume production
Søren Peters, CEO, HowToRobot

11:15 AM
Event concludes

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Economic Outlook:

Is the U.S. positioned for growth or a setback?

Tom Jalics
Chief Investment Strategist

UHY

FIFTH THIRD

U.S. Economic Outlook

Navigating the Storm

Tom Jalics, CFA
Managing Director | Chief Investment Strategist

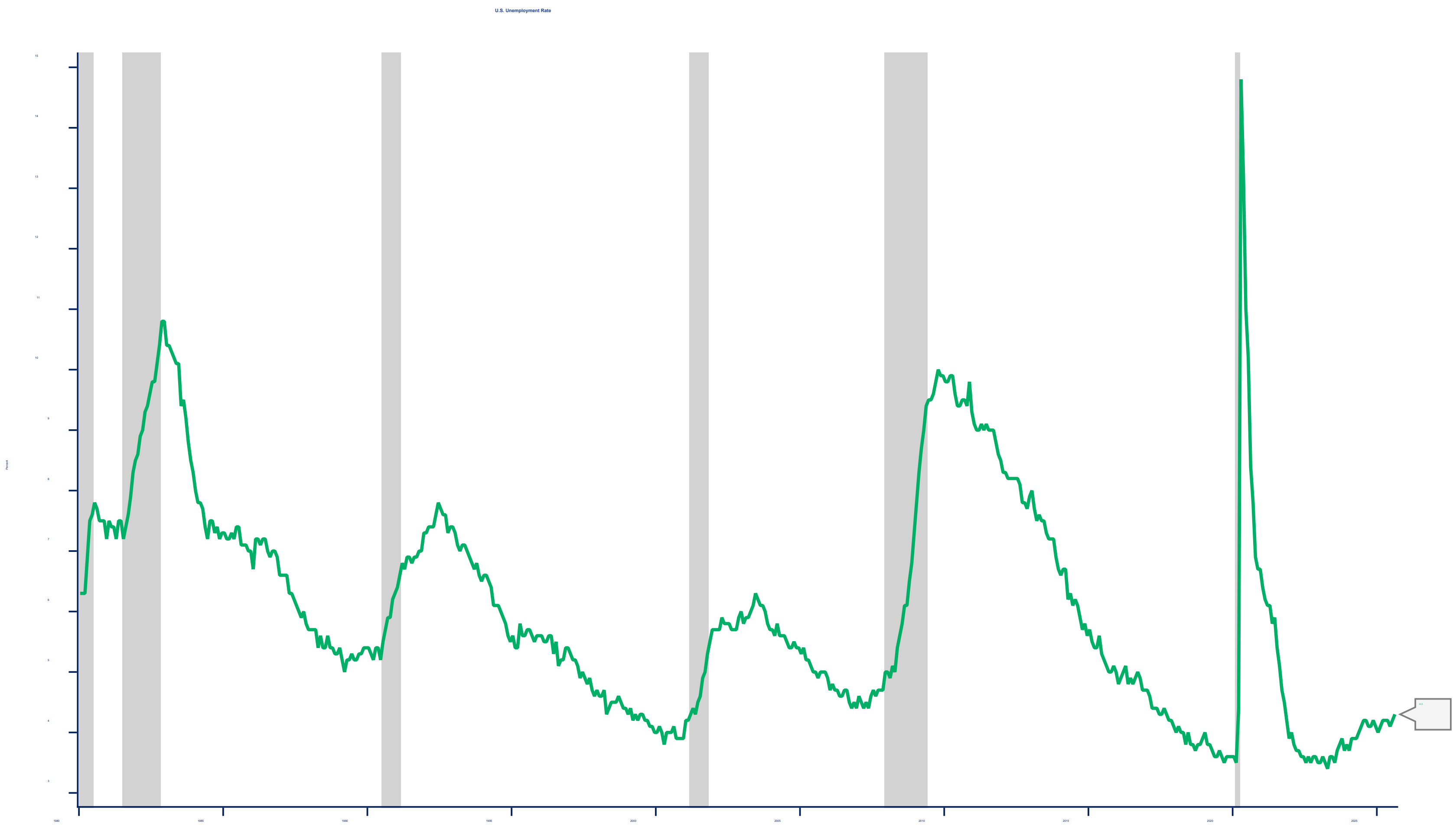
U.S. economic snapshot

Current and Projected Real GDP Metrics:						
Component	% of Economy	4th Quarter 2024	1st Quarter 2025	2nd Quarter 2025	Consensus* 2025	Consensus* 2026
Private Consumption	68.2%	3.9%	0.6%	2.5%	*2.0%*	*1.6%*
Government	17.2%	3.3%	-1.0%	-0.1%	*1.4%*	*1.0%*
Private Investment	17.6%	-6.8%	23.3%	-13.8%	*2.3%*	*1.4%*
Exports	10.7%	-0.9%	0.2%	-1.8%	*0.7%*	*1.0%*
Imports	-13.7%	-0.2%	38.0%	-29.3%	*2.6%*	*-0.9%*
Total	**100%**	**1.9%**	**-0.6%**	**3.8%**	**1.7%**	**1.7%**

*Source: Bloomberg as of 8/31/2025

*Bloomberg monthly economist survey

Support for growth: consumer economy



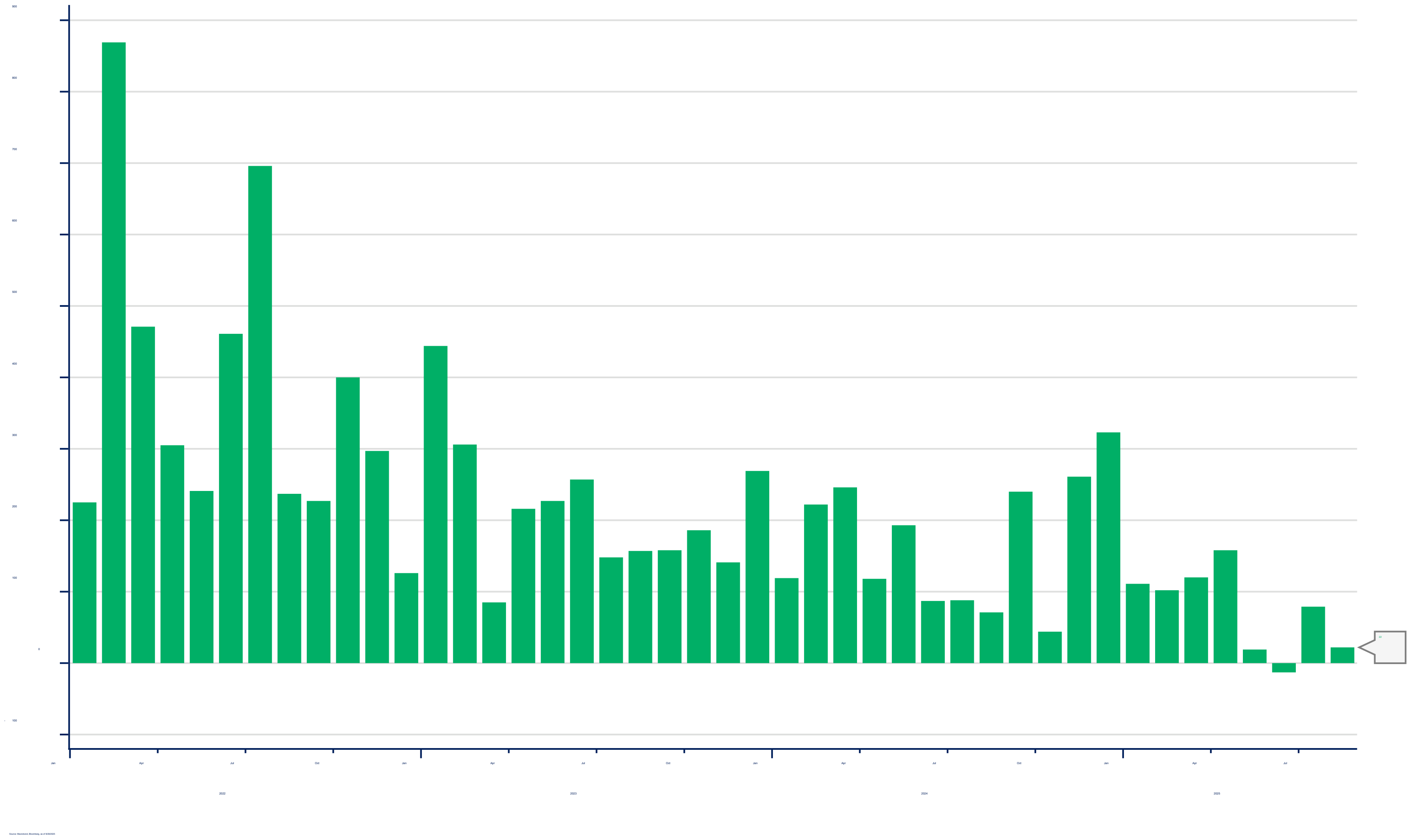
Source: Macrobond, BLS, as of 9/29/2025

Data from 1929 - 1947: annual unemployment rate, 14 years and over

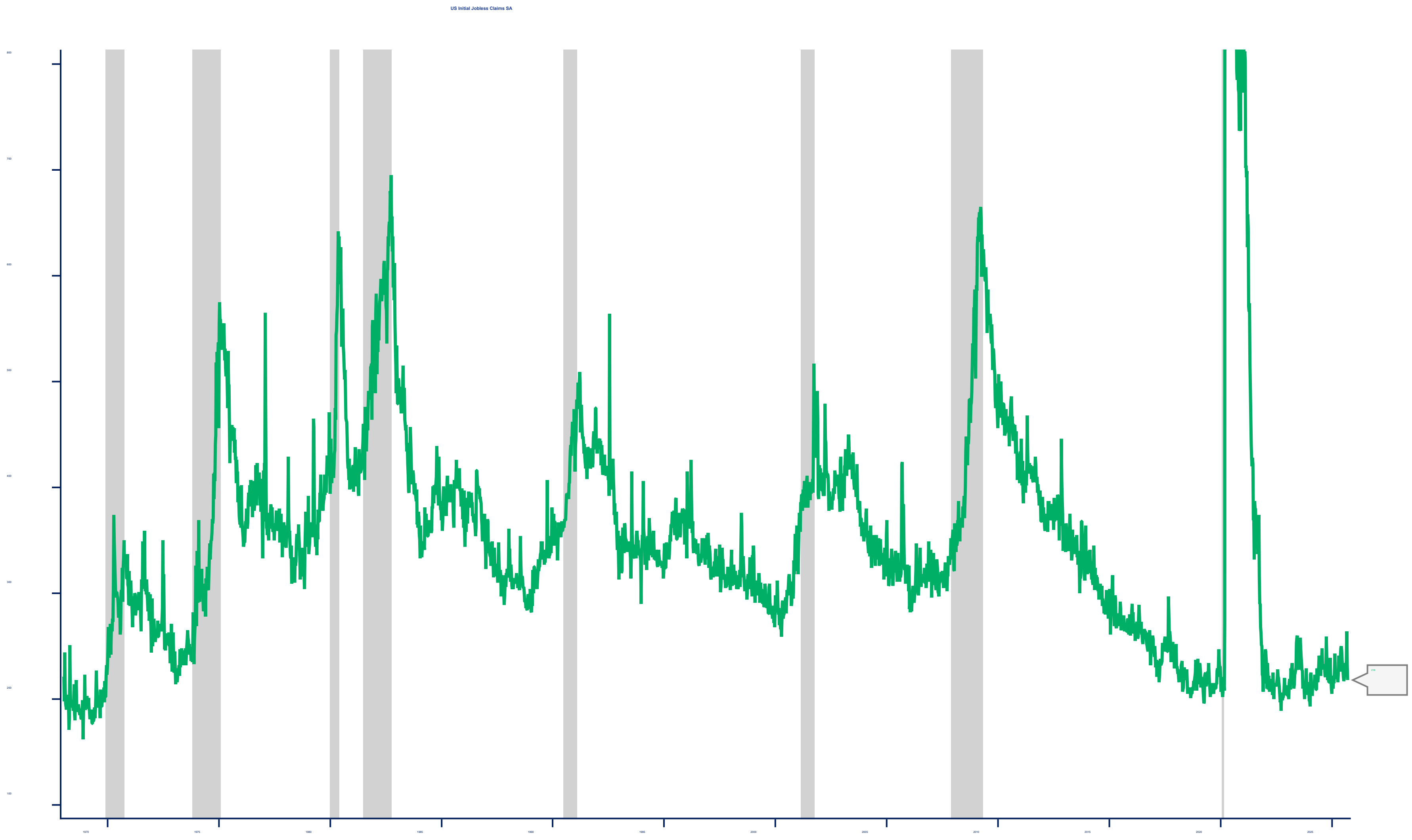
Data from 1948 to current: monthly unemployment rate, 16 years and over

Slowed job growth

MONTHLY NONFARM PAYROLL ADDITIONS

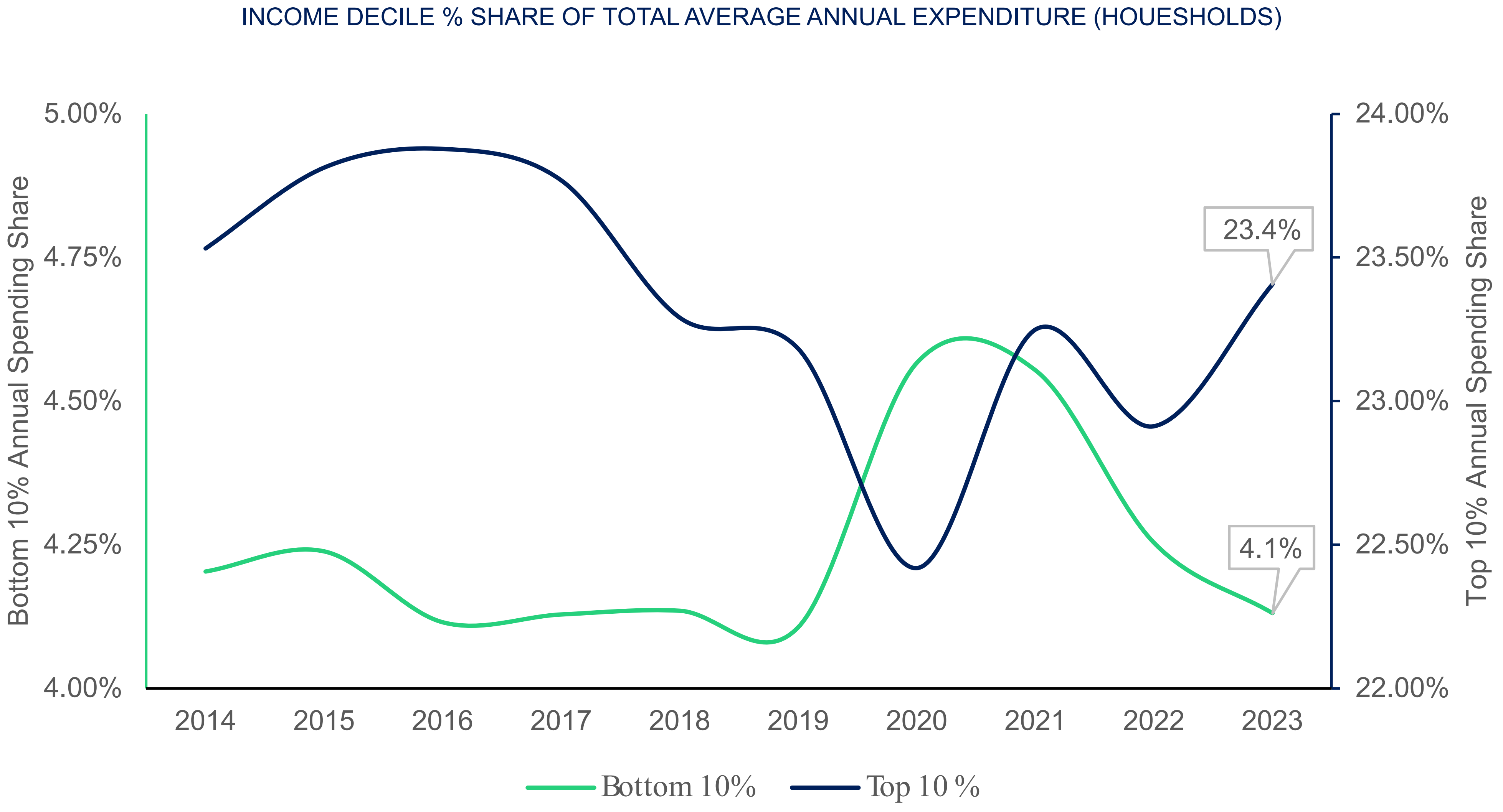


Weekly initial jobless claims remain low



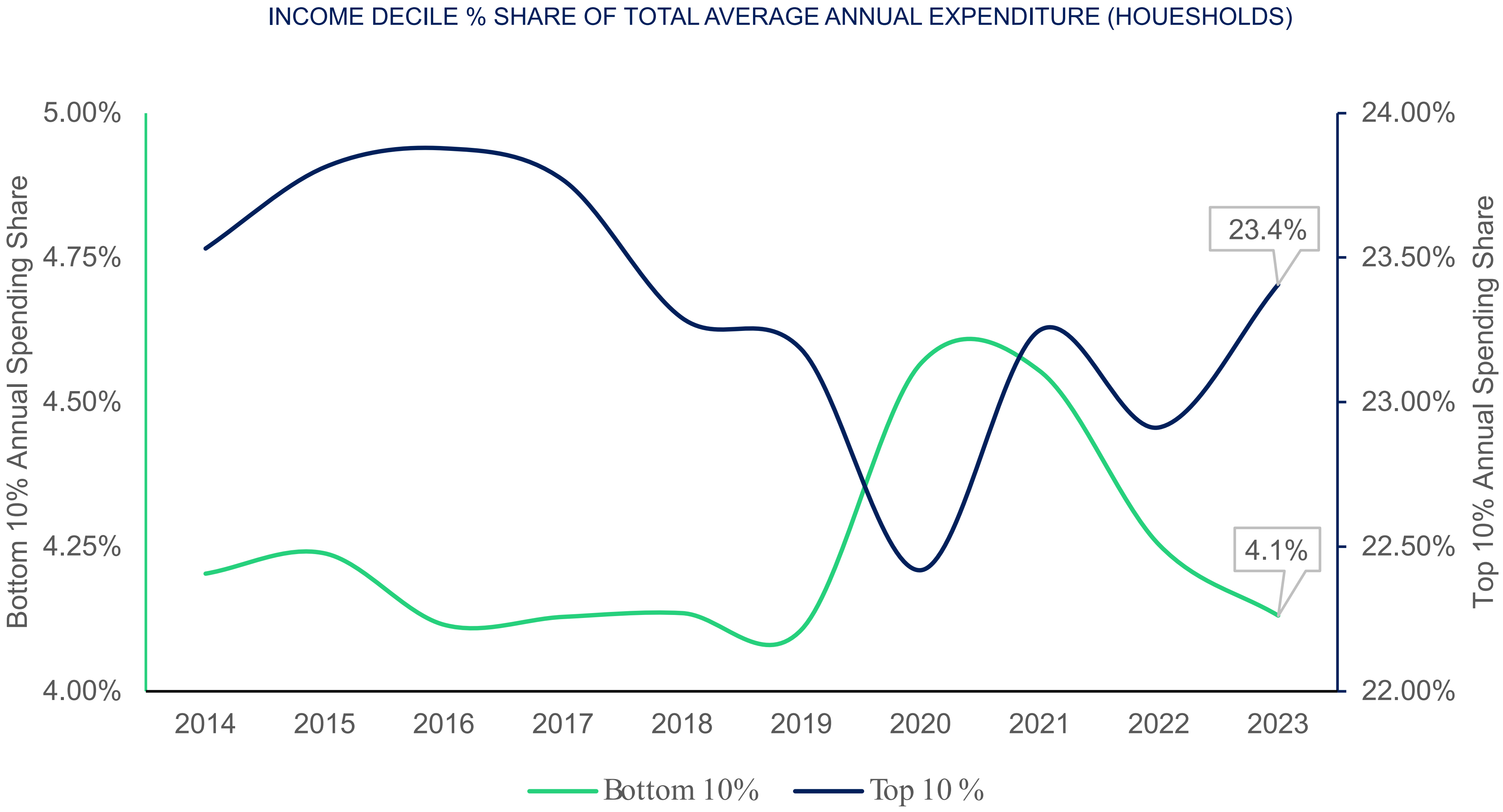
Source: Macrobond, Bloomberg, as of 9/29/2025

Should we be worried (2020-today)?



Source: BLS CE Survey Data.

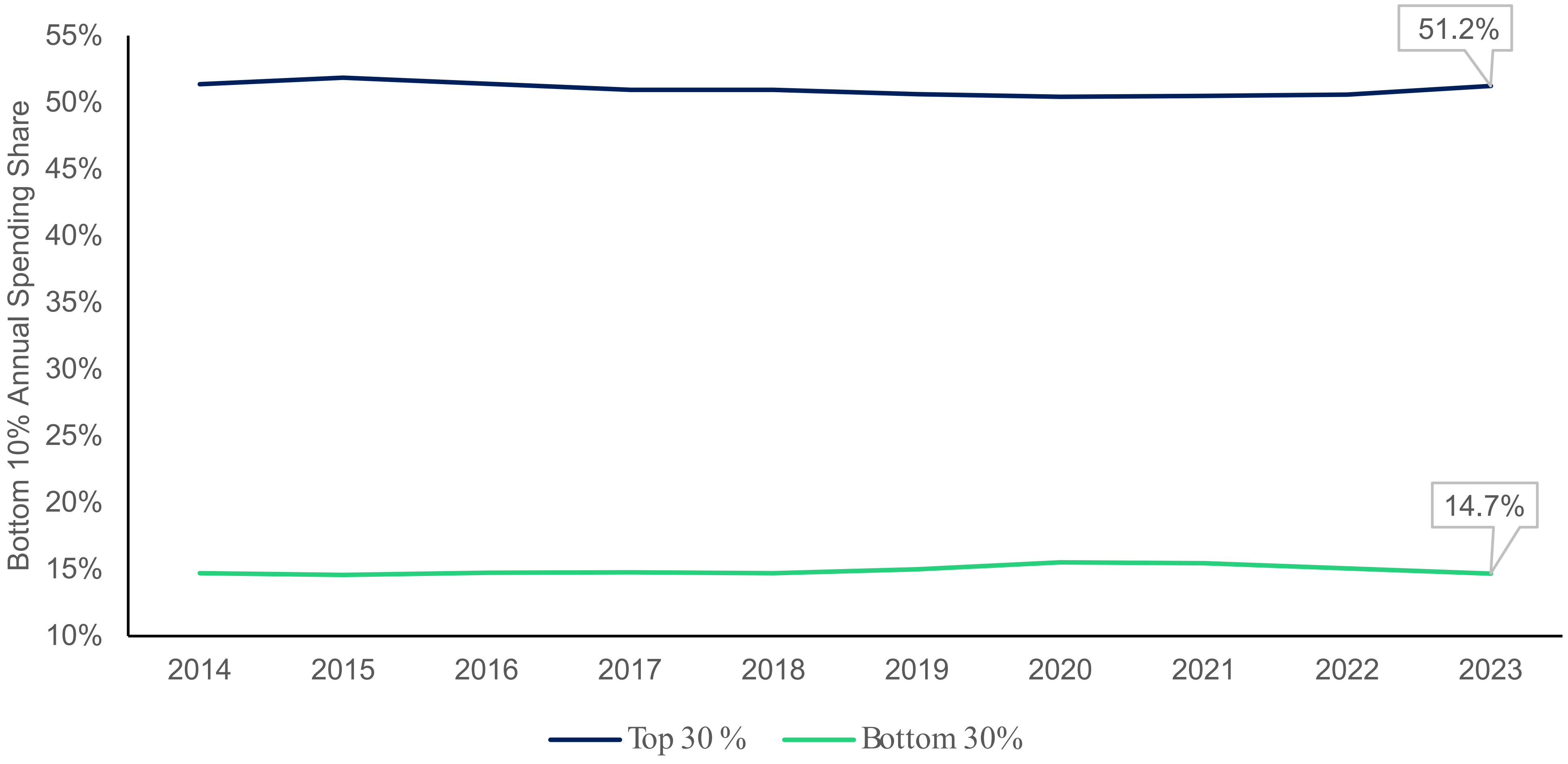
Not really, back towards historic spend levels



Source: BLS CE Survey Data.

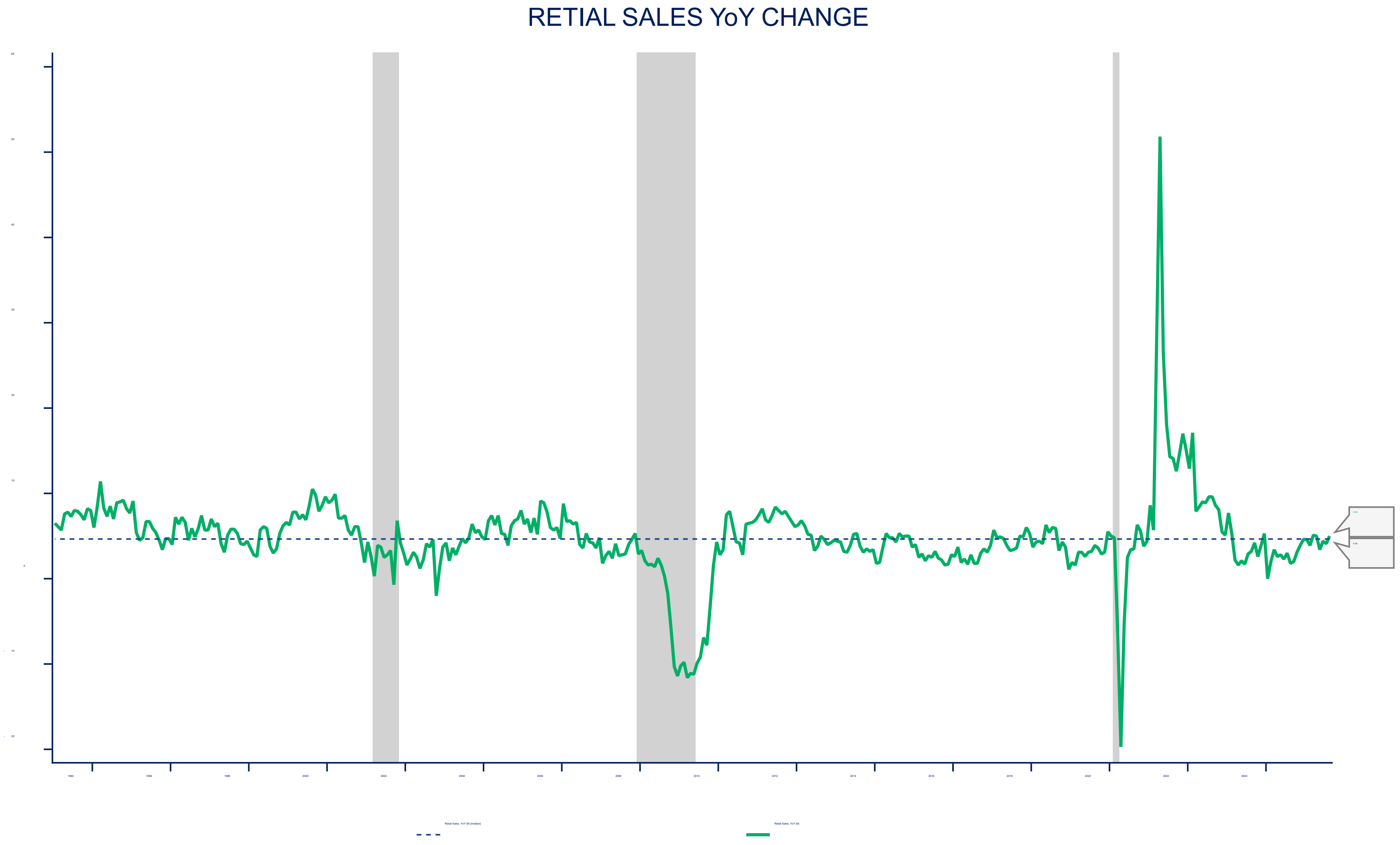
Not really, back towards historic spend levels

INCOME DECILE % SHARE OF TOTAL AVERAGE ANNUAL EXPENDITURE (HOUESHOLDS)



Source: BLS CE Survey Data.

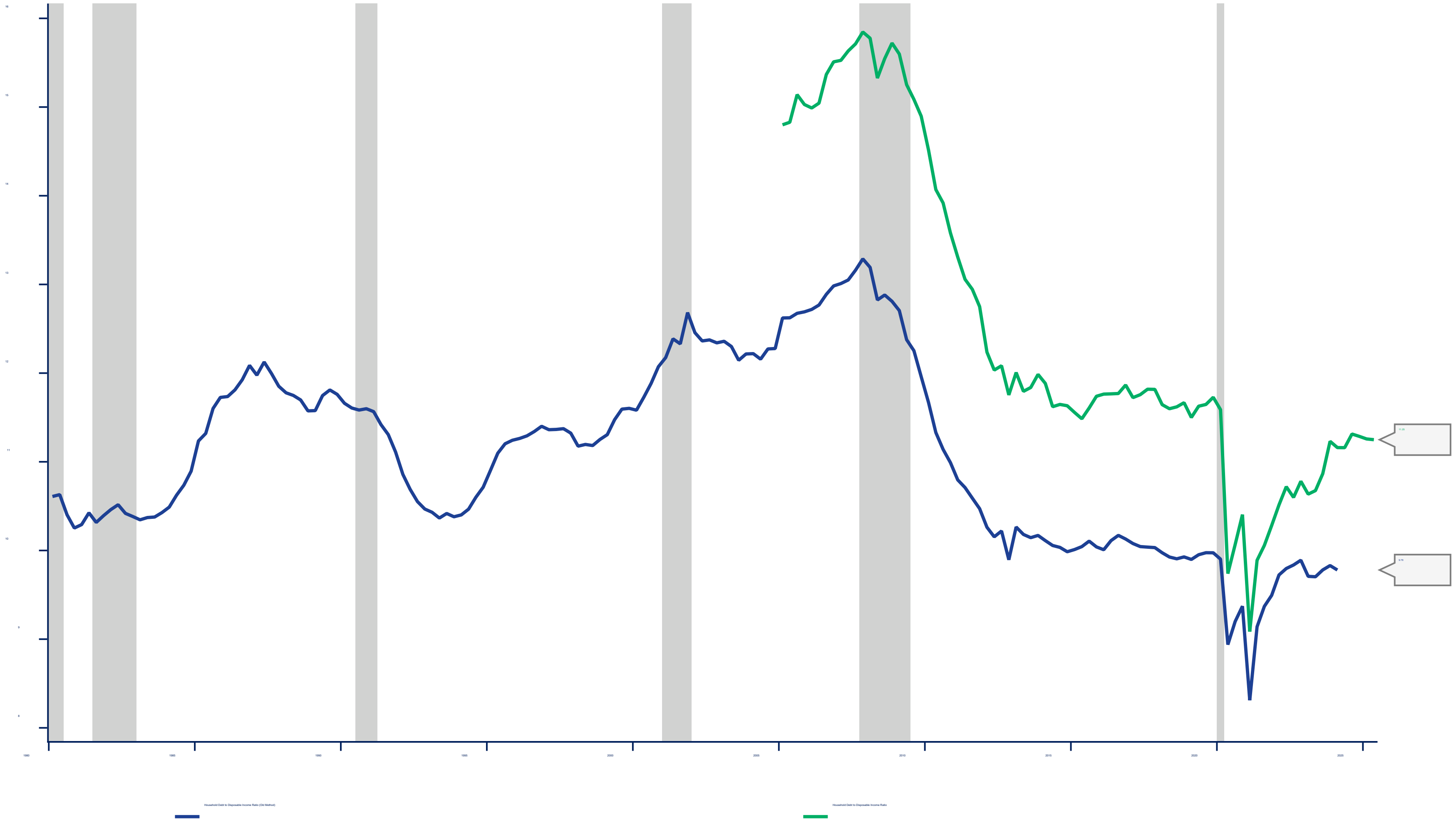
Retail sales growth showing resilience



Source: Macrobond, Bloomberg, as of 9/29/2025

Aggregate household debt burdens are low

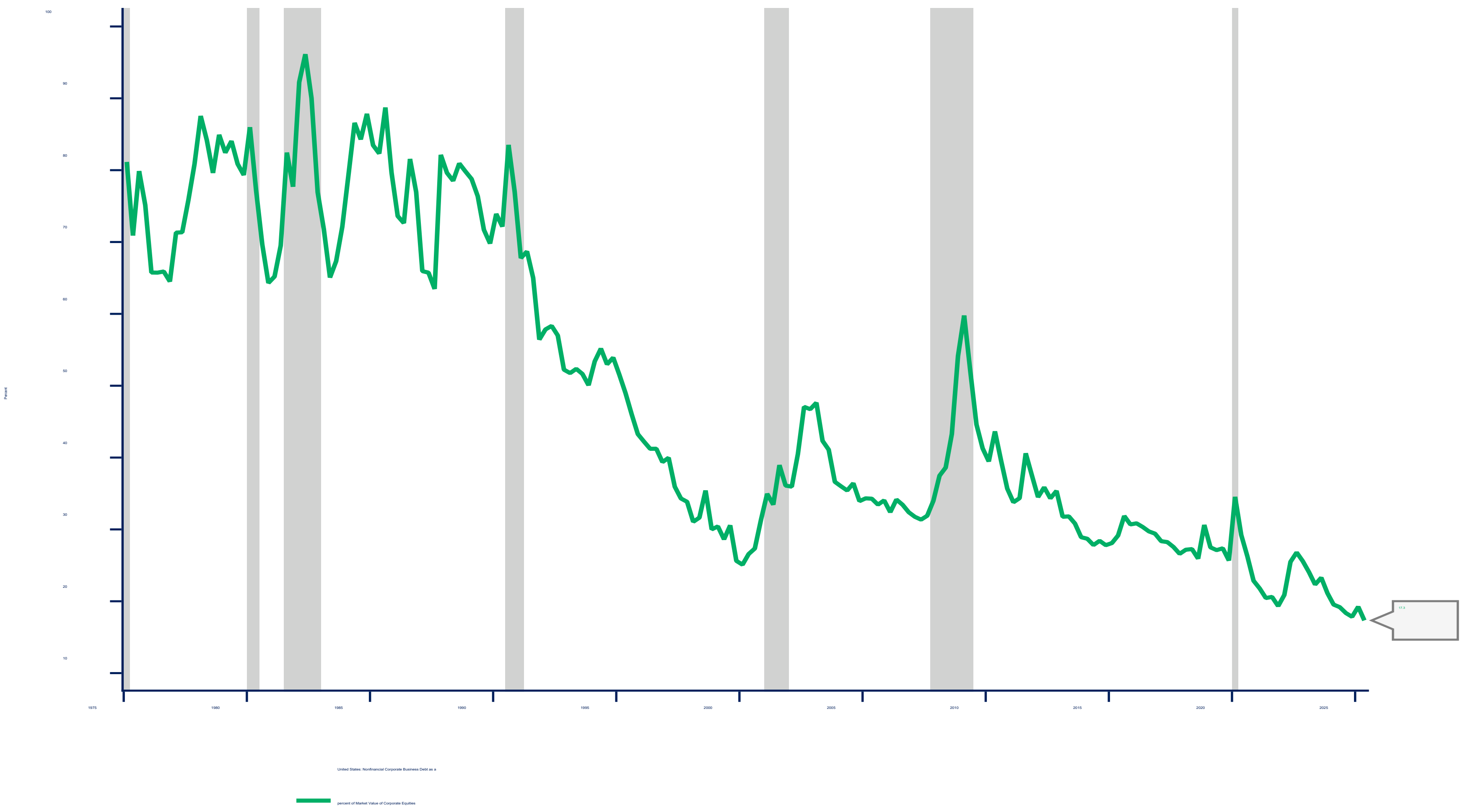
HOUSEHOLD DEBT TO DISPOSABLE INCOME



Source: Macrobond, Bloomberg, Federal Reserve, as of 9/29/2025

Corporate financial debt burdens

US NONFIN CORP DEBT AS % OF MARKET VALUE OF EQUITY



Source: Macrobond, Fed, as of 9/29/2025

Issues per candidate rhetoric through election day

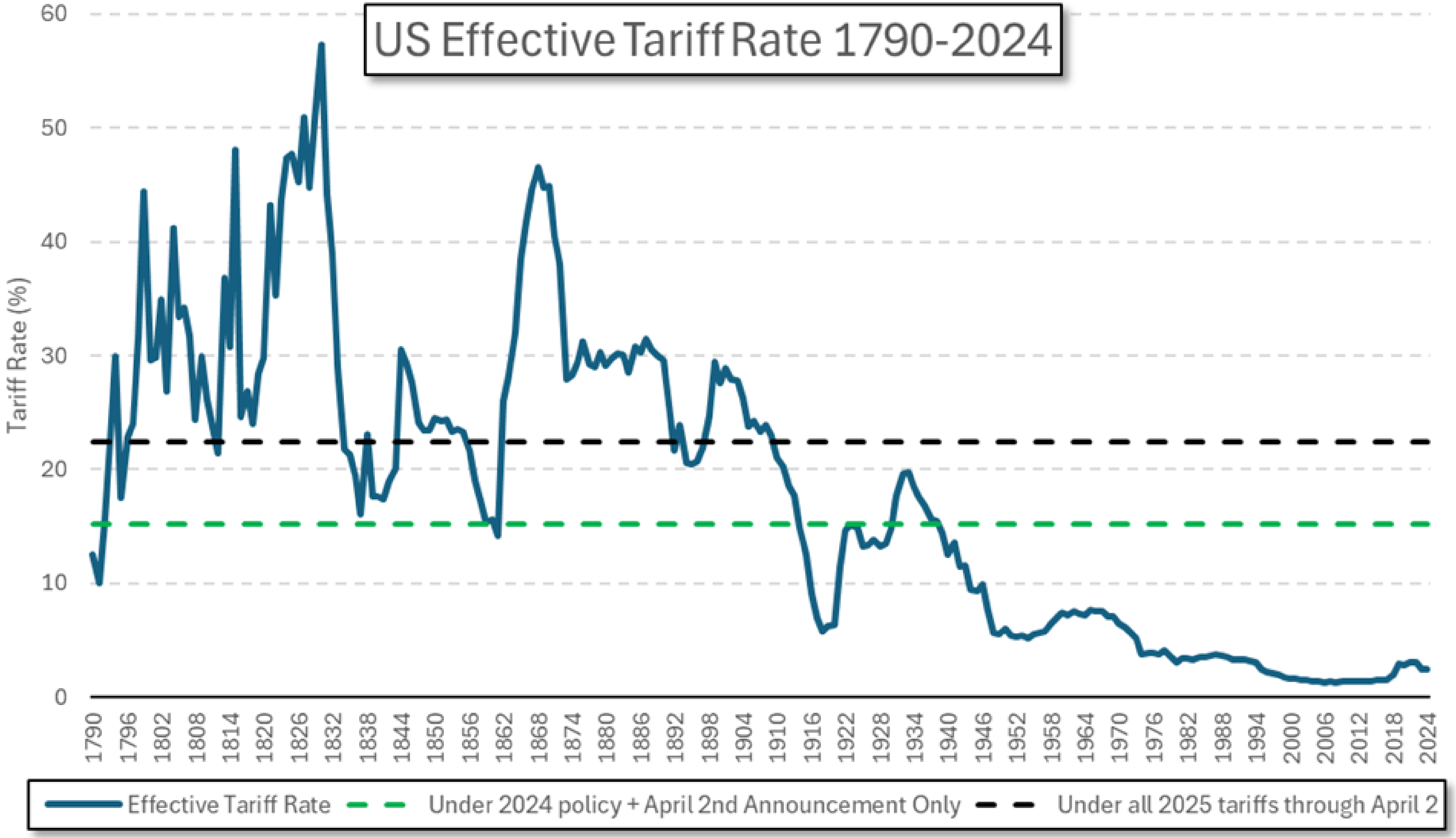
Issue	**Trump**	~~**Harris**~~
Taxes	Status quo for individuals. Wants lower taxes on corporations.	~~Higher taxes on wealthy and corporations. Status quo elsewhere.~~
Trade	60% tariff on China imports. 10%-20% tariffs on all imports.	~~Tough on China through tariffs. Targeted taxes to promote green energy~~
Border	Proposed to implement the "… largest domestic deportation operation in American history".	~~Reform the immigration system. Open Borders.~~
Regulation	Dereguation of energy, financial services, technology (A.I.). Allow more M&A.	~~Increased antitrust & A.I. regulation. Regulation to spur green energy.~~
Foreign Policy	China hawks. Antagonize allies. Push back on Globalism. Pursue nationalistic agenda.	~~China hawks. Failure to deter enemies. Deepen relations with Europe, Japan, South Korea, Philippines.~~
Deficit/Debt	Grows over next decade	~~Grows over next decade~~
U.S. Dollar	Wants Weaker; Policy stance suggests Stronger	~~No change~~

Tariff goals of U.S. administration

According to Treasury Secretary Scott Bessent, citizens of the U.S. should think about tariffs in the Trump administration in four ways:

1. Remedy unfair trade practices by industry or country.
2. Increase government revenue to alleviate federal budget shortfalls.
3. A negotiating tool.
4. Revive domestic manufacturing.

Tariff history

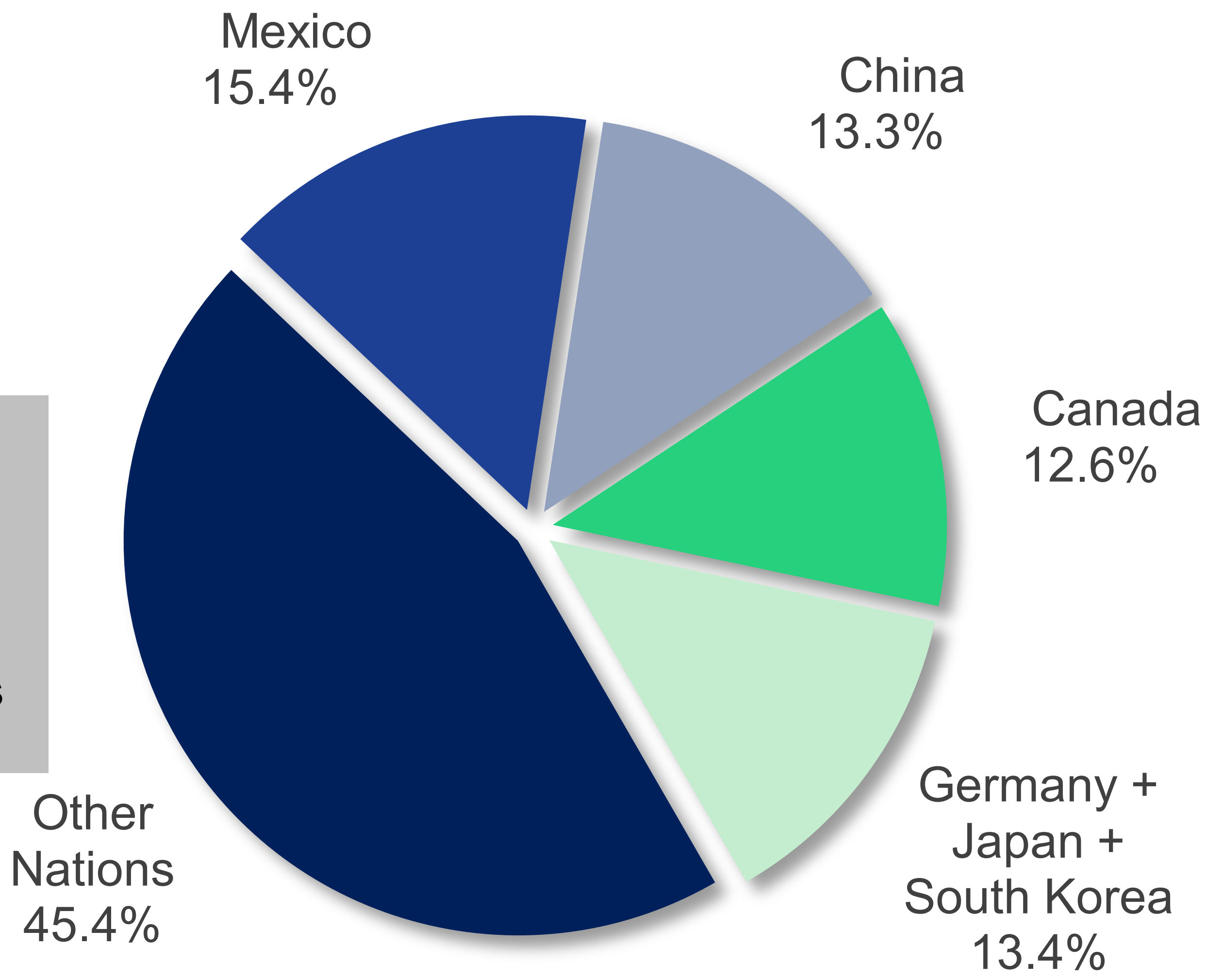


*Source: Yale Budget Lab

Trade partners: 2024 snapshot

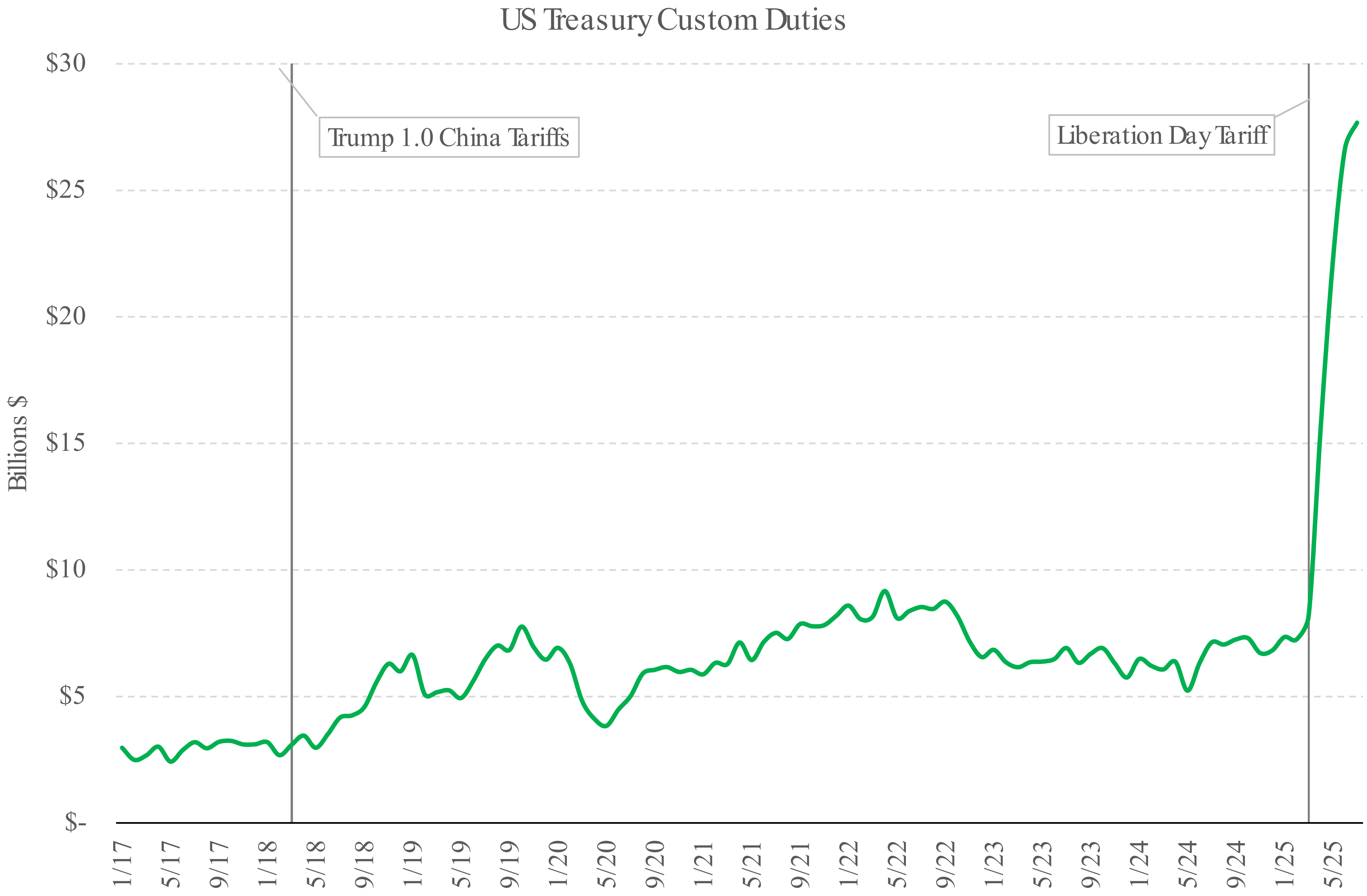
2024 GOODS IMPORT SHARE BY COUNTRY

Top 6 Goods trade partners account for 54.6% of all Goods Imports



Source: Monthly Census Trade Data, Bloomberg.

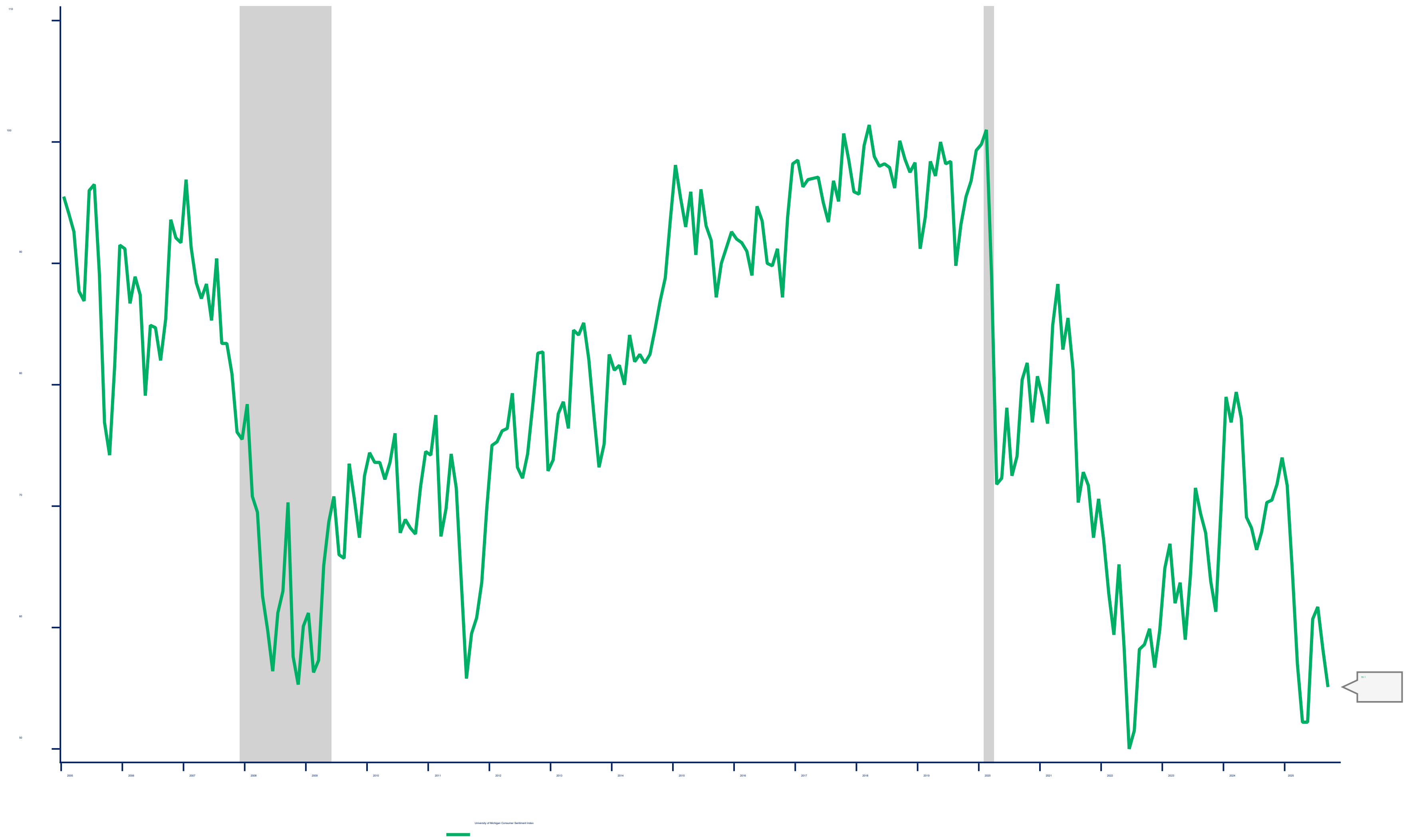
Tariff revenue



*Source: Bloomberg, US Treasury

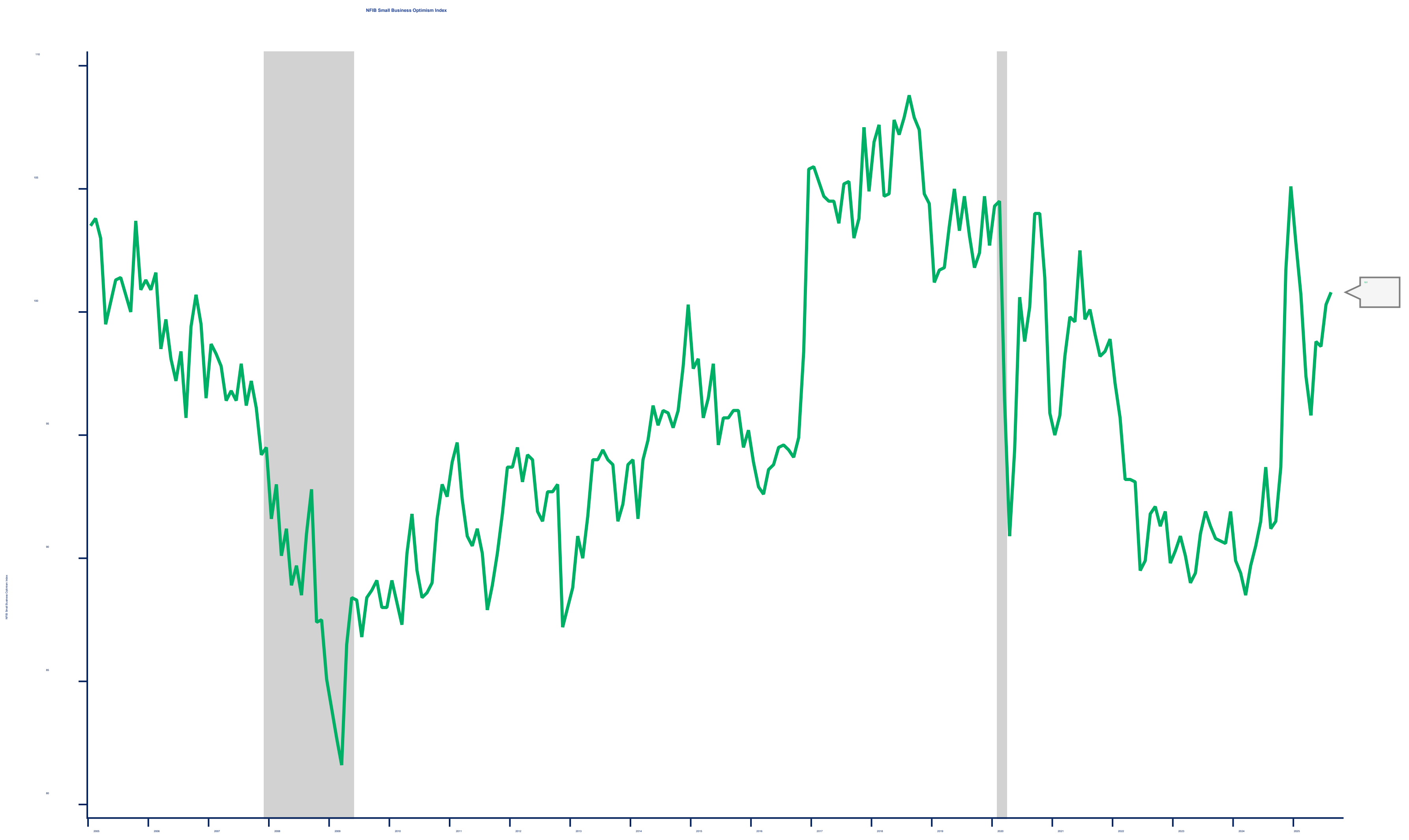
Consumer sentiment

UNIVERSITY OF MICHIGAN CONSUMER SENTIMENT INDEX



Source: Macrobond, Bloomberg as of 9/29/2025

Small business confidence falling



Source: Macrobond, Bloomberg as of 9/29/2025

OBBB vs. TCJA: Battle of the acronyms

Individual and families: 12.31.2025
- Marginal tax rate – adj.
- Standard deduction – adj.
- Personal exemption – adj.
- Child tax credit – adj.
- Credit for other dependent – elim.

Above-the-line deductions: 12.31.2025
- Moving expense deduction – adj.

Itemized deductions: 12.31.2025
- Charitable contribution deduction – adj
- State and local tax deduction – adj.
- Mortgage interest deduction – adj.
- Casualty and theft loss deduction – adj.
- Wagering losses deduction – adj.
- Itemized deductions for misc. expenses – adj.
- Overall limitations on itemized deductions – adj.

Exclusions: 12.31.2025
- Bicycle commuter reimbursement – adj.
- Moving reimbursement exclusion – adj.
- Combat zone benefit for Sinai Peninsula – adj.

Alternative minimum tax: 12.31.2025
- AMT exemption and phaseout – adj.

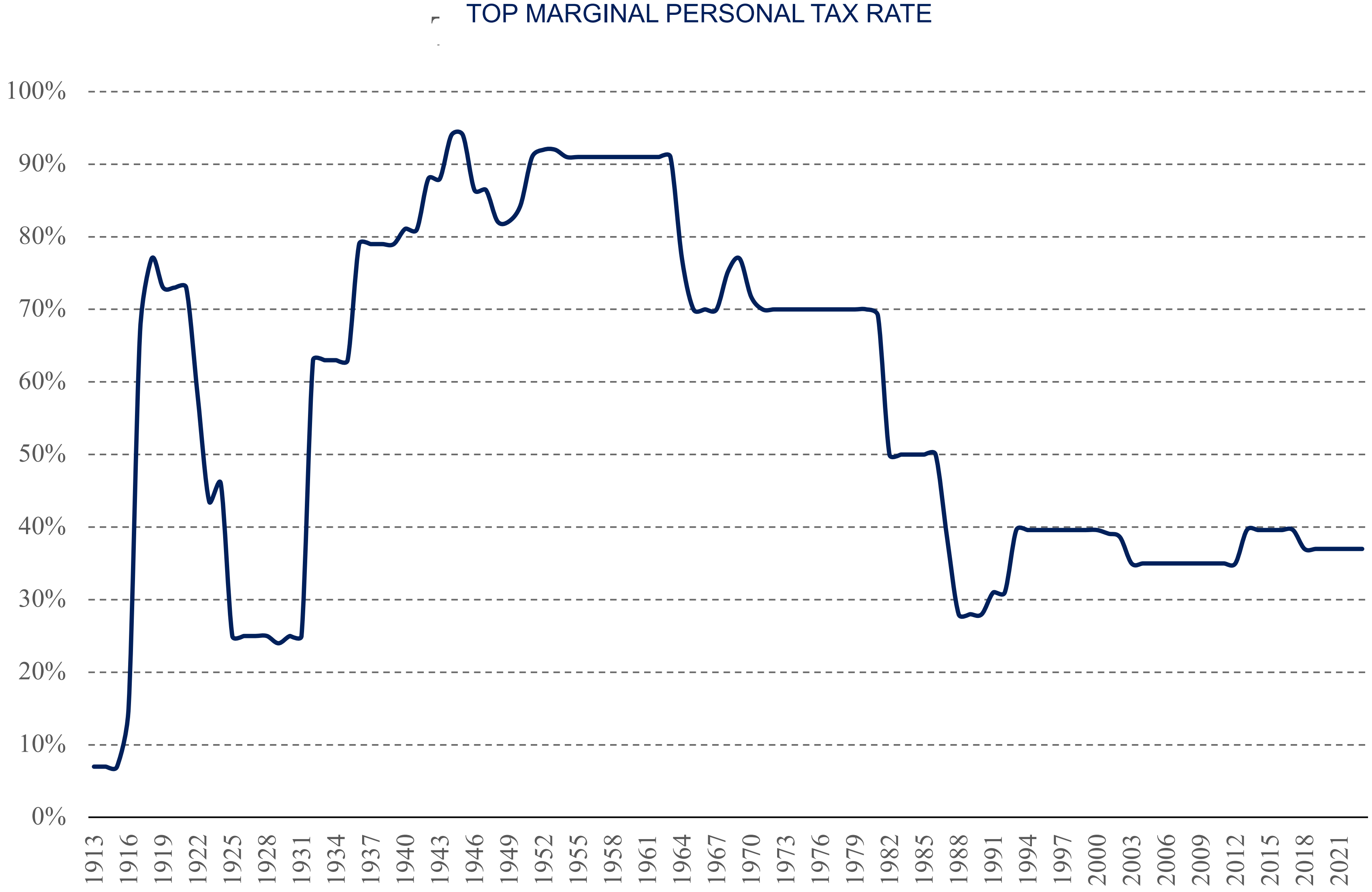
Able accounts: 12.31.2025
- ABLE account contribution limit – adj.
- Able account and saver credit – elim.
- 529 to able account rollover – elim.

Business provisions:
- 199a deduction: "pass through income" – elim. 12.31.2025
- Limitation on losses noncorporate taxpayer – adj. 12.31.2028
- Expensing – elim. 12.31.2026
- Citrus plant lost by casualty – adj. 12.22.2027

Other provisions:
- Estate and gift tax – adj. 12.31.2025
- Employer credit paid family medical leave – elim. 12.31.2025
- Qualified opportunity zone – elim. 12.31.2026

Source: Congress.gov.

Personal federal taxes historical context

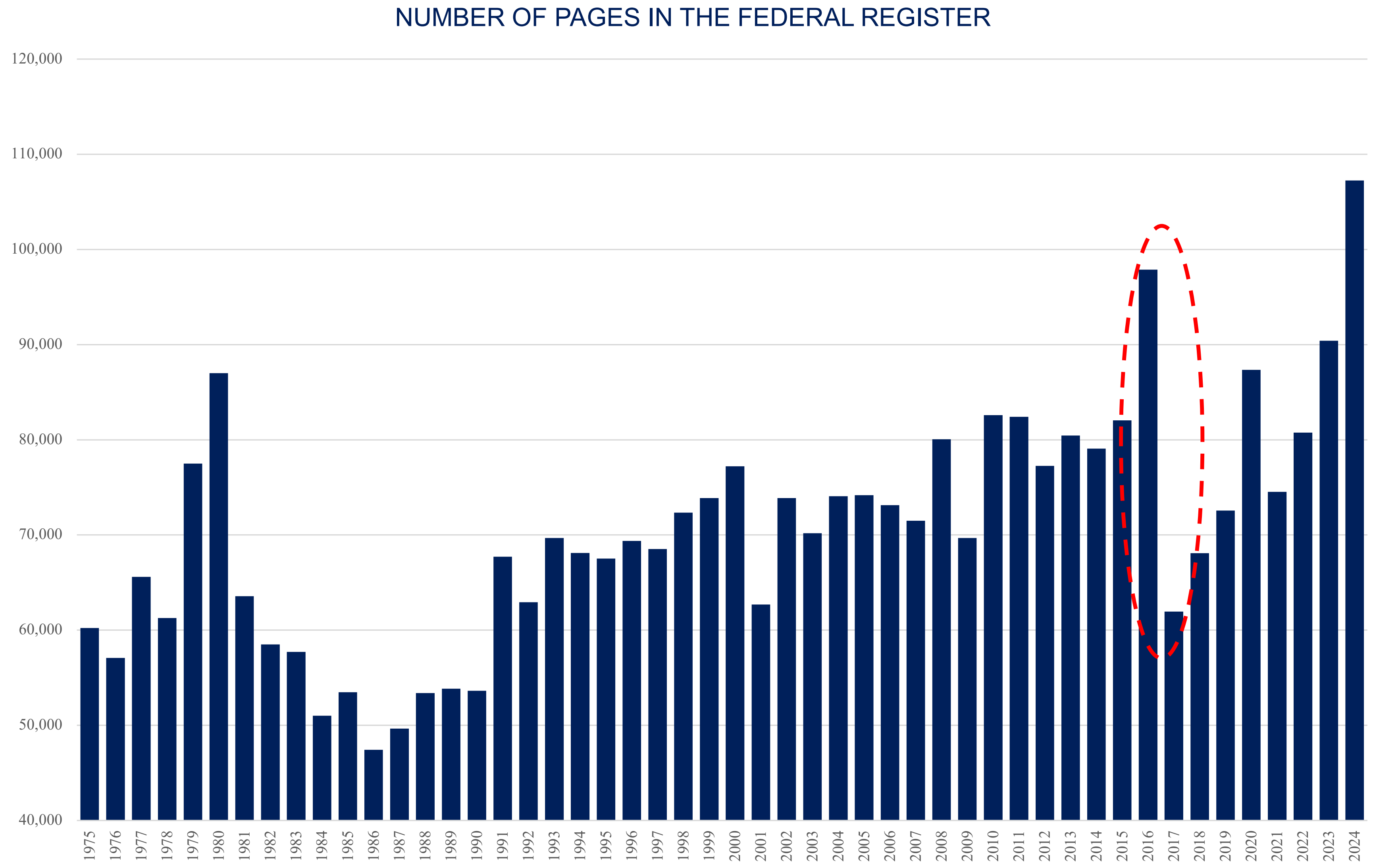


Source: TaxFoundation.org.

Corporate federal tax rate historical context

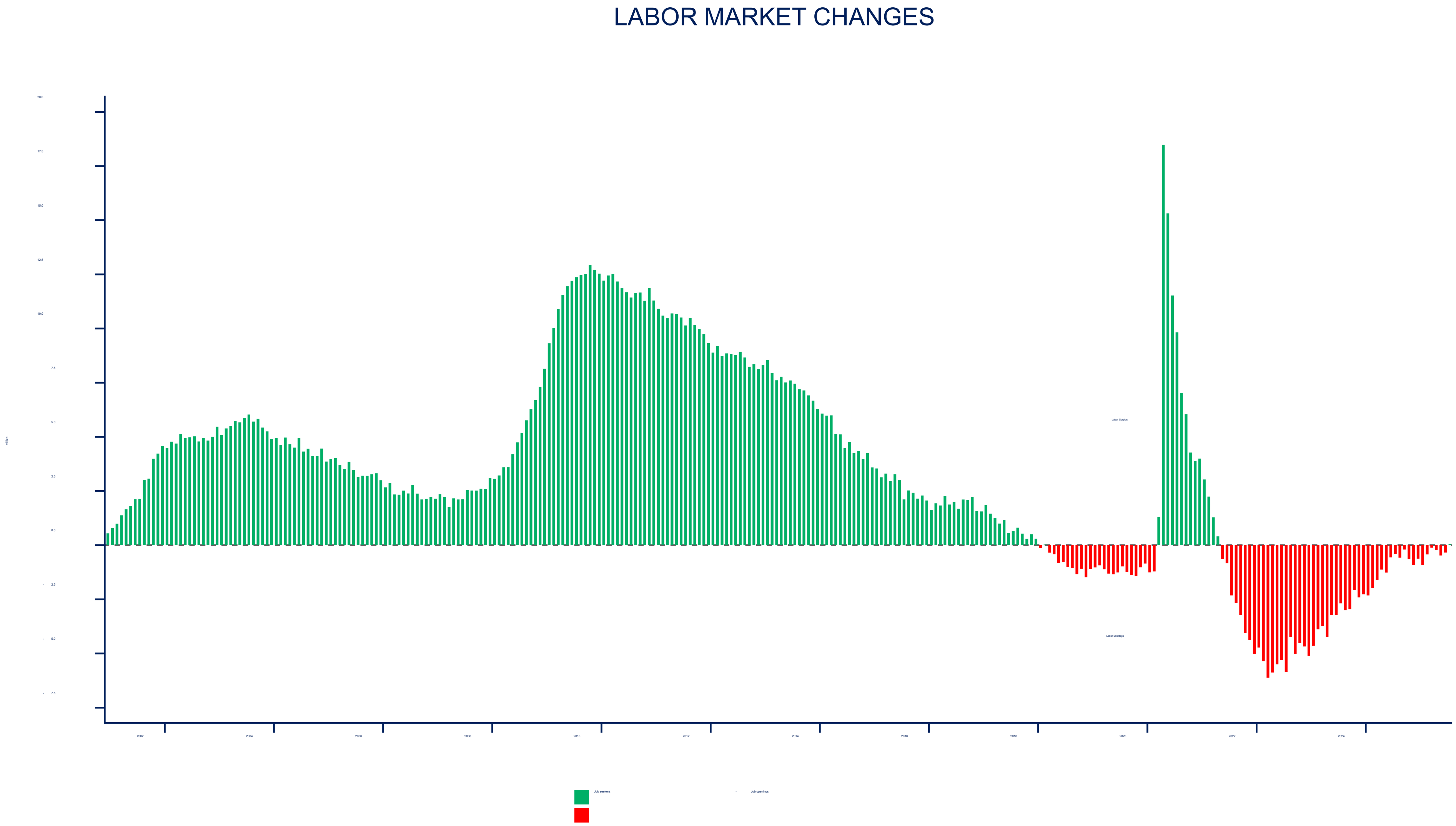
Source: TaxFoundation.org.

A proxy for regulatory burden



Source: Federal Register.

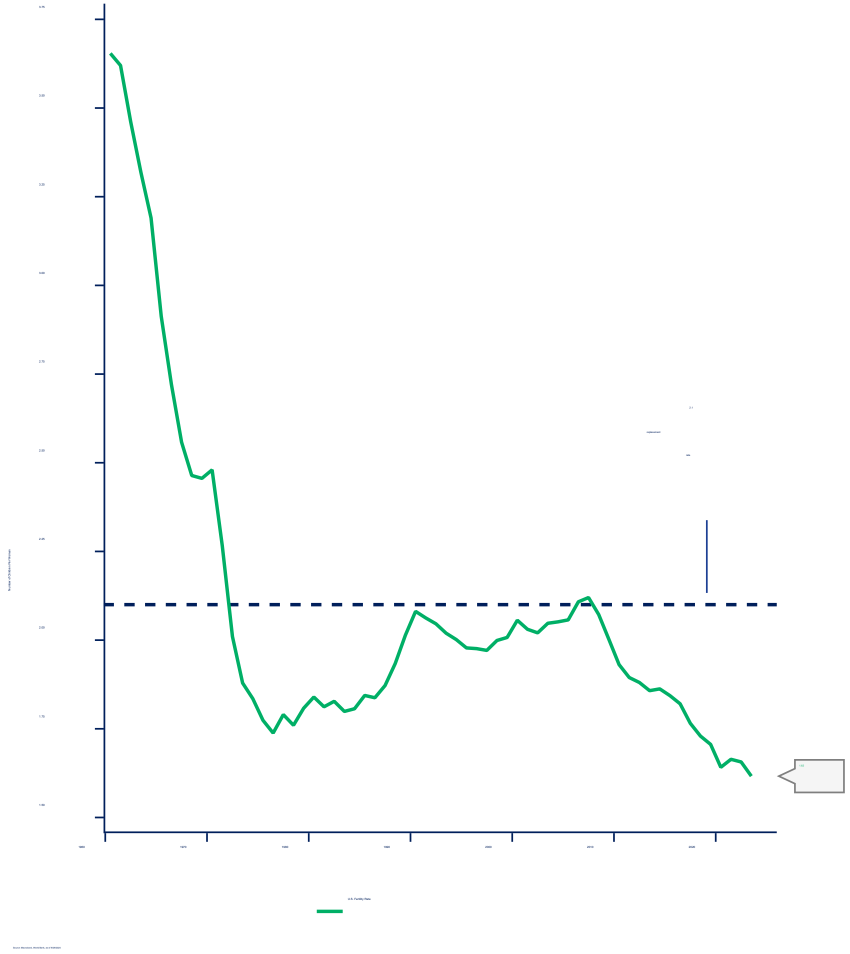
Job seekers vs. job openings = labor gap



Source: Macrobond, BLS, as of 9/29/2025

Labor: the multi-decade challenge

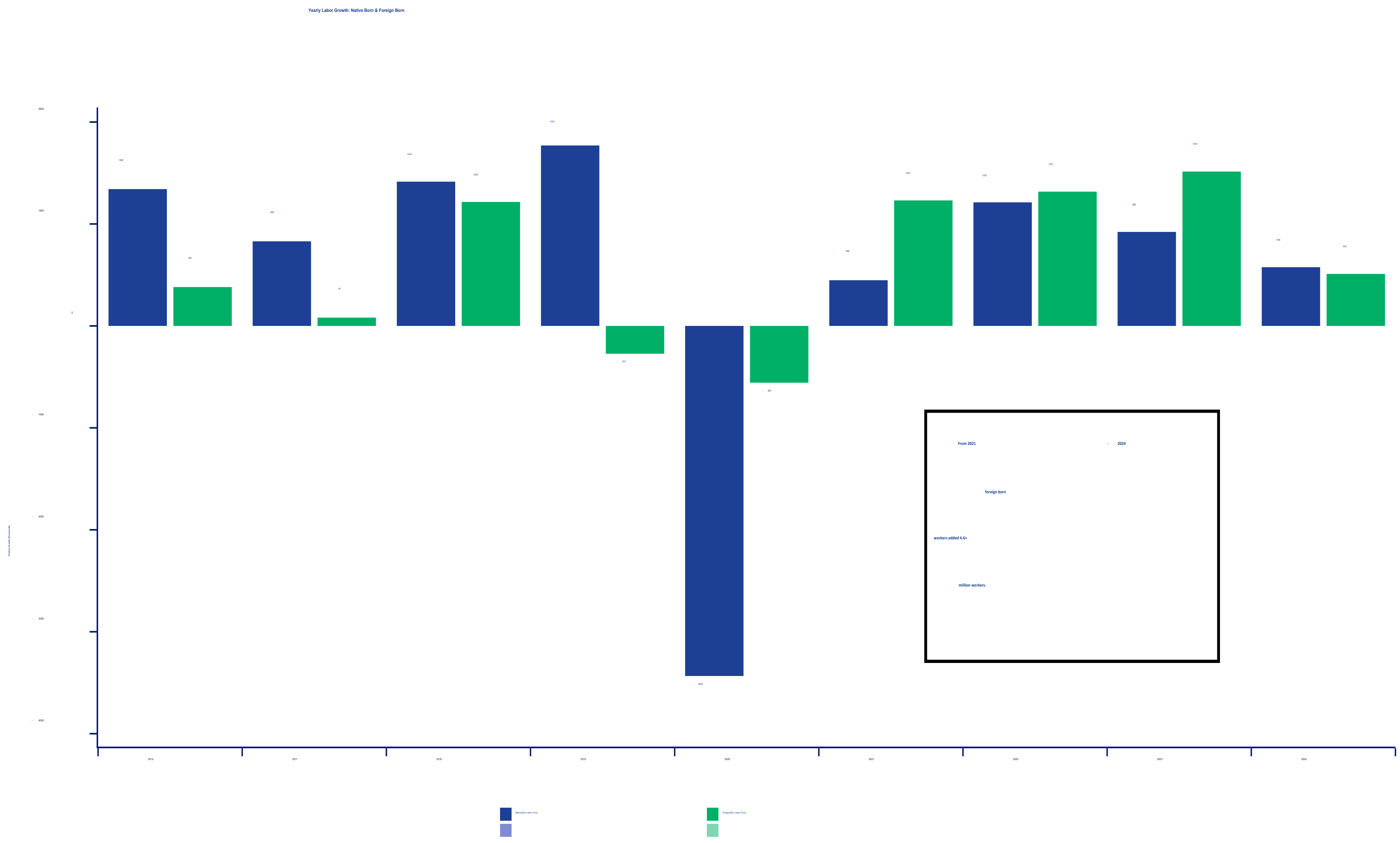
Structural issues



Employers can help themselves

- Eliminate unnecessary barriers
- Flexibility for working parents
- Pathways for older workers
- Establish non-traditional talent pipelines
- Avoid worker burnout

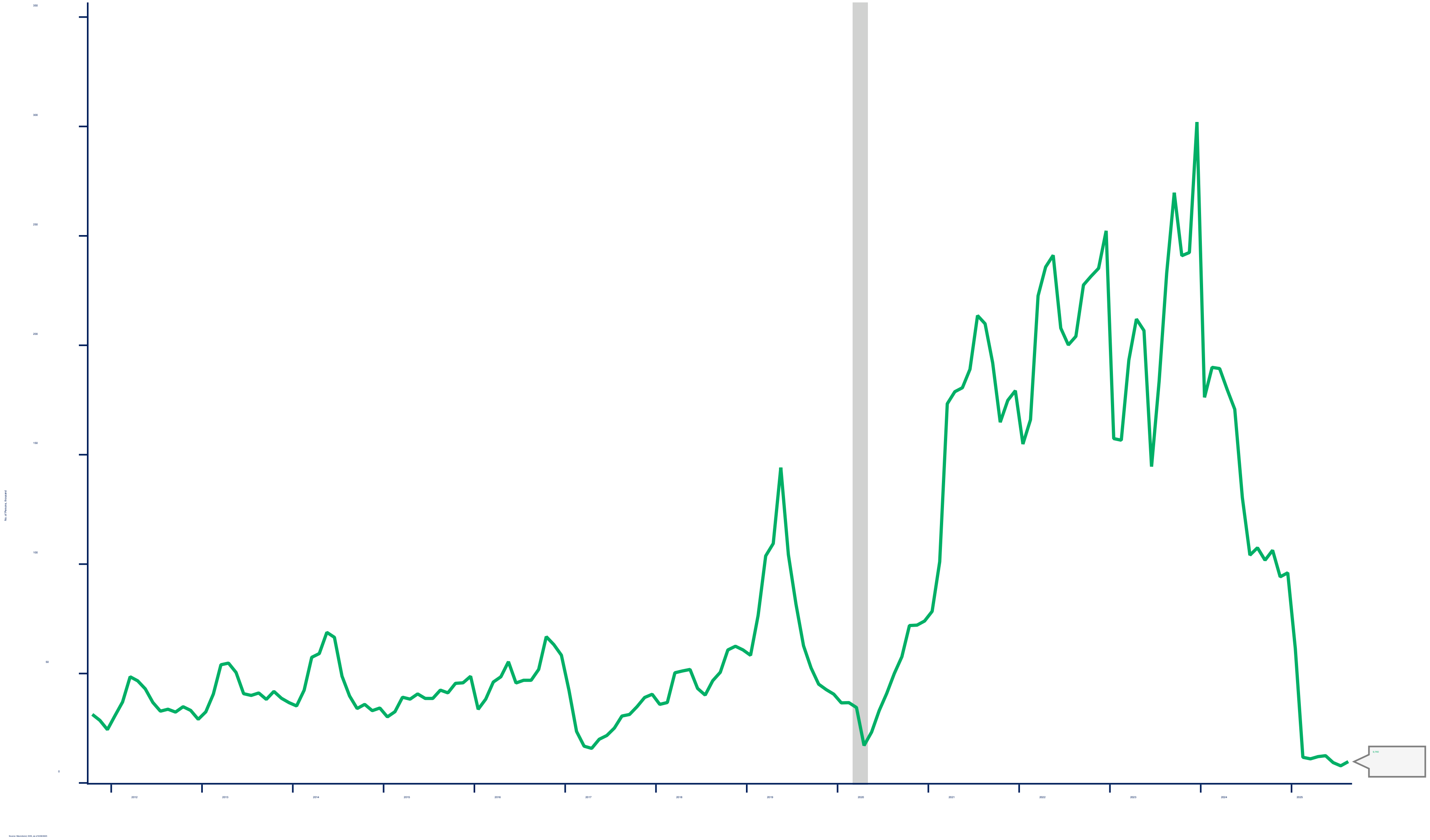
Immigration trends on labor growth



Source: Macrobond, BLS, as of 9/29/2025

Southwest border encounters have turned lower

SOUTHWEST LAND BORDER ALL ENCOUNTERS



What industries are most affected?

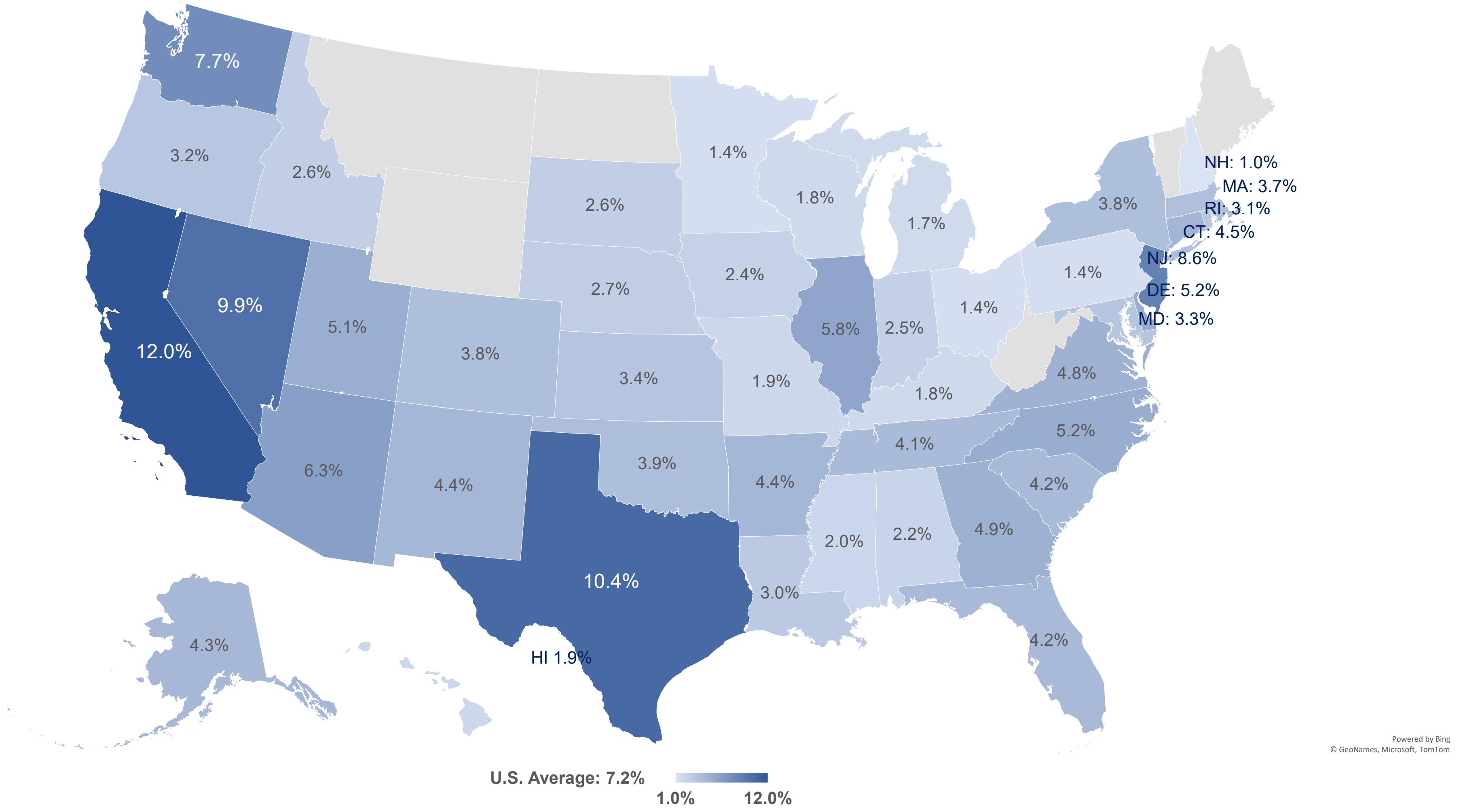
INDUSTRIES MOST RELIANT ON UNDOCUMENTED LABOR

Rank by %	Industry Group	Number of Undocumented Immigrant Workers	Share of Workforce Being Undocumented Immigrants
1	Construction	1,554,600	13.7%
2	Agriculture	244,700	12.7%
3	Hospitality	1,002,200	7.1%
4	General Services	500,800	6.5%
5	Wholesale Trade	193,400	5.5%
6	Transportation & Warehousing	460,500	5.5%
7	Manufacturing	870,400	5.4%
8	Professional Services	970,400	4.7%
9	Retail Trade	708,500	3.9%
10	Mining & Extraction	22,100	3.6%

Source: American Immigration Council Analysis of the 2023 1-year American Community Survey.

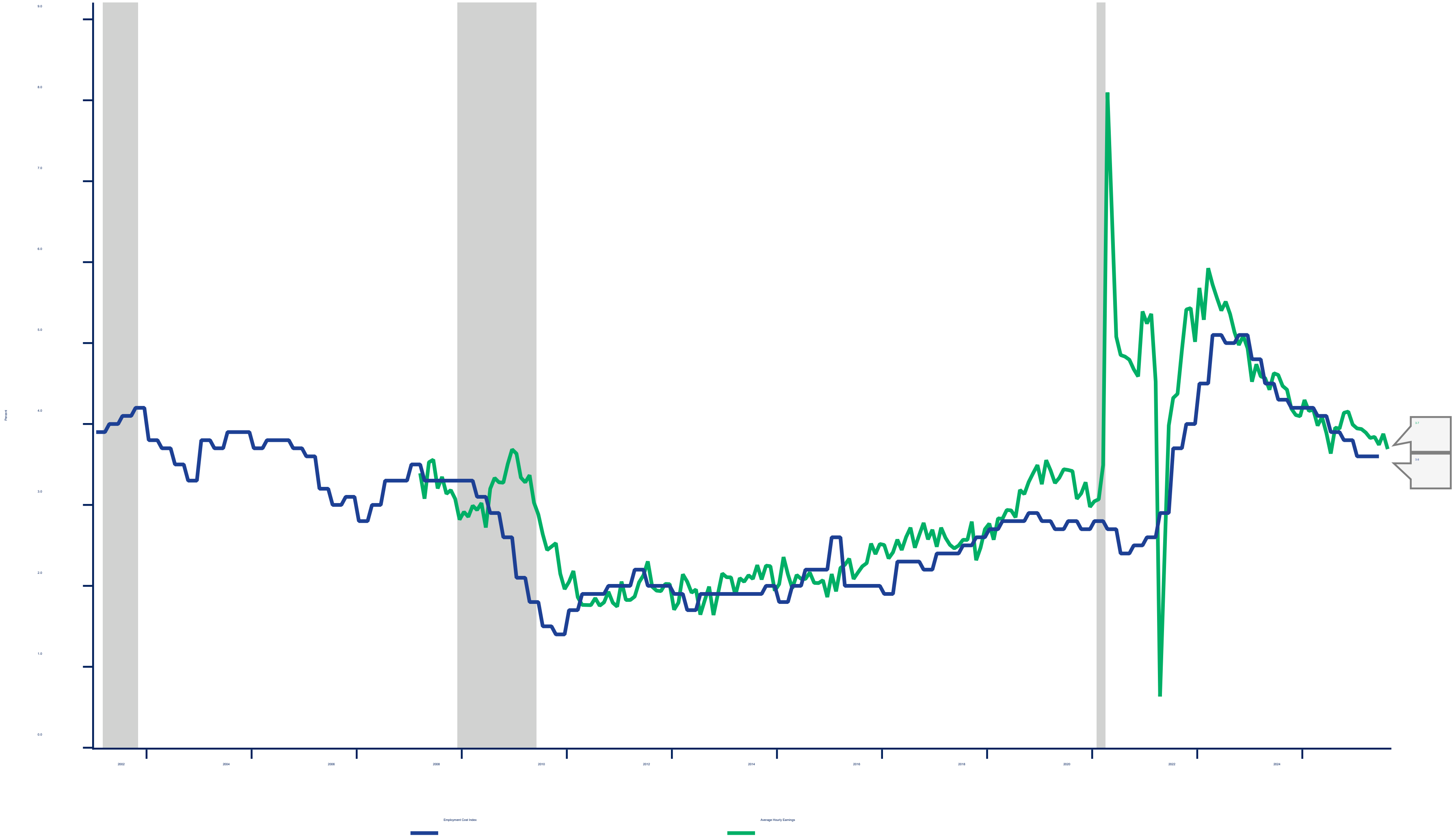
What states are most affected?

STATES MOST RELIANT ON UNDOCUMENTED LABOR



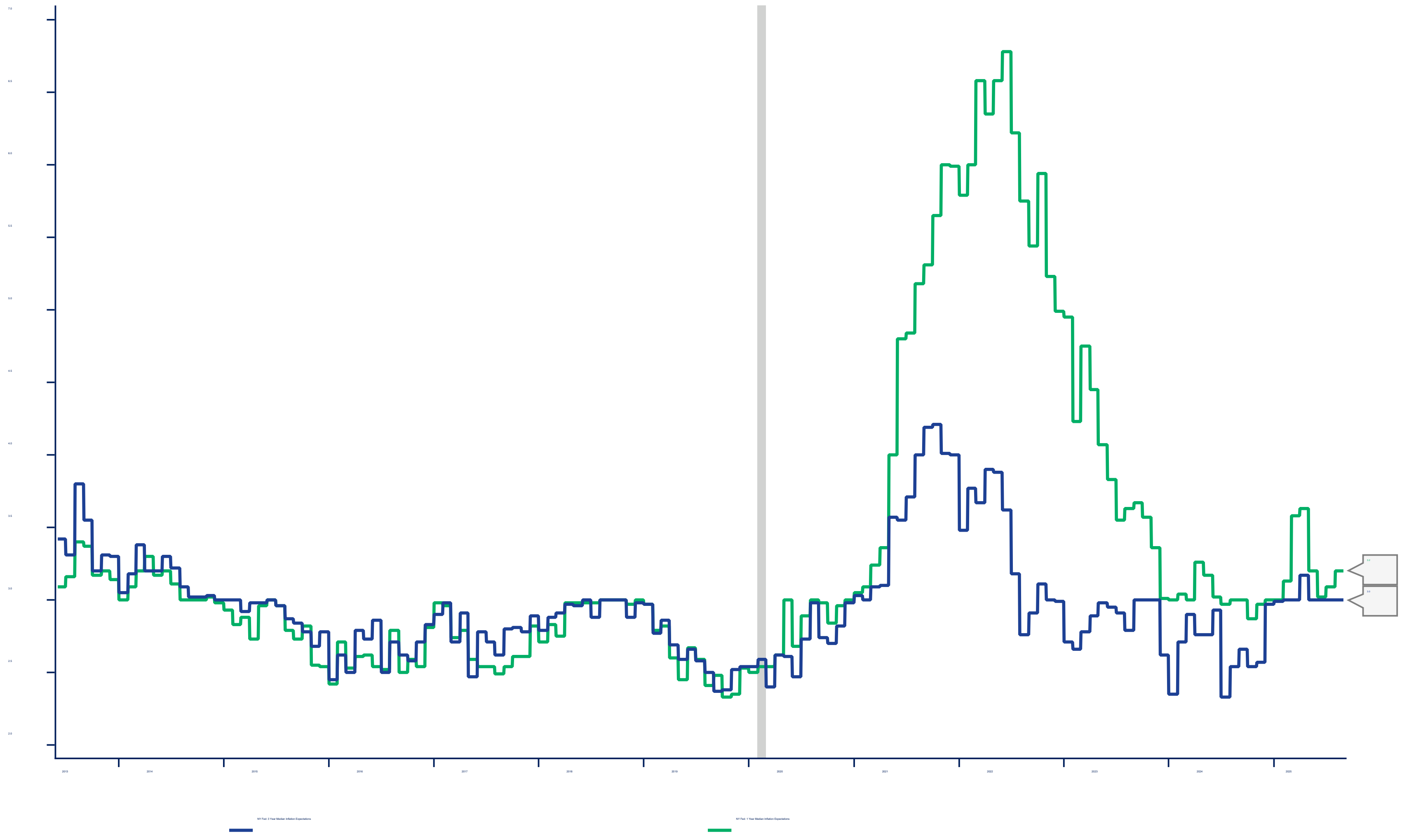
Source: Burning Glass Institute, American Immigration Council Analysis of the 2023.

Wage and compensation costs too high



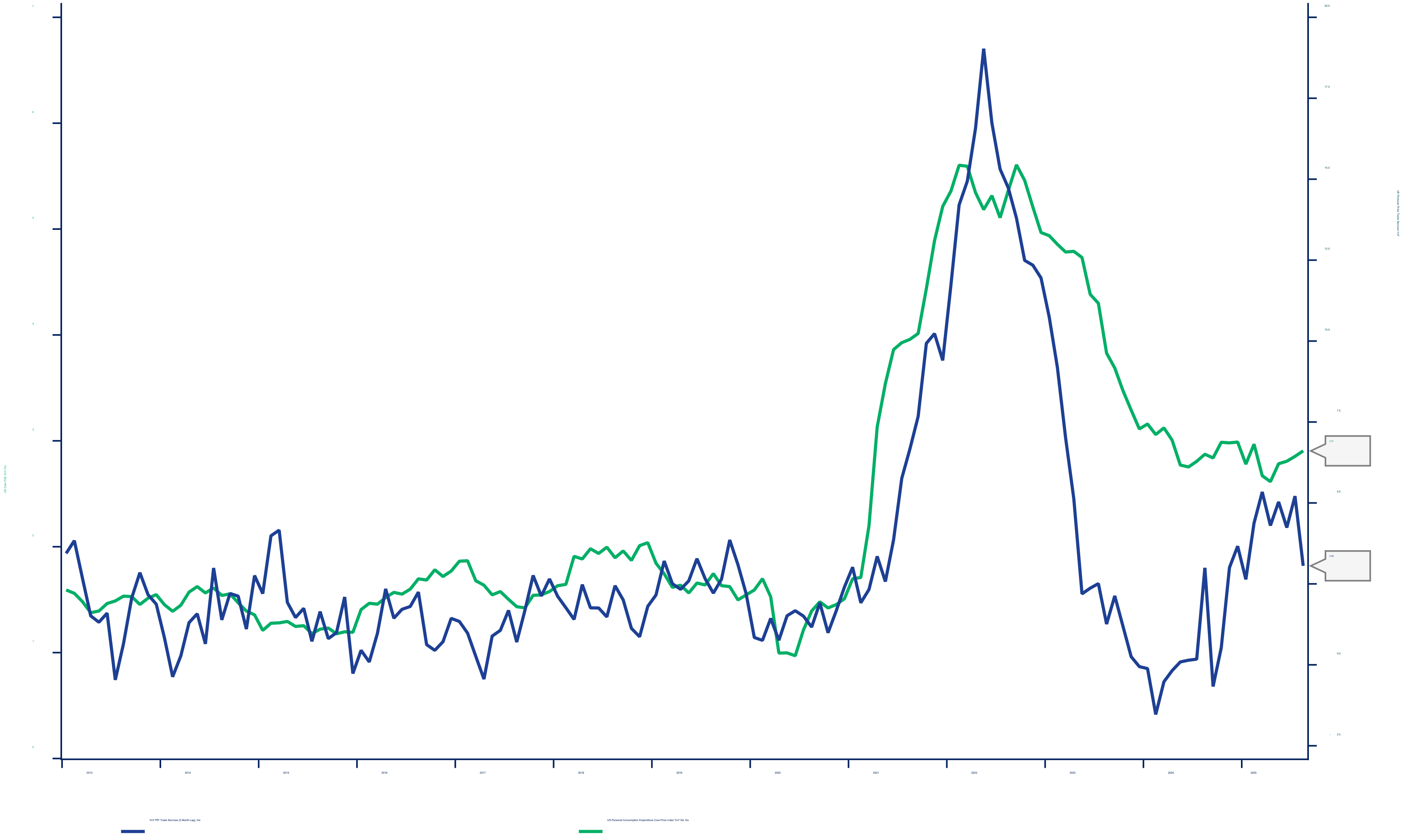
Source: Macrobond, Bloomberg BLS, as of 9/29/2025

Short-term inflation expectations



Source: Macrobond, NY Fed, Bloomberg, as of 9/29/2025

Core PCE YoY vs. trade service YoY

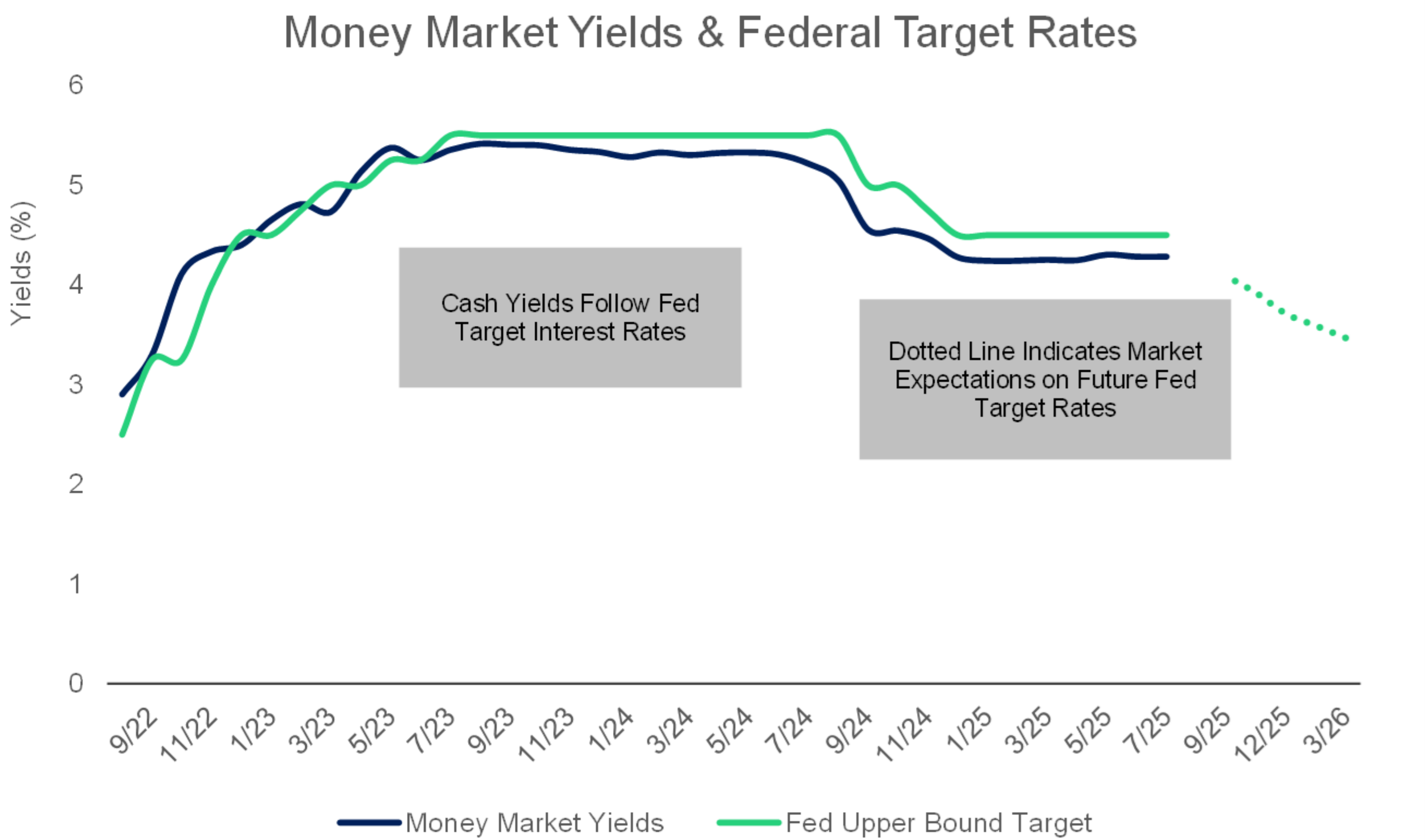


Source: Macrobond, Bloomberg, as of 9/29/2025

Fed easing should provide an economic tailwind

Source: Macrobond, Bloomberg WIRP Implied Fed Changesas of 9/29/2025

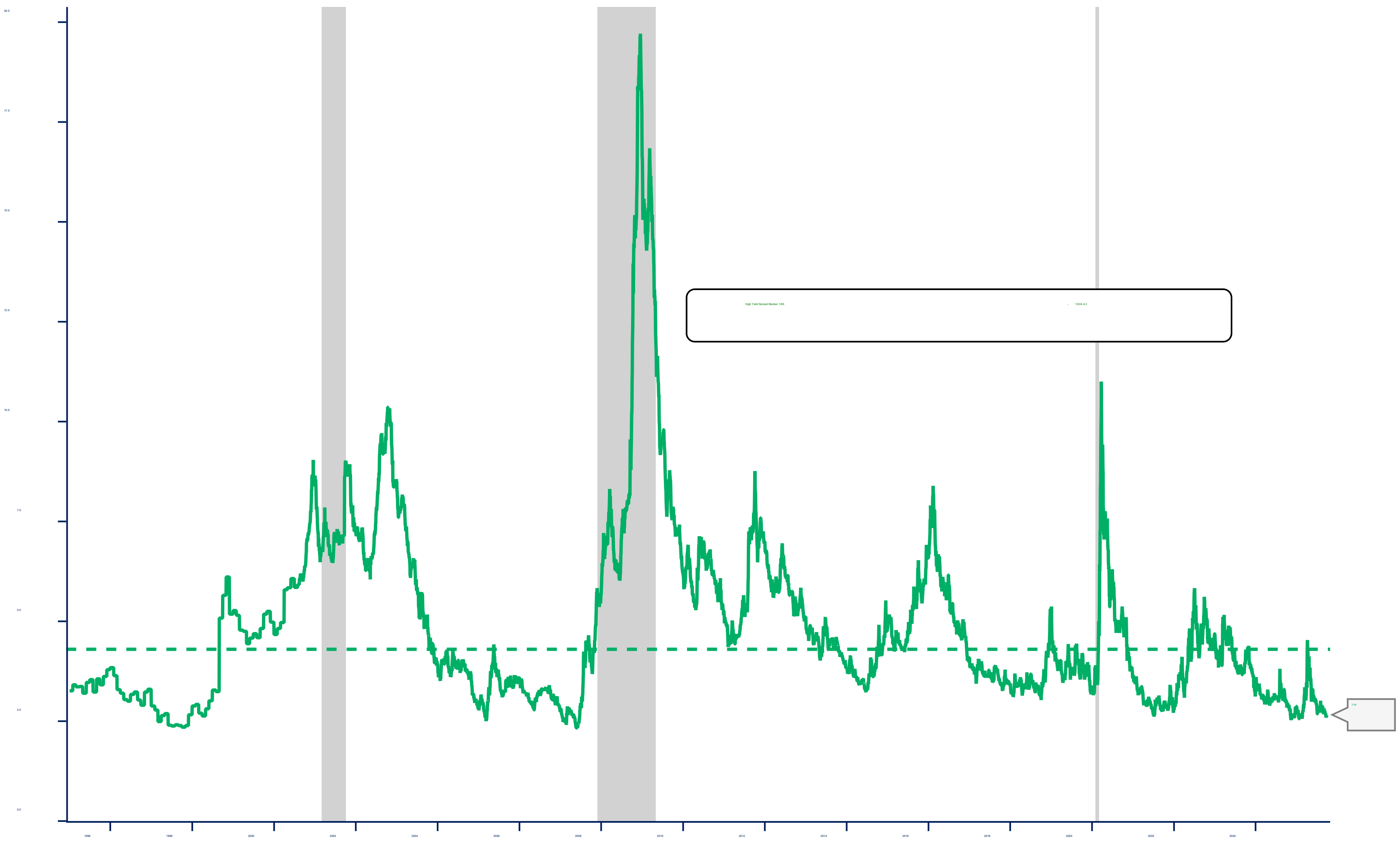
Fed easing should provide an economic tailwind



*Source: Bloomberg

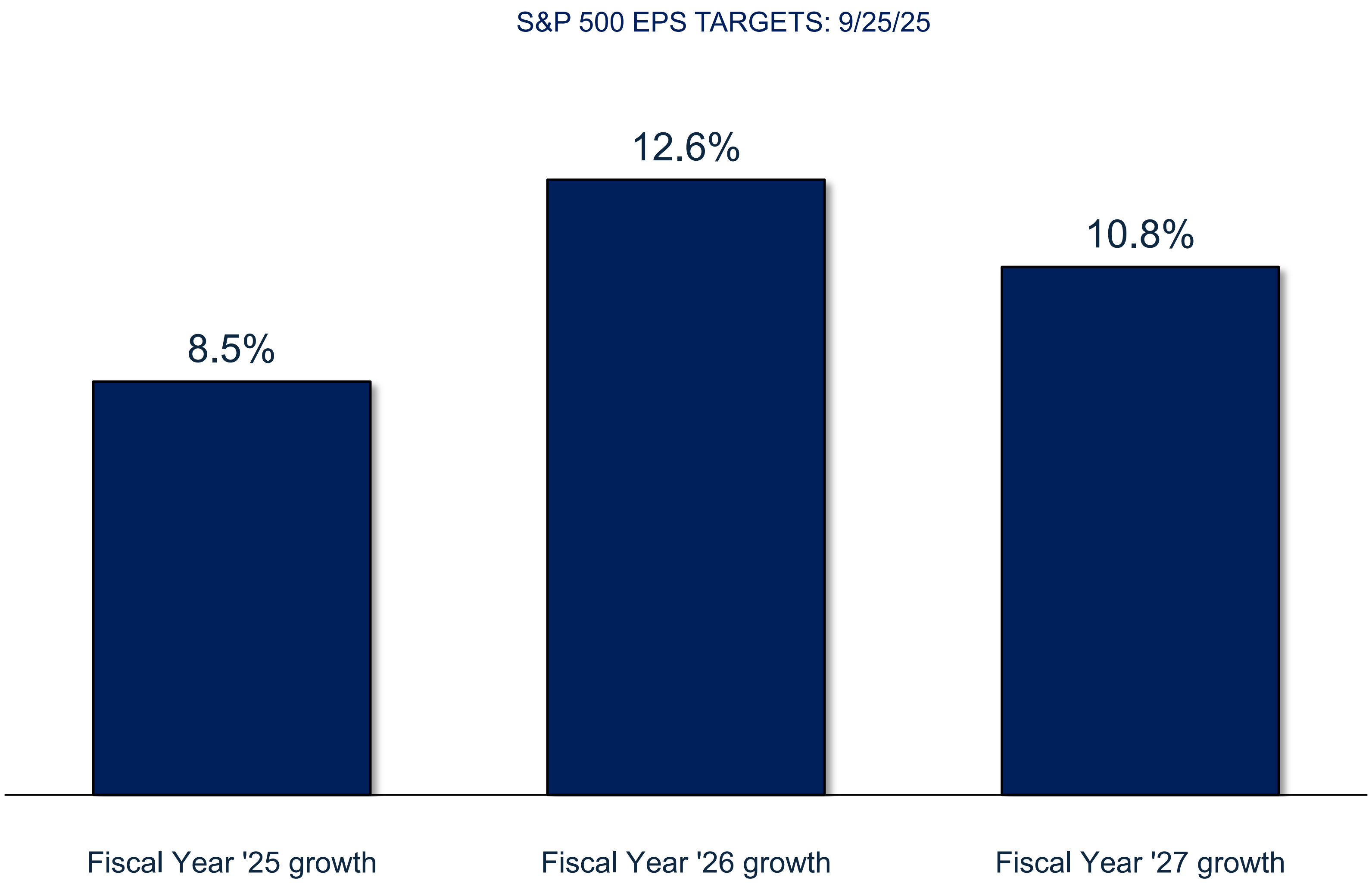
Fixed income spreads

BARCAP U.S. CORP HY SPREAD



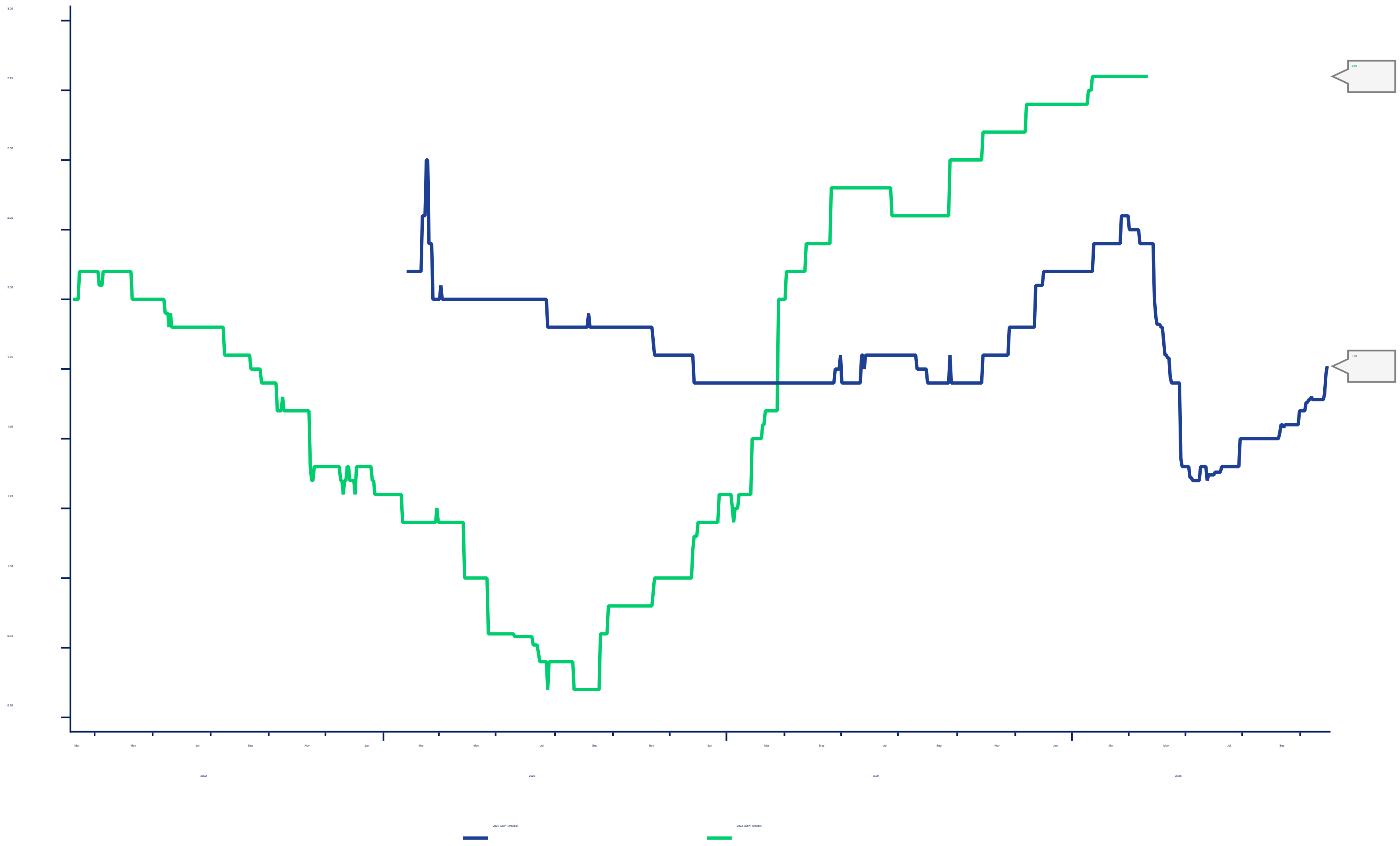
Source: Macrobond, Bloomberg, as of 9/29/2025

Current implied corporate earnings growth



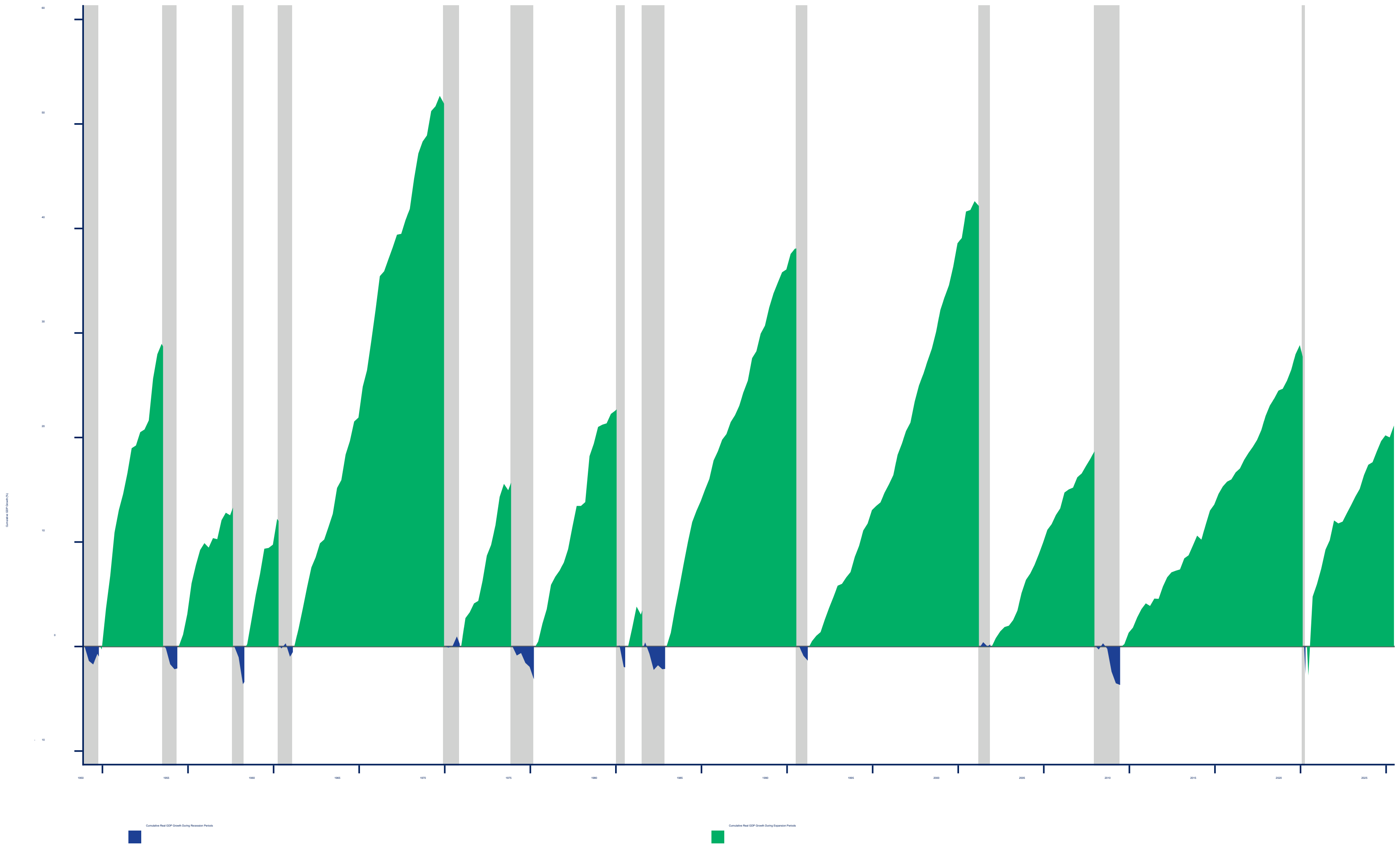
Source: Bloomberg.

U.S. economic growth expectations



Source: Macrobond, Bloomberg, as of 9/29/2025

Different this time? Hint: no



Source: Macrobond, NBER, BEA, as of 9/29/2025

Summary of current state of U.S. economy

- U.S. economy appears to be modestly slowing as labor market shows early signs of cooling likely driven by trade, tariff, and immigration uncertainty.
  - Tariffs are a one-time tax to consumers.

- Passing of the One Big Beautiful Bill Act (fiscal stimulus) plus planned deregulation will insulate most (if not all) of negative impact of tariff policy.

- Federal Reserve rate cuts in second half of the year (and beyond) will provide economic tailwind.

- Corporate earnings and expectations remain solid.

- Look for an economic slowdown, driven by a cooling in job growth, but a soft-landing in second half of 2025.

- Expect acceleration of activity in 2026 supported by tailwinds of fiscal stimulus, Fed rate cuts, deregulation, reduced trade uncertainty, strong corporate earnings and a resilient consumer.

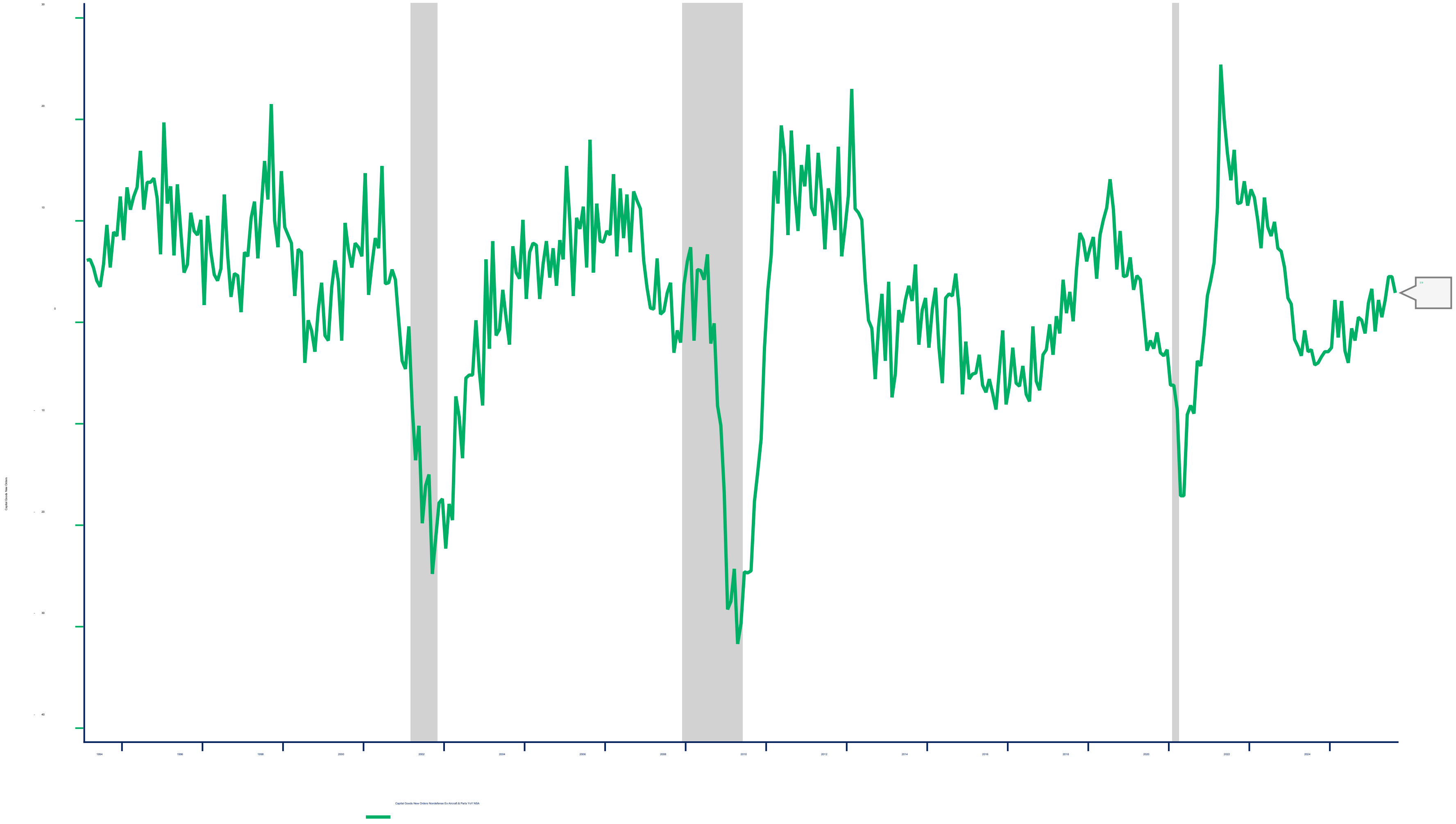
QUESTIONS?

FIFTH THIRD

Appendix

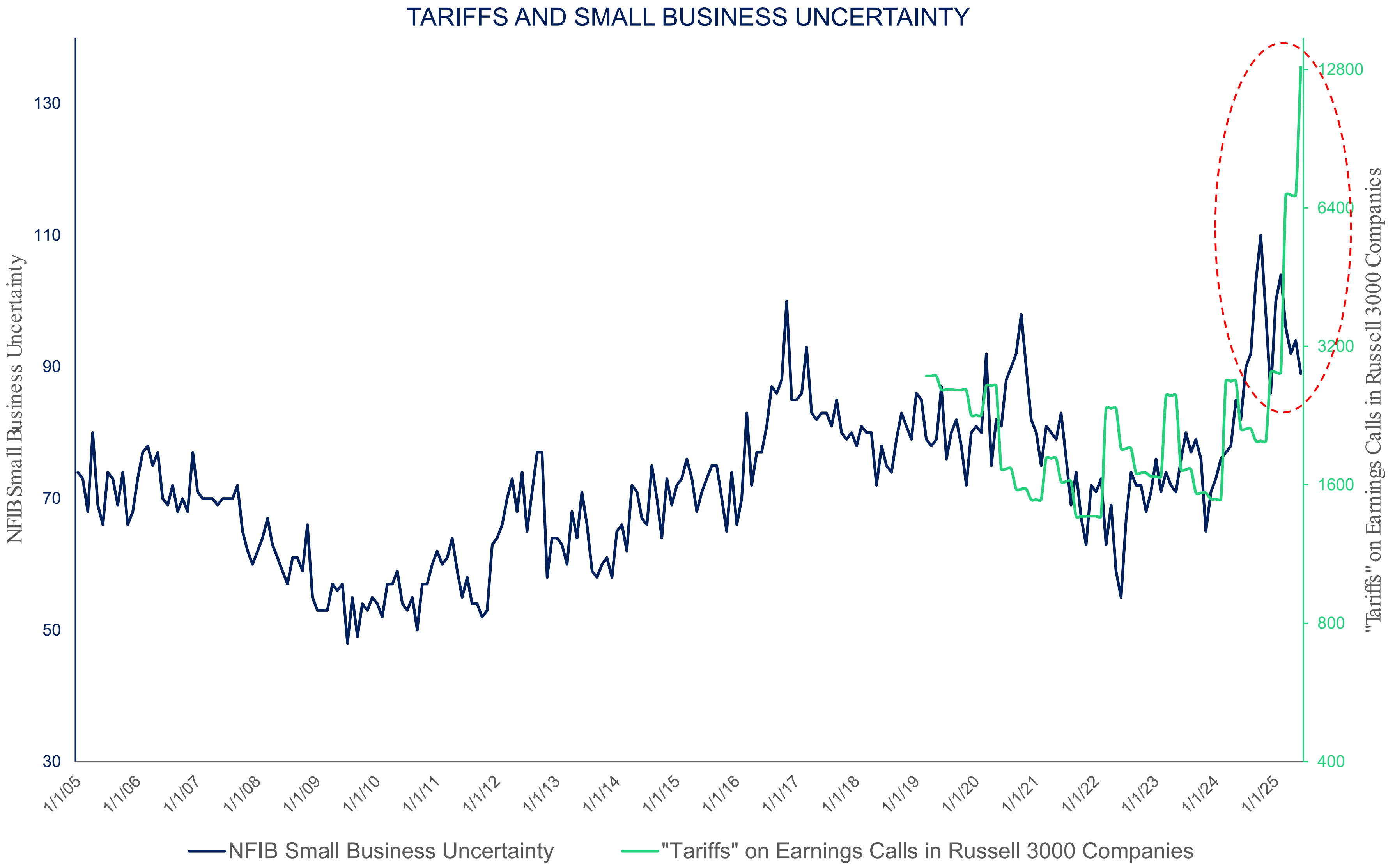
Capital spending recovery?

CAPITAL GOODS NEW ORDERS (NONDEFENSE EXCLUDING AIRCRAFT & PARTS) YoY NSA



Source: Macrobond, Bloomberg as of 9/29/2025

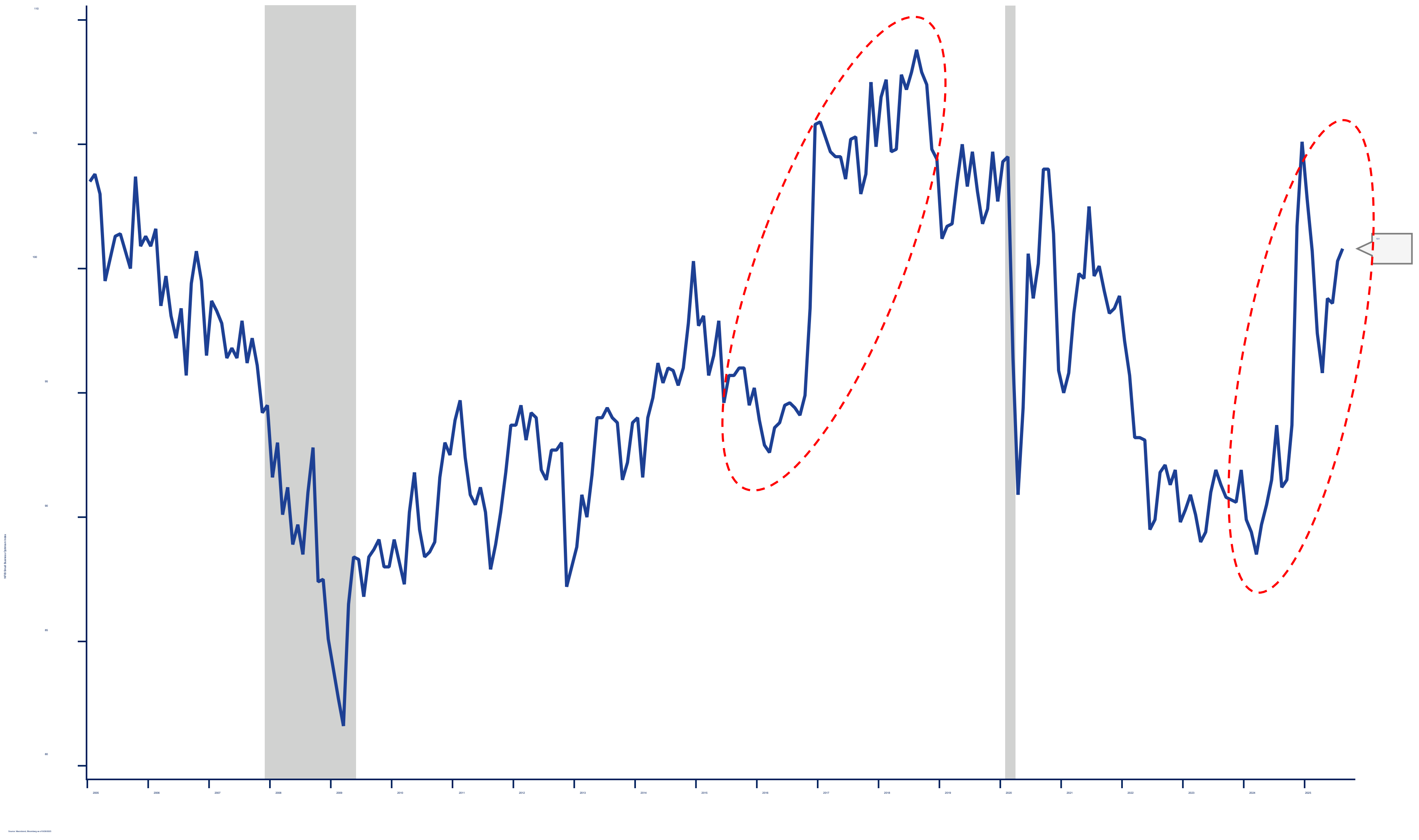
Tariffs and uncertainty



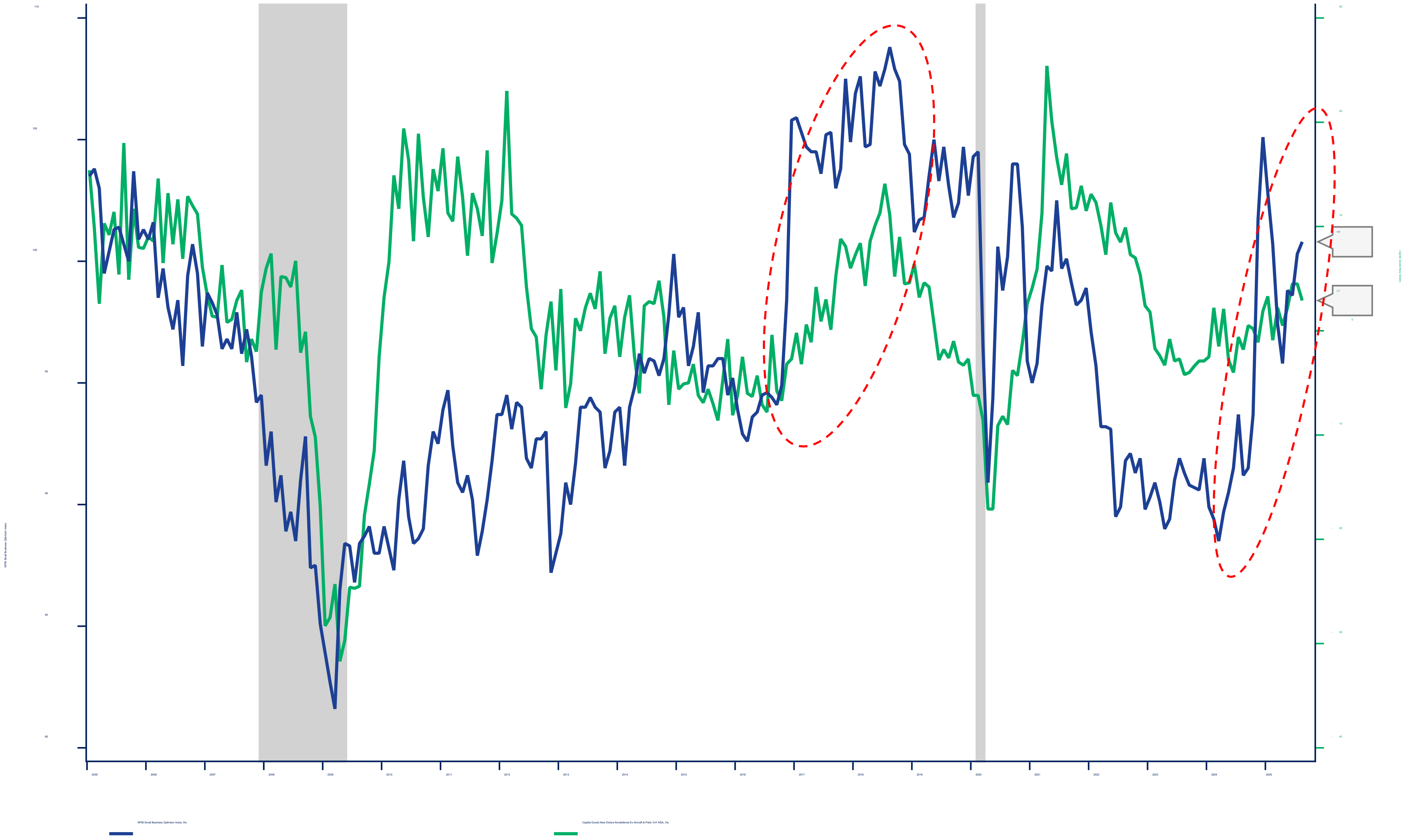
Source: Bloomberg.

Small business confidence

NFIB SMALL BUSINESS OPTIMISM INDEX

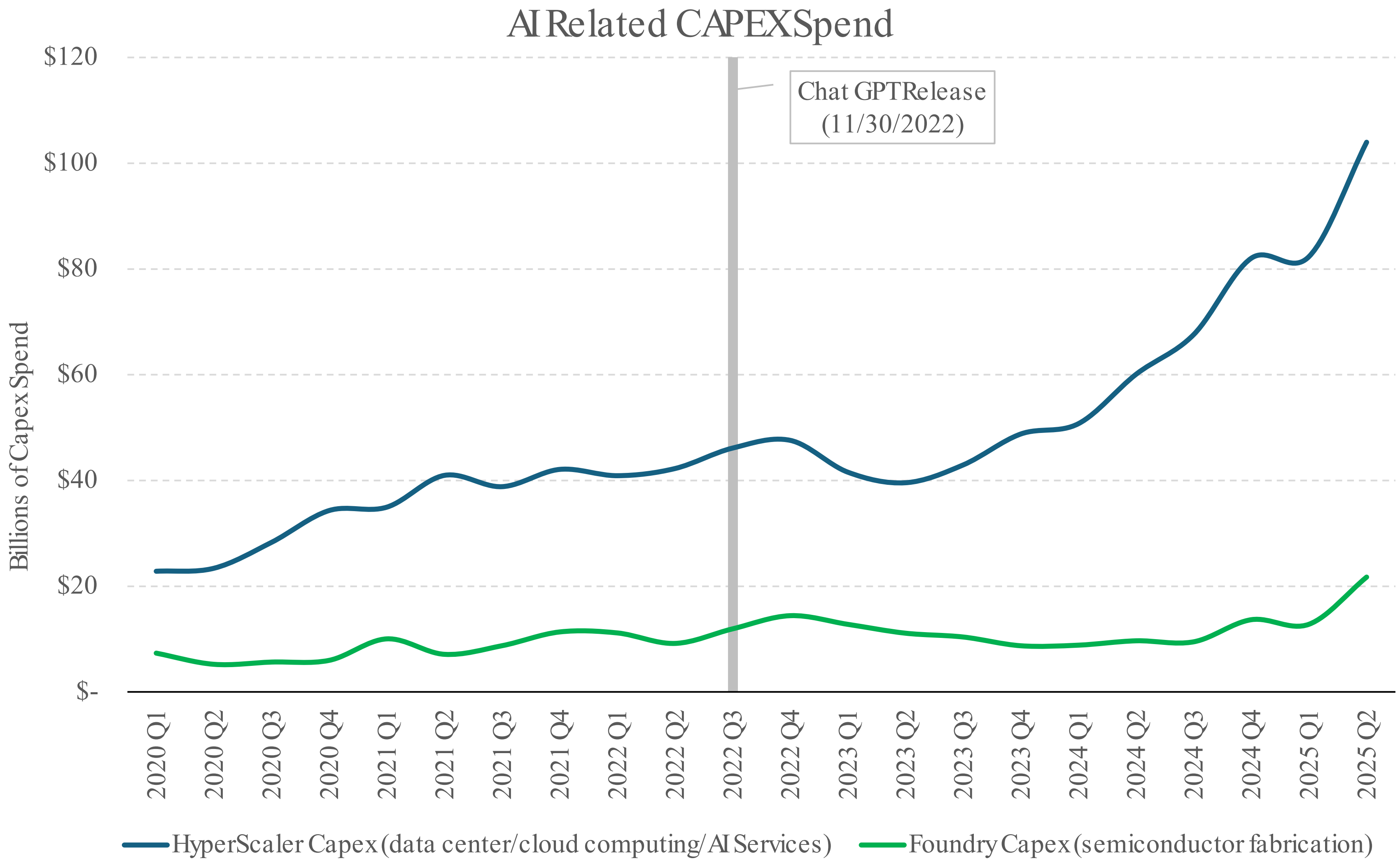


Capital investment & small business confidence



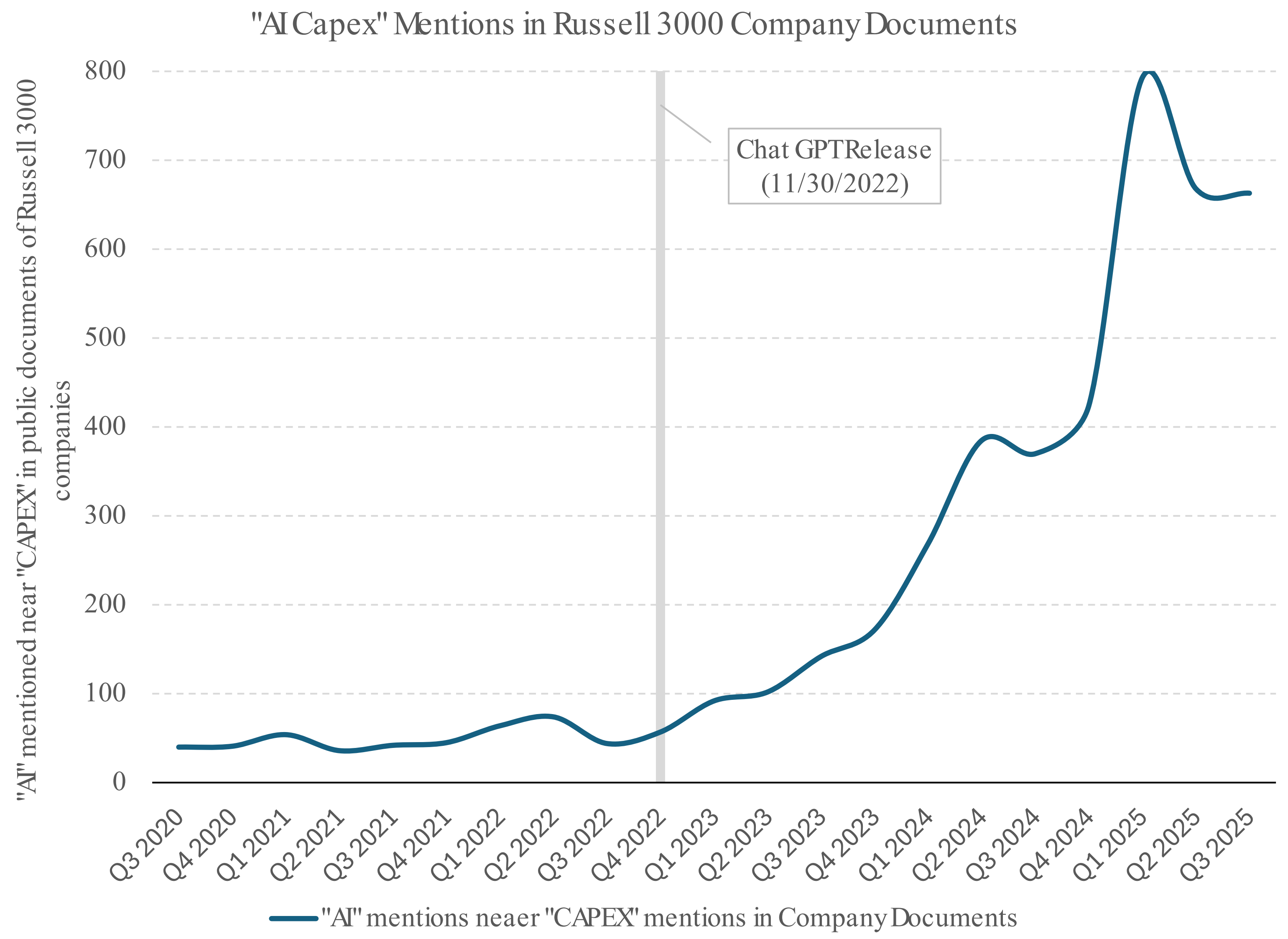
Source: Macrobond, Bloomberg as of 9/29/2025

AI capex spending boom



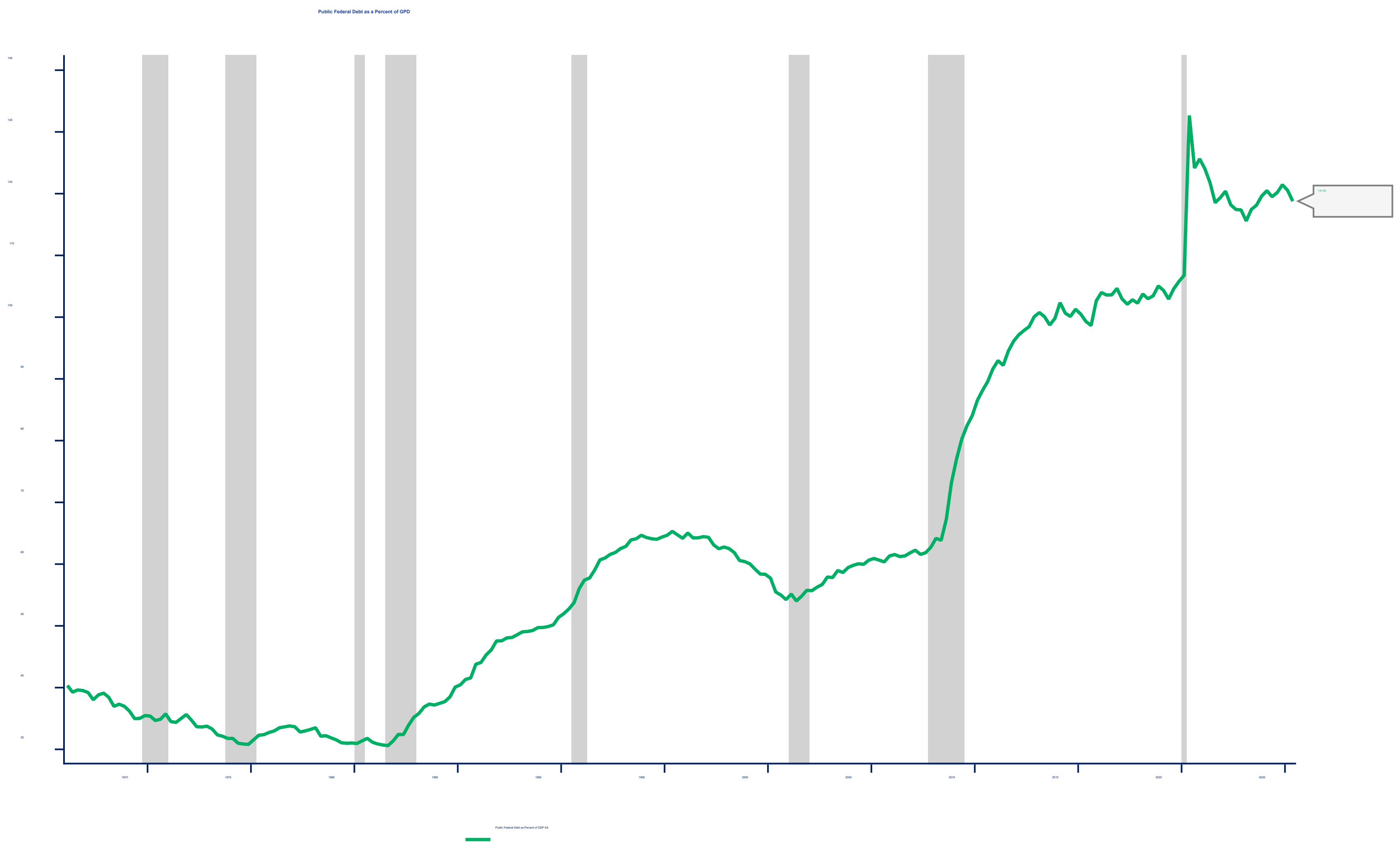
*Source: Bloomberg & Bloomberg Intelligence
**Capex Spend Sums CAPEX Spend of Tech Companies who Predominetly are spending on HyperScaler or Foundry Capex

AI capex spending boom



*Source: Bloomberg

U.S. debt to GDP

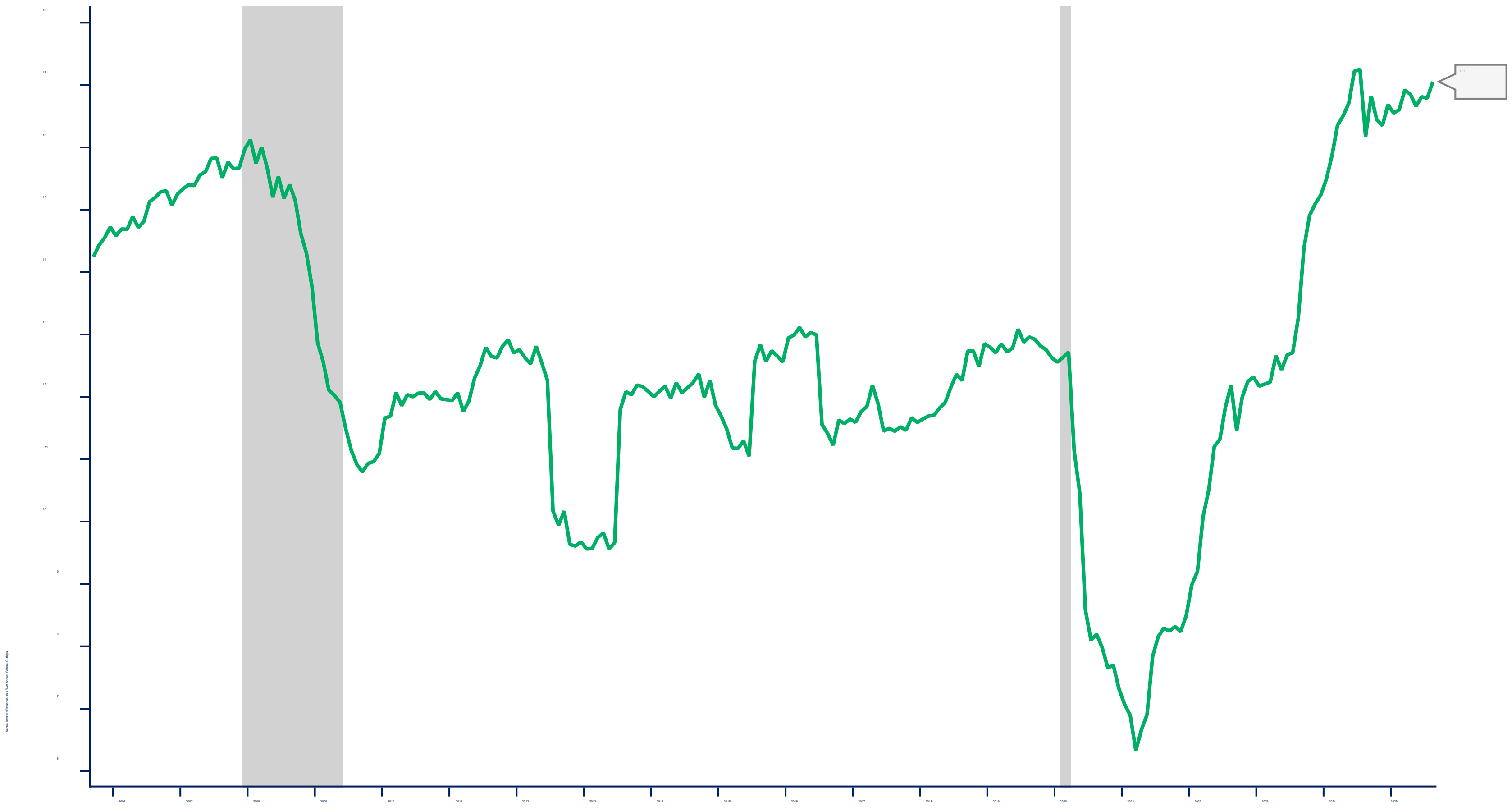


Source: Macrobond, Bloomberg, as of 9/29/2025

Fiscal debt interest burden moving higher

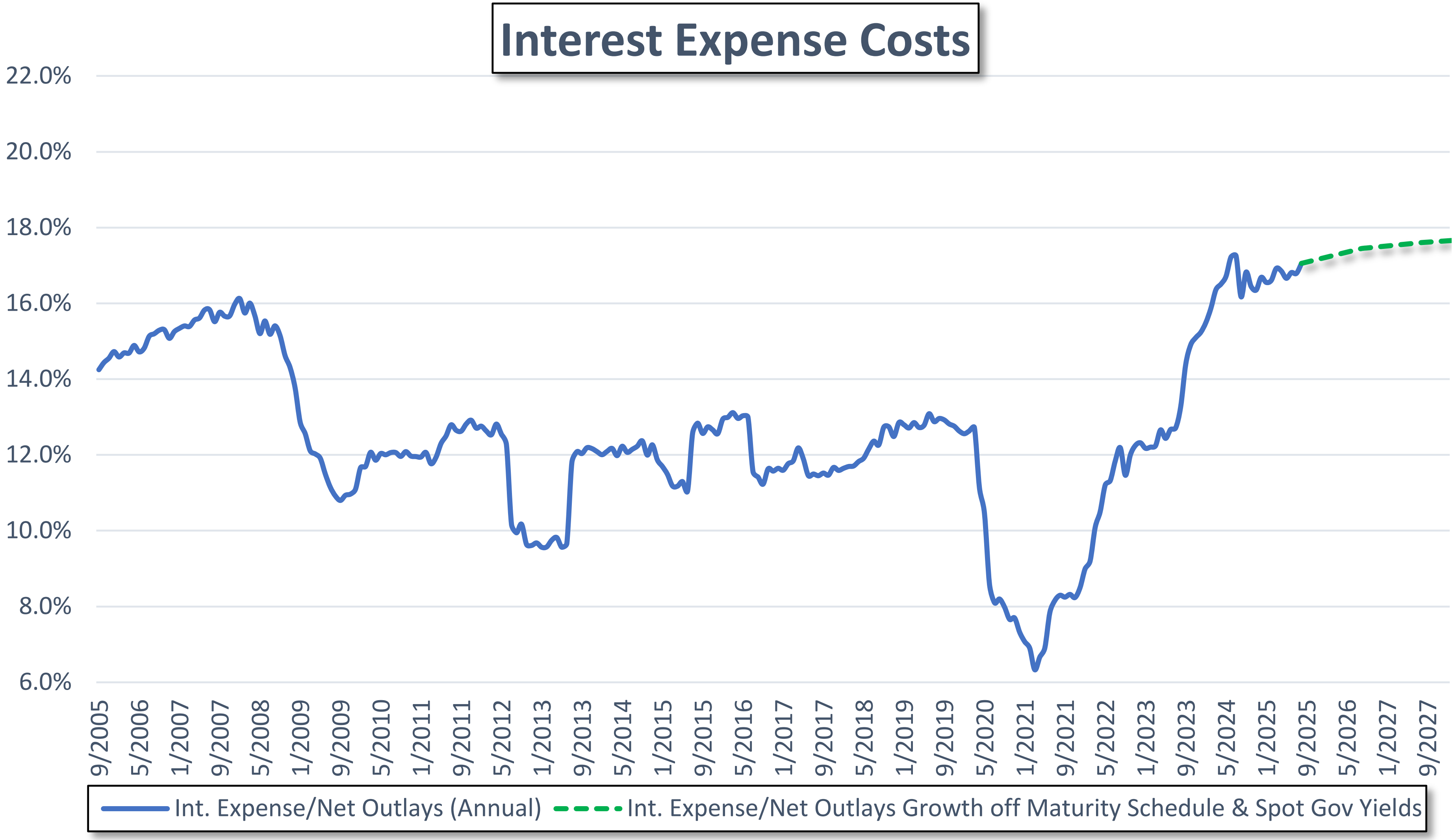
Last 12 months of Interest Expenses/Last 12 months of Federal Budget

Outlays



Source: Macrobond, US Treasury, Bloomberg, as of 9/29/2025

Federal interest expense over net outlays



**Source:Bloomberg, Assumes Public Debt Maturing over next 3 years is refinanced at current treasury yields for like maturities*

Federal debt metrics: some context

U.S. Fiscal Health Metrics at times of Stress	'11 US Downgrade	Fitch '23 Downgrade	Today
Debt Metrics			
US Treasury Total Public Debt Outstanding (Billions)	$14,584.50	$32,587.57	$37,469.70
Marketable US Debt (Billions)	$9,377.63	$25,138.00	$29,406.85
% of Debt Marketable (Public)	64%	77%	78%
Average Interest Rates on Marketable US Debt	2.39%	2.87%	3.42%
Debt Maturity Timeline			
US Debt Maturing in 12 Months	29%	30%	31%
Estimated US Debt Maturing in next 12 Months (Billions)	*$4,229.51*	*$9,776.27*	*$11,615.61*
US Debt Maturing in 24 Months	43%	42%	44%
Estimated US Debt Maturing in next 24 Months	*$6,271.34*	*$13,686.78*	*$16,486.67*
Debt Ratio's			
Total Federal Debt as a % of Nominal GDP SAAR	94%	118%	123%
Monthly Interest Expense as a % of Nominal GDP SAAR, Annualized	2.1%	3.2%	4.5%
US Deficit/Surplus (Billions)	-$129.38	-$220.78	-$344.79
US Deficit/Surplus as a % of GDP	-7.83%	-8.09%	-6.24%
Rates Snapshot			
Fed Funds Upper Bound	0.25%	5.50%	4.25%
US 2 Year Yield	0.29%	4.90%	3.66%
US 10 year Yield	2.56%	4.02%	4.17%

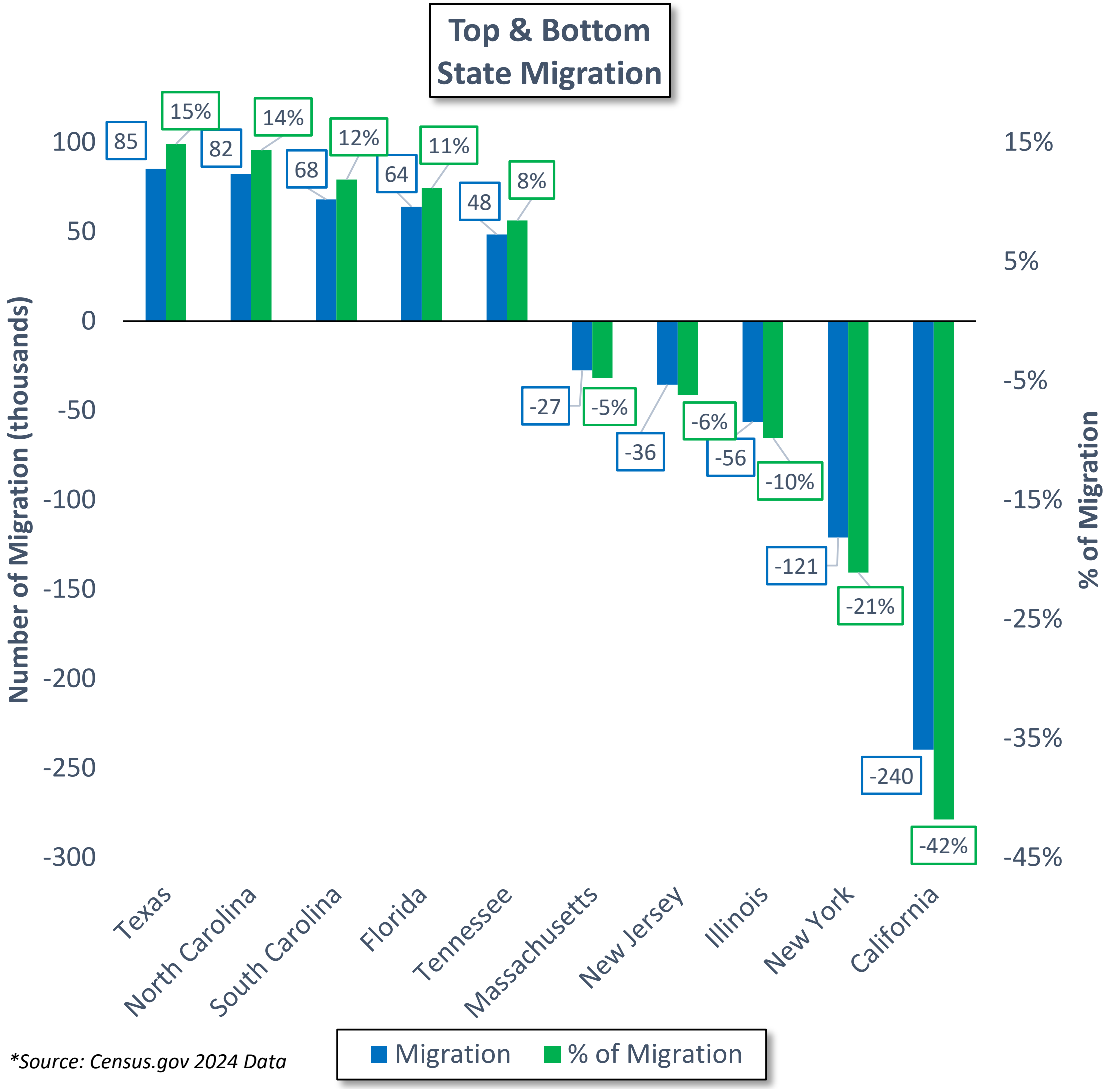
**Source: Bloomberg as of 9/25/25*

Demographics = destiny

(Interstate domestic migration)

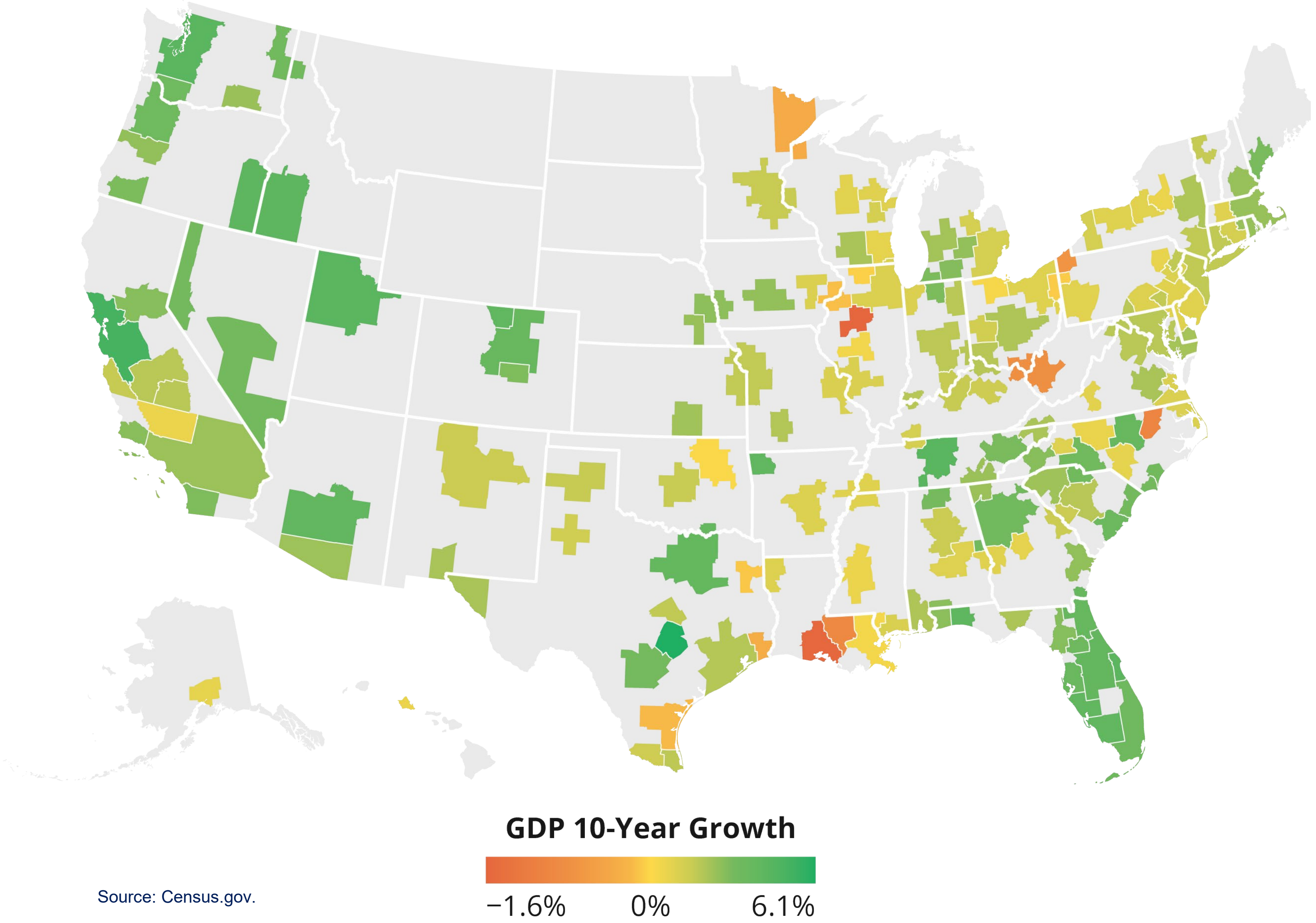
Net Migration Rank	State	Net Migration	Inflow/Total Moves
1	Texas	85,267	14.9%
2	North Carolina	82,288	14.4%
3	South Carolina	68,043	11.9%
4	Florida	64,017	11.2%
5	Tennessee	48,476	8.5%
6	Arizona	34,902	6.1%
7	Alabama	26,028	4.5%
8	Georgia	25,321	4.4%
9	Nevada	16,853	2.9%
10	Idaho	16,383	2.9%
42	Michigan	(7,656)	-1.3%
43	Hawaii	(9,321)	-1.6%
44	Pennsylvania	(11,500)	-2.0%
45	Louisiana	(17,405)	-3.0%
46	Maryland	(18,509)	-3.2%
47	Massachusetts	(27,480)	-4.8%
48	New Jersey	(35,554)	-6.2%
49	Illinois	(56,235)	-9.8%
50	New York	(120,917)	-21.1%
51	California	(239,575)	-41.8%

*Source: Census.Gov
**Including Washington DC



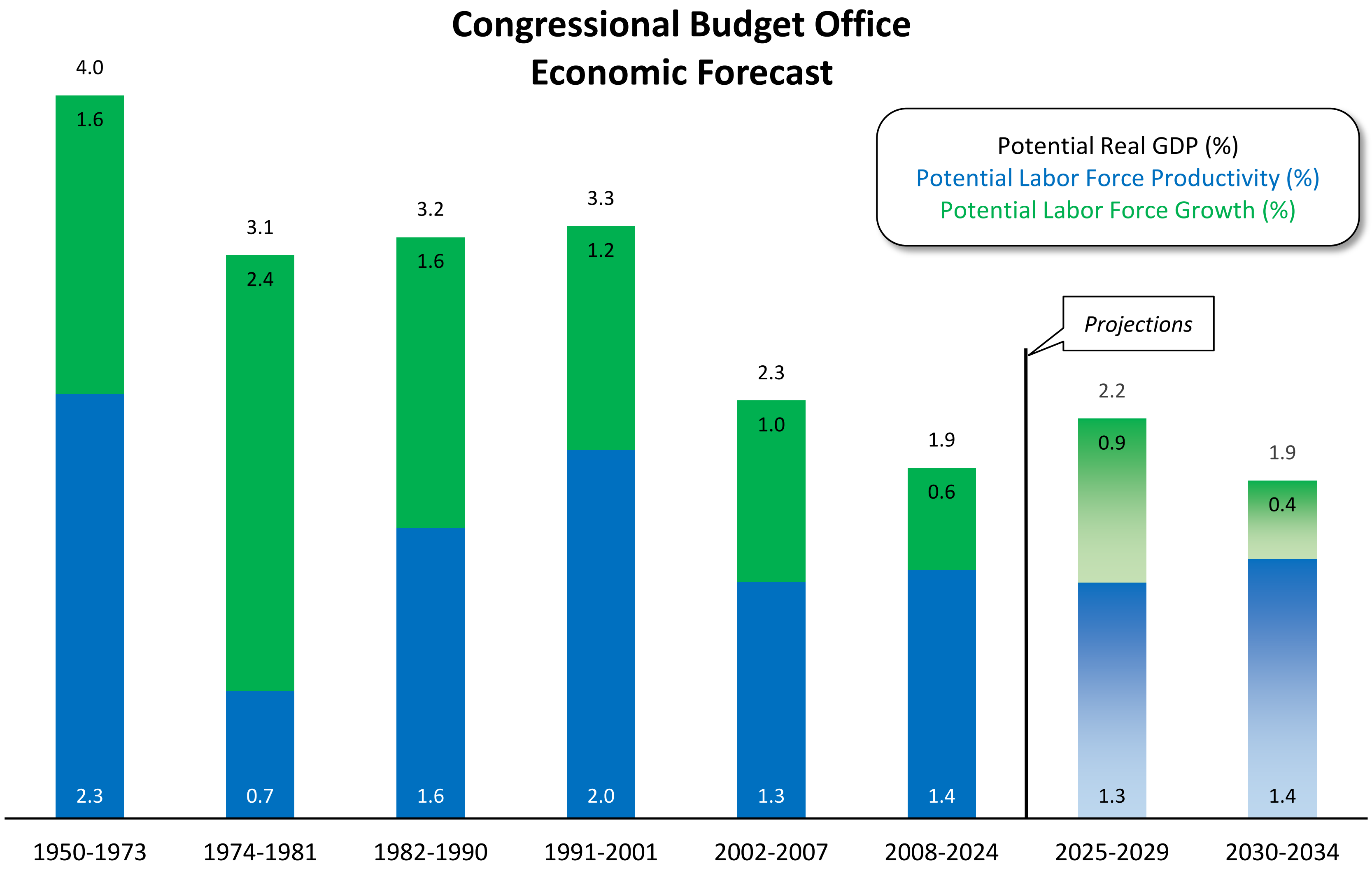
*Source: Census.gov 2024 Data

Demographics = destiny



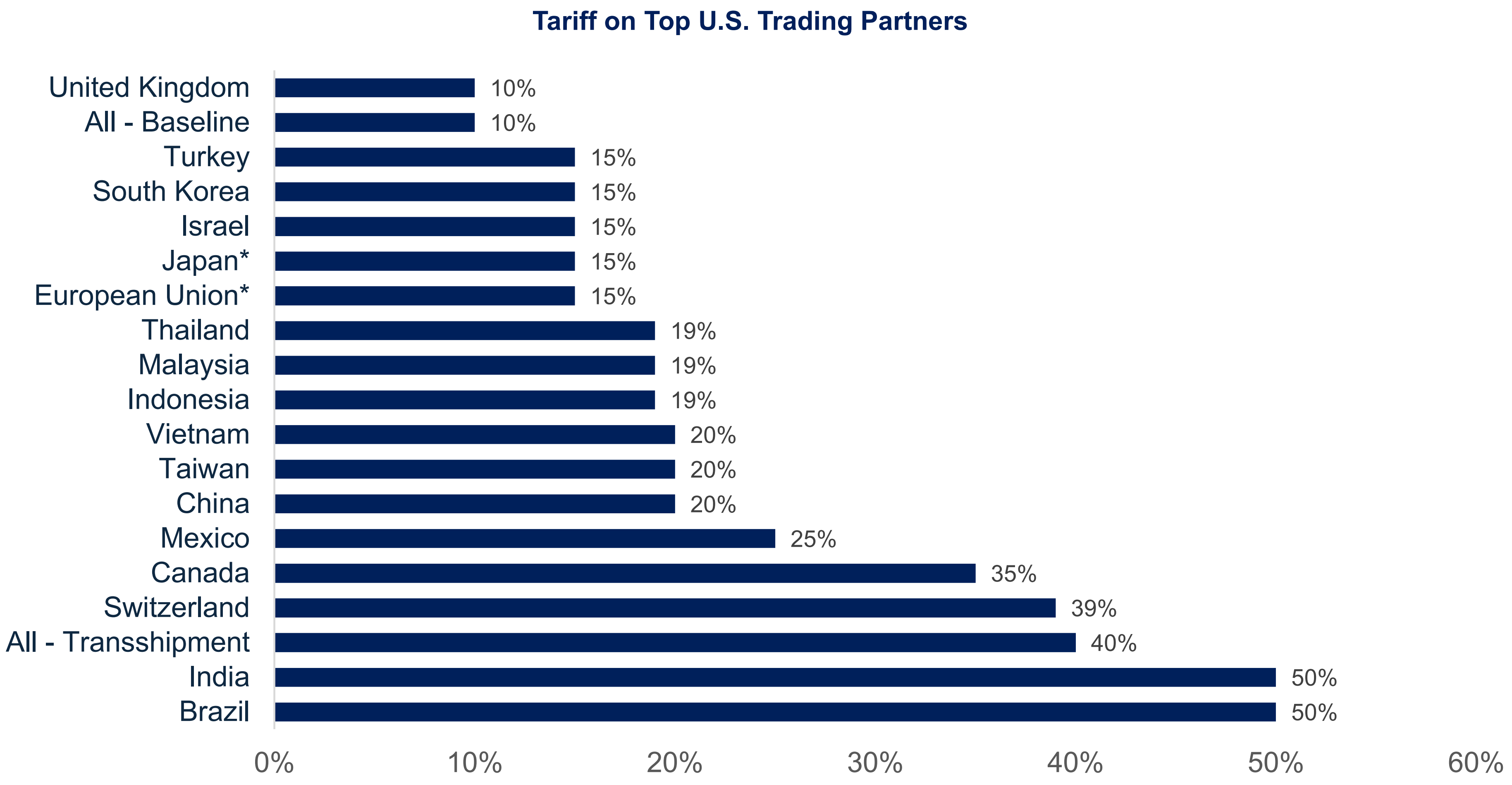
Source: Census.gov.

CBO GDP decomp: Labor growth vs. productivity



Source: CBO's Economic Forecast: Budget and Economic Outlook Report

Current tariff rates



Note: *European Union & Japan tariff rates depend on goods with column 1 duty rate: Duty > 15% got 0% tariff, and duty rate < 15% got 15% minus column 1 duty rate tariff; Each trade deal has various exclusions for certain types of products.

Source: The White House, Bloomberg, ReedSmith as of 9/26/2025.

Current tariff rates – additional context

Country	Purpose	Percent	Status
All	Basline	10%	Implemented
All	Transshipment Penalty	40%	Implemented
All	Aluminum Articles and Derivatives	25%-200%	Implemented
All	Steel Articles & Derivatives	25-50%	Implemented
All	Automobiles	25%	Implemented
All	Automobile Parts	10-25%	Implemented
All	Copper	50%	Implemented
All	Pharma	100%	Announced
All	Pharma	15%	Under Investigation
All	Semiconductors	15%	Under Investigation
All	Timber & Lumber	15%	Under Investigation
All	Critical Materials	15%	Under Investigation
All (except UK)	Commercial Aircraft & Jet Engines	5%	Under Investigation
Brazil	Reciprocal	10%	Implemented
Brazil	"Free Speech"	40%	Implemented
Canada	Fentanyl	0-35%	Implemented
Canada	Transshipment penalty:	40%	Implemented
China	Reciprocal	34%	Delayed
China	Fentanyl	20%	Implemented
European Union	Column 1 Duty Rate	0-15%	Implemented
Israel	Reciprocal	15%	Implemented
Japan	Reciprocal	0-15%	Implemented
Mexico	Reciprocal	0%	Exempt
Mexico	Fentanyl	0-25%	Implemented
North Korea	Reciprocal	0%	Exempt
Russia	Reciprocal	0%	Exempt
South Korea	Reciprocal	15%	Implemented
Switzerland	Reciprocal	39%	Implemented
Taiwan	Reciprocal	20%	Implemented
Thailand	Reciprocal	19%	Implemented
United Kingdom	Reciprocal	10%	Implemented
Vietnam	Reciprocal	20%	Implemented
Phillipines	Reciprocal	19%	Implemented
Malaysia	Reciprocal	19%	Implemented

Sources: The White House, Bloomberg, ReedSmith as of 9/26/2025.

Definitions

10/2 Spread: Represents the U.S. Government 10-year Yield divided by the U.S. Government 2-year Yield.

30-Year Fixed Rate Mortgage: The rate that is common between lender and home buyer.

5-Year, 5-Year Forward Inflation Expectation Rate: Measures expected inflation (on average) over the five-year period that begins five years from today.

AAII Bull-Bear Spread: The spread helps reflect the sentiment of individual investors toward the stock market over the next 6 months.

Alerian MLP Infrastructure: A composite of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZI) and on a total-return basis (AMZIX).

Bitcoin: Reflects the world price of Bitcoin measured in U.S.D. Bitcoin is digital or virtual currency that was founded in 2009.

Bloomberg Commodity Index: Calculated on an excess return basis and reflects commodity futures price movements.

Bloomberg Global Aggregate: Represents an approximate performance measure similar of the global bond market.

Bloomberg Global Aggregate ex-USD: A flagship measure of global investment grade debt from twenty-four local currency markets excluding the United States. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging market issuers.

Bloomberg Gold: Comprised of futures to reflect the price movements of gold.

Bloomberg Intermediate Government/Credit: Measures the performance of U.S. dollar-denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

Bloomberg U.S. Aggregate Bond Index: A broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS.

Bloomberg U.S. Corp High Yield: Represents the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded but, Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. The index includes corporate sectors. The corporate sectors are Industrial, Utility, and Finance, encompassing both U.S. and non-U.S. Corporations.

Bloomberg U.S. Credit: Measures the performance of U.S. investment grade taxable corporate, fixed rate and government related fixed income securities.

Bloomberg U.S. Inflation-Linked TIPs: Consists of inflation-protection securities issued by the U.S. Treasury. They must have at least one year until final maturity and at least $250 million par amount outstanding.

CEO Confidence Index: Measures CEO confidence in the economy, one year from now. This concept tracks the general state of the economy as it relates to businesses.

Cocoa: Represents the Bloomberg Sub Index for the daily change of cocoa.

Consumer Price Index (CPI): A measure of prices paid by consumers for a basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Federal Funds Rate (Fed funds): The short-term interest rate targeted by the Federal Reserve's Federal Open Market Committee (FOMC) as part of its monetary policy. The Federal Reserve balance sheet tracks the aggregate assets and liabilities of the Federal Reserve.

FTSE Nareit Equity REITs: A free-float adjusted, market capitalization-weighted index of U.S. equity REITs.

HFRX Global Hedge Fund Index: An equal-weighted index that includes over 650 constituent funds, both domestic and offshore funds. All assets are reported in U.S.D, and performance is reported net of all fees on a monthly basis. Inclusion criteria is at least $50 million AUM or have been actively trading for at least 12 months.

ICE BofA Fxd Rate Pref: Tracks performance of fixed rate U.S. dollar denominated preferred securities issued in the domestic market.

ICE BofA U.S. 3M Trsy Bill: Comprised of a single issue purchased at the beginning of the month and held for a full month. It is then sold and rolled into a new issue.

ICE U.S. Treasury 1-3 Year Bond: Tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the government in its domestic market.

ICE U.S. Treasury 20+ Year Bond: Market value weighted and is intended to measure the performance of U.S. dollar-denominated, fixed rate securities with minimum term to maturity more than twenty years.

ICE U.S. Dollar: Represents a well-known benchmark for the international value of the U.S. dollar.

JP Morgan EMBI Global Diversified: Tracks total returns for traded external debt instruments in the emerging markets, including U.S. dollar-denominated Brady bonds, loans and Eurobonds with an outstanding face value of at least $500 million.

Magnificent 7: Seven largest stocks (by market-cap) in the S&P 500. Also referred to as "mag-7."

Definitions

Mega-Cap Stocks: These names include Amazon, Alphabet, Microsoft, Apple and Meta Platforms.

Money Market Funds: Mutual funds that invest in highly liquid, near-term instruments including cash and cash equivalents.

Morningstar LSTA U.S. Leveraged Loan: Market value weighted index intended to measure performance of the U.S. leveraged loan market based on market weightings, spreads and interest payments.

MSCI All Country Ex U.S.A: Captures large and mid cap representation across 22 of 23 developed markets and 24 emerging markets. It covers approximately 85% of the global equity opportunity set outside the U.S.

MSCI All Country World: Offers a modern, seamless and fully integrated approach to measuring the full equity opportunity set with no gaps or overlaps. MSCI ACWI represents the Modern Index Strategy and captures all sources of equity returns in 23 developed and 23 emerging markets.

MSCI Brazil: A free-float weighted index that was developed with a base value of 100 at the end of 1987.

MSCI China: A free-float weighted index developed at the end of 1992 with a base value of 100. It is priced in Hong Kong Dollars.

MSCI EAFE: A market capitalization weighted index composed of companies' representative of the 20 developed market countries in Europe, Australasian and the Far East. Net of taxes is calculated in U.S. dollars as dividend reinvested minus withholding taxes retained at the source for non-resident individuals who do not benefit from double taxation treaties.

MSCI EM: A free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of June 2006, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indices. Net of taxes is calculated for Morgan Stanley Capital Int'l Equity Indices in U.S. dollars as dividend reinvested minus withholding taxes retained at the source for non-resident individuals who do not benefit from double taxation treaties.

MSCI France: Designed to measure the performance of the large and mid cap segments of the French market. The index covers about 85% of the equity universe in France.

MSCI Germany: Designed to measure the performance of the large and mid cap segments of the German market. The index covers about 85% of the equity universe in Germany.

MSCI India: A free-float weighted index developed at the end of 1992 with a base value of 100.

MSCI Japan: Designed to measure the performance of the large and mid cap segments of the Japanese market. The index covers approximately 85% of the free float-adjusted market capitalization in Japan.

MSCI South Korea: Designed to measure the performance of the large and mid cap segments of the South Korean market. With 112 constituents, the index covers about 85% of the Korean equity universe.

MSCI Switzerland: Designed to measure the performance of the large and mid cap segments of the Swiss market. The index covers approximately 85% of the free float-adjusted market capitalization in Switzerland.

MSCI Taiwan: A free-float weighted index developed at the end of 1987 with a base value of 100.

MSCI UK: Designed to measure the performance of the large and mid cap segments of the UK market. The index covers approximately 85% of the free float-adjusted market capitalization in the UK.

MSCI U.S. REIT Index: A free float-adjusted market capitalization index, aimed to reflect the performance of equity REIT investment opportunity set in the U.S.

Nasdaq 100: Composed of the largest non-financial companies listed on the Nasdaq stock exchange. Calculated as a modified cap-weighted index.

NFIB Small Business Optimism Index: Relays the health of small businesses in the U.S. by taking a composite of ten seasonally adjusted components.

NYSE FANG+ Index: Provides exposure to a select group of highly-liquid growth stocks.

Oil: Represents the daily spot price of crude oil.

Platinum: Represents the daily price of platinum from the London Platinum & Palladium Market in the United Kingdom.

Russell Microcap Index: Represents the microcap segment of the U.S. equity market. The index is market-cap weighted and is rebalanced annually.

Russell 2500: Measures the performance of the 2,500 smallest companies in the Russell 3000 Index. This index is constructed to provide a comprehensive and unbiased barometer for the small and mid-cap segment of the U.S. equity universe.

Russell 3000: Measures the performance of the 3,000 largest U.S. companies. It represents around 98% of the investable U.S. equity market.

Russell 3000 Growth Index: Measures the performance of those Russell 3000 index companies with higher price/book ratios and forecasted growth estimates.

Russell 3000 Value Index: Measures the performance of those Russell 3000 index companies with lower price/book ratios and forecasted growth estimates.

Definitions

S&P 500: A composite of the 500 largest companies in the U.S. and it is often used as a measure of the overall U.S. stock market.

S&P 500 High Beta Index: Measures the performance of 100 constituents in the S&P 500 that are most sensitive to changes in market returns.

S&P 500 High Dividend Index: Designed to measure the performance of 80 high yield companies within the S&P 500. The index serves as a benchmark for income seeking equity investors.

S&P 500 Low Volatility Index: Measures performance of the 100 least volatile stocks in the S&P 500.

S&P 500 Momentum Index: Designed to measure the performance of securities in the universe that exhibit persistence in their relative performance.

S&P 500 Operating Earnings Per Share: Tracks operating earnings, or profits calculated from operating revenue and expenses of companies within the S&P 500.

S&P 500 Pure Growth Index: Includes only those components of the parent index that exhibit strong growth characteristics, and weight them by a growth score.

S&P 500 Pure Value Index: Style-concentrated index designed to track stocks that exhibit the strongest value characteristics by using a style-attractiveness-weighting scheme.

S&P 500 Quality Index: Designed to track high quality stocks in the S&P 500 by quality score, which is calculated based on return on equity, accruals ratio and financial leverage ratio.

S&P CoreLogic Case-Shiller U.S. National Home Price Index: Tracks the value of a single-family home within the United States. Nine U.S. Census divisions make up the index composite.

S&P Global Infrastructure: Tracks 75 companies from around the world chosen to represent the listed infrastructure industry and includes three distinct infrastructure clusters: energy, transportation, and utilities.

S&P Small Cap 600: Capitalization-weighted index that measures the performance of U.S. stocks with small market capitalizations.

S&P 500 12 Mo Forward EPS: Represents the expected earnings generated over the next 12 months.

S&P U.S. REIT: Defines and measures the investable universe of publicly traded real estate investment trusts domiciled in the United States.

University of Michigan Consumer Sentiment: Monthly reading that tracks consumers' willingness to buy and to predict their discretionary spending.

VanEck Gold Miners ETF (GDX): Seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the NYSE Arca Gold Miners Index (GDMNTR), which is intended to track the overall performance of companies involved in the gold mining industry.

Disclosures

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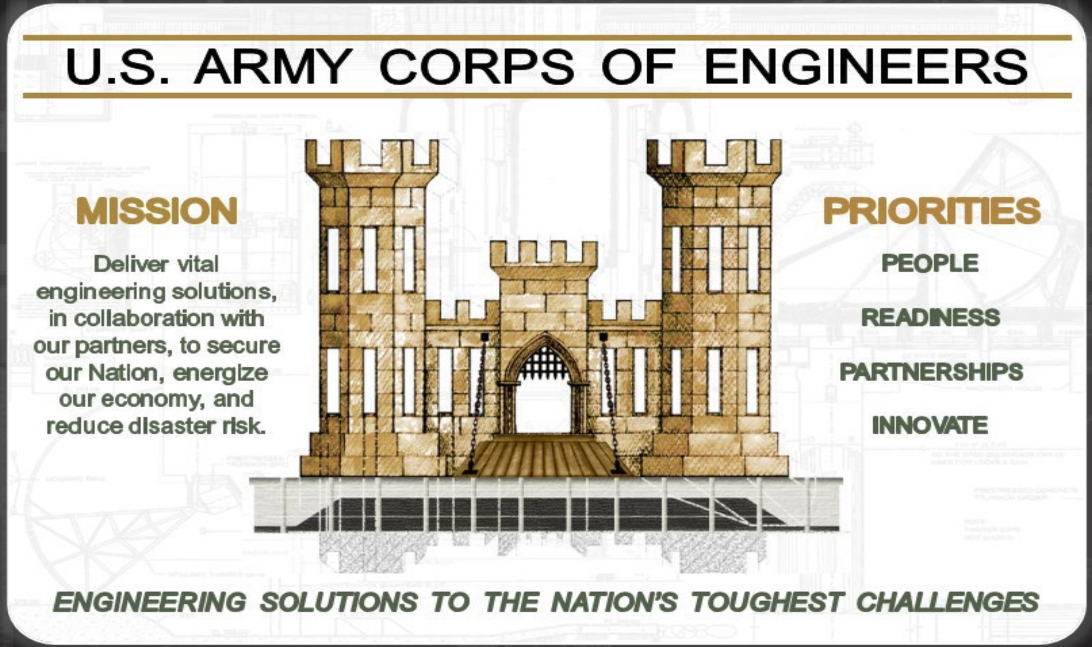
Drones:

Redefining global warfare from the supply base

Brian Ellis
Chief Warrant Officer 5(R),
US Army Corps of Engineers

UHY MANUFACTURING OUTLOOK

Mission:
Enable safe, legal, and effective Aviation Operations for Crewed Aircraft and Unmanned Aircraft Systems (UAS) through policies, regulations, and standards that meet Federal, DoD, and Department of Army requirements. Serve as the Aviation proponent, liaison, and principal advisor for Aviation programs.



U.S. ARMY

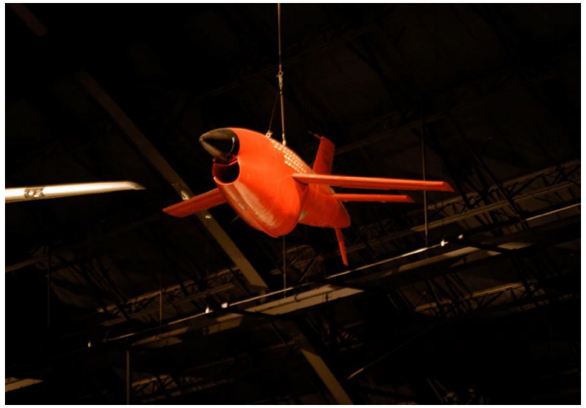
US Army Corps of Engineers®

UAS HAVE ALWAYS BEEN HERE

History:

WWII: V-1 Doodlebugs:

Vietnam: Ryan Firebee UAV



1990's – Until present:

WHAT CHANGED – WHY NOW

Enablers:

- **Civil Works Mission**: US Army Corps of Engineers is a Civil Works organization that has an extensive fleet of SUAS used to accomplish a wide variety of missions – nearly all SUAS are Commercial Off The Shelf (COTS) solutions
  - Sensors vary from LiDAR, visual, thermal, bathymetry, Gnd Penetrating Radar, Optical Gas Imagers, and UXO sensors among others
  - Support surveys, inspections, mapping, and research projects by providing insight and information to project managers



WHAT CHANGED – WHY NOW

U.S. ARMY

Enablers:

- **What is New**: Scale, Accessibility, and Autonomy → COTS solutions vs Program of Record
  - Sensors are relatively inexpensive and readily available
  - AI/Autonomy reduces the specialized training requirements to operate effectively
  - Once considered hobbyist toys are now commercial devices able to be used for industrial and military applications, thus reducing costs and barriers to entry
  - Replacing large, expensive systems to accomplish mainly ISR missions
- **Result:** Capabilities that used to cost millions now costs thousands

EASTERN EUROPE AS A CASE STUDY

U.S. ARMY

Modern Warfare:

- **Russia – Ukraine Conflict:** First modern war with small UAS as a decisive weapon and force multiplier
  - Tactical level (quadcopters, FPV, etc) & Operational level (FW strike UAVs) used to achieve strategic outcomes
  - Technology has changed how warfare is waged at a pace never seen before
  - Nation States and Non-Nation State actors are watching and taking note of asymmetric warfare lessons learned throughout this conflict

EASTERN EUROPE AS A CASE STUDY

- **Tremendous Asymmetrical Advantage:**

- **Effectiveness:** Ukraine launches less than $100K worth of small FPV drones that destroy ~10% of Russia's entire strategic bomber fleet worth >$1B and cannot be immediately replaced
  - Strategic strike conducted by tactical level operators and equipment
  - The capability to conduct strategic strikes or even targeted strikes in this manner has never previously been possible

- **Why are SUAS such a radical expansion of capabilities to everyone?**

  - Small, expendable, versatile, incredibly precise, and nearly anyone can operate them effectively with little to no training; they pack exceptional technological capabilities for myriad missions at bargain prices (relative to what they are replacing)

  - Rapid Advancements in technology are readily available → use of AI to take advantage of swarm/hive tactics

U.S. ARMY

EASTERN EUROPE AS A CASE STUDY

Operation Spiderweb 01 June 2025:

- **How:** Ukraine transports hidden drones deep into Russia and launches them remotely

- **Where:** Belaya, Olenya, Dyagilevo, & Ivanovo

- **Targets:** Tu-95MS, Tu-22M3, and A-50 aircraft

- **Significance:** Prior to this attack, targeting and destruction of parked aircraft generally required bombs dropped from manned aircraft or clandestine operations

BARRIERS TO ENTRY

Why aren't there more manufacturers:

- **NDAA Requirements**: Prohibits use of critical components manufactured in covered countries
- **Risk:** Cybersecurity requirements, Supply-Chain Visibility, Award of Contract Requires Scaling Production – without contracts in place to mitigate risk of capital investment, all risk falls on the manufacturer
    - The US Army, in early 2024, made a very clear signal to industry that it plans to purchase SUAS in the quantity that it purchases munitions and that has proven to be quite accurate
- **Opportunity:** Urgent need for US made, secure, NDAA compliant supply of SUAS

MANUFACTURER'S DILEMMA

Contract Awarded – Now What:

- **Challenges**: High costs and complex supply chains that must be vetted for all critical components; sourcing from covered countries can carry significant legal troubles

- **Risk:** Cybersecurity audits, NDAA compliance, and changing acquisition rules:
  - Executive Order 14307 Unleashing American Drone Dominance – requires SUAS integration
  - SecWar Order Unleashing US Military Drone Dominance – significantly reduced bureaucracy to purchase and employ SUAS

- **Ultimate Obstacle (thus far):** Scaling production without compromising quality – not nearly as much of a concern in Eastern Europe; quantity seems to outweigh quality

- **Opportunity:** How to help these companies scale → most are small businesses and need assistance to scale quickly (do not have expertise in specific areas)

ACQUISITION CHANGES

Department of War Shifting Priorities:

- **February 2024:** Army CXLD high-profile programs (FARA, Shadow, UH-60V, and later ITEP) to divert funding to SUAS – all CXLD programs except Shadow were manned aviation programs
  - The last time a US Army helicopter program was CXLD?

- **March 2024:** Senior military and civilian (then) DoD officials start clearly signaling to industry that the focus will be SUAS – want to buy SUAS in the quantities that we buy munitions

- **October 2025:** SecArmy envisions every Infantryman having an SUAS

- **What is the problem for the US Military? Why can't we do the same as the other countries?**

  - Quality of scaled production is a major factor; we do not accept the failure rate and lower quality standards that are acceptable to others

  - We require reliable, safe, high-quality equipment, with vetted supply chains – opportunity to help small businesses meet requirements

THE WAY AHEAD

U.S. ARMY

Acquisition of SUAS is Changing:
The “So What”:

- Manufacturers of SUAS are very often small businesses and lack the expertise to navigate the requirements to be a supplier to the DoW, especially now that it is changing rapidly

- They also have very tight margins, many employ less than 50 people, and struggle to dedicate the focus and resources to RFP responses

- The DIU Blue List for new SUAS is changing on 01 January 2026. It will belong to the Defense Contracting Management Agency with the intent of making it much easier to get the SUAS and critical components vetted; the new process will likely be initially chaotic

- Understanding of IP and dual-use tech protection, supply chains, manufacturing scaling, and requirements to contract with the USG

THE WAY AHEAD

U.S. ARMY

WHAT IS UAS MARKETPLACE?

FREE-MARKET APPROACH

- Vendors can onboard capabilities "when ready"
- Government will procure onboarded capabilities
- Wide range of buyers with $B of funds available

SOLDIER FOCUS

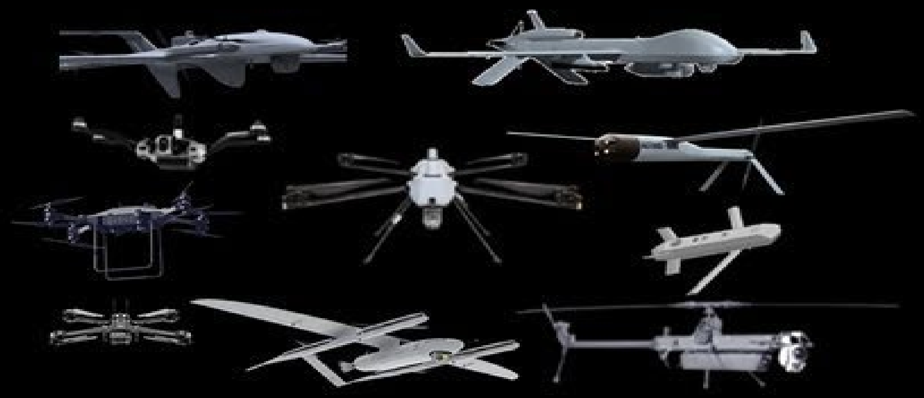
- Vastly expand capabilities available to Soldiers
- Scale production with Soldier-preferred solutions
- Increase buying power of operational units

TRUSTED STOREFRONT

- One-stop-shop for TRUSTED UAS solutions
- Simplified Onboarding + Thorough Verification
- Tiering system delivers confidence to buyers

OUR MISSION:

› Scale the United States Industrial Base
› Incentivize Industry Innovation
› Empower Soldiers with Freedom of Choice



UAS MARKETPLACE WILL LEVERAGE FLEXIBLE ACQUISITION AUTHORITIES, FUNDING, AND CONTRACTS TO DELIVER A SEAMLESS AND INFORMED USER EXPERIENCE

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U.S. ARMY

QUESTIONS

U.S. ARMY CORPS OF ENGINEERS
AVIATION PROGRAM OFFICE

OPTIC

Refreshment Break

UHY


U.S. DEFENSE DEPARTMENT
313

Suppliers’ Moment:

How to seize extraordinary growth opportunities in the defense sector

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Jimmy Smith
Retired Navy SES

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Warner Norcross + Judd

Suppliers' moment! How to seize extraordinary growth opportunities in the defense sector

Department of War and their new Priorities

Secretary Pete Hegseth

"We must transform at an accelerated pace by divesting outdated, redundant and inefficient programs, as well as restructuring headquarters and acquisition systems."

"Prioritize investments to improve long-range precision fires, air and missile defense including through the "Golden Dome" for America, cyber, electronic warfare and counter-space capabilities."

"I am directing a comprehensive transformation strategy...**reform the acquisition process, modernize inefficient defense contracts**..."

Army Transformation Initiative (ATI)

-Deliver critical warfighting capabilities, optimize our force structure, and eliminate waste and obsolete programs

-Modernize UAS into formations

-Field the M1E3 tanks

-Develop the Future Long-Range Assault Aircraft

-Close the C-sUAS capability gap

-Convert all IBCTs to Mobile BCTs

-Cancel A-64D, HMMVV, JLTV, Gray Eagle

Contract Reform

-Focus on simplification, modernization, and increased efficiency for contracting

-Shift toward promoting competition over sole-sourcing and fewer business set-aside opportunities

-More flexibility for contracting officers

-Use of government-wide contracts for common commercial products and services

-Companies not holding best-in-class contracts will see fewer opportunities

-Effort to remove unnecessary regulations to simplify government contracting

-Expect ‘Right to Repair’ provisions in every contract

Built To Compete:

Strategic application of high mix, low volume production

Soren Peters
CEO, HowToRobot

UHY

HowToRobot

The world's leading vendor-independent platform for buying automation

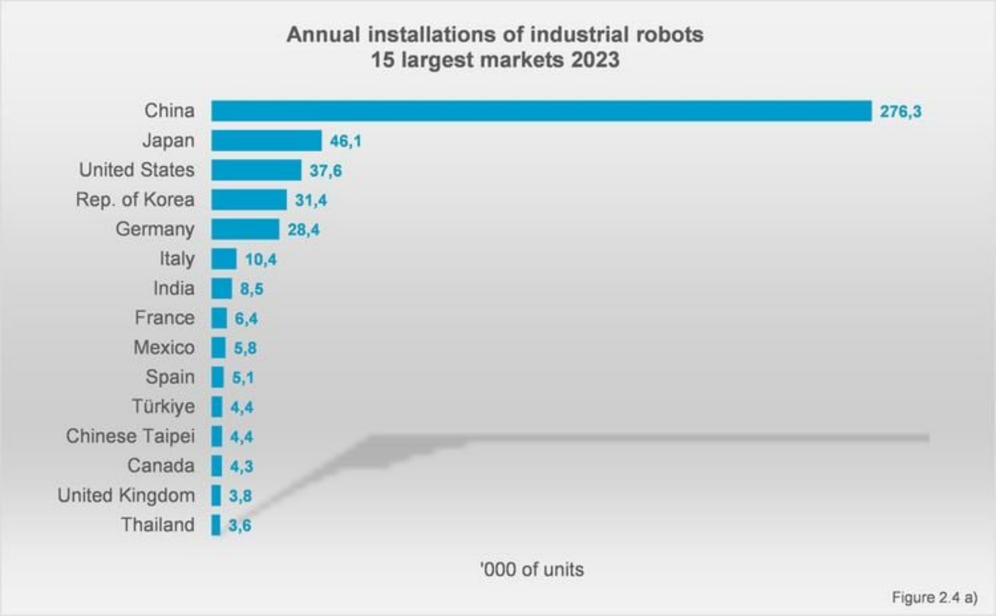
From fragmented, ad-hoc automation to structured, scalable, procurement infrastructure

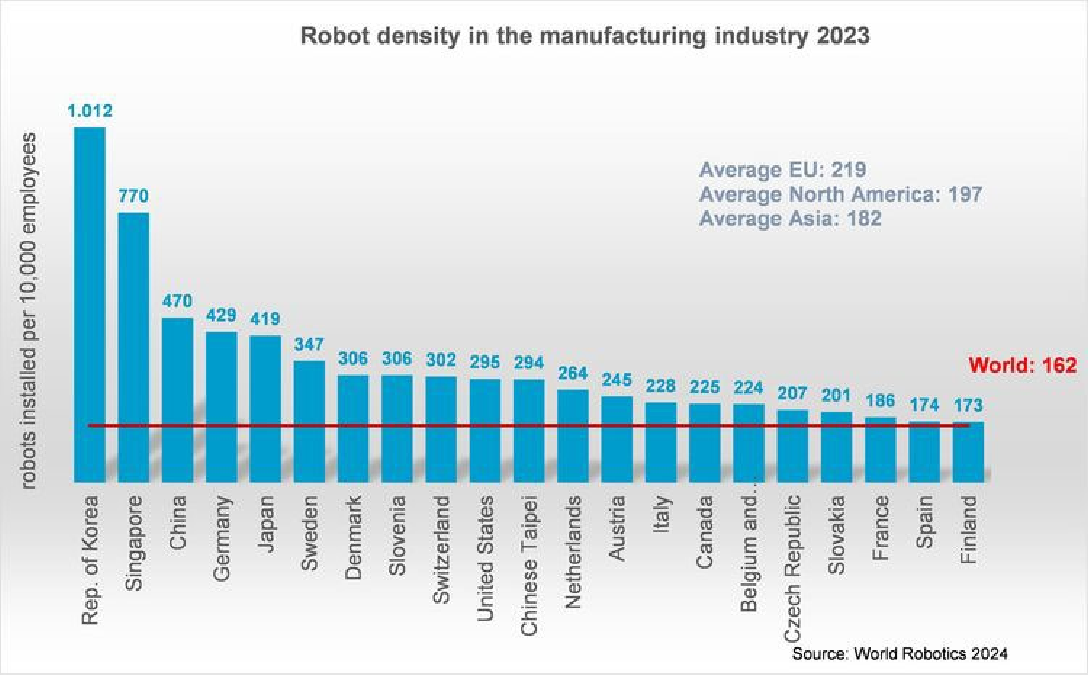
HowToRobot

HowToRobot

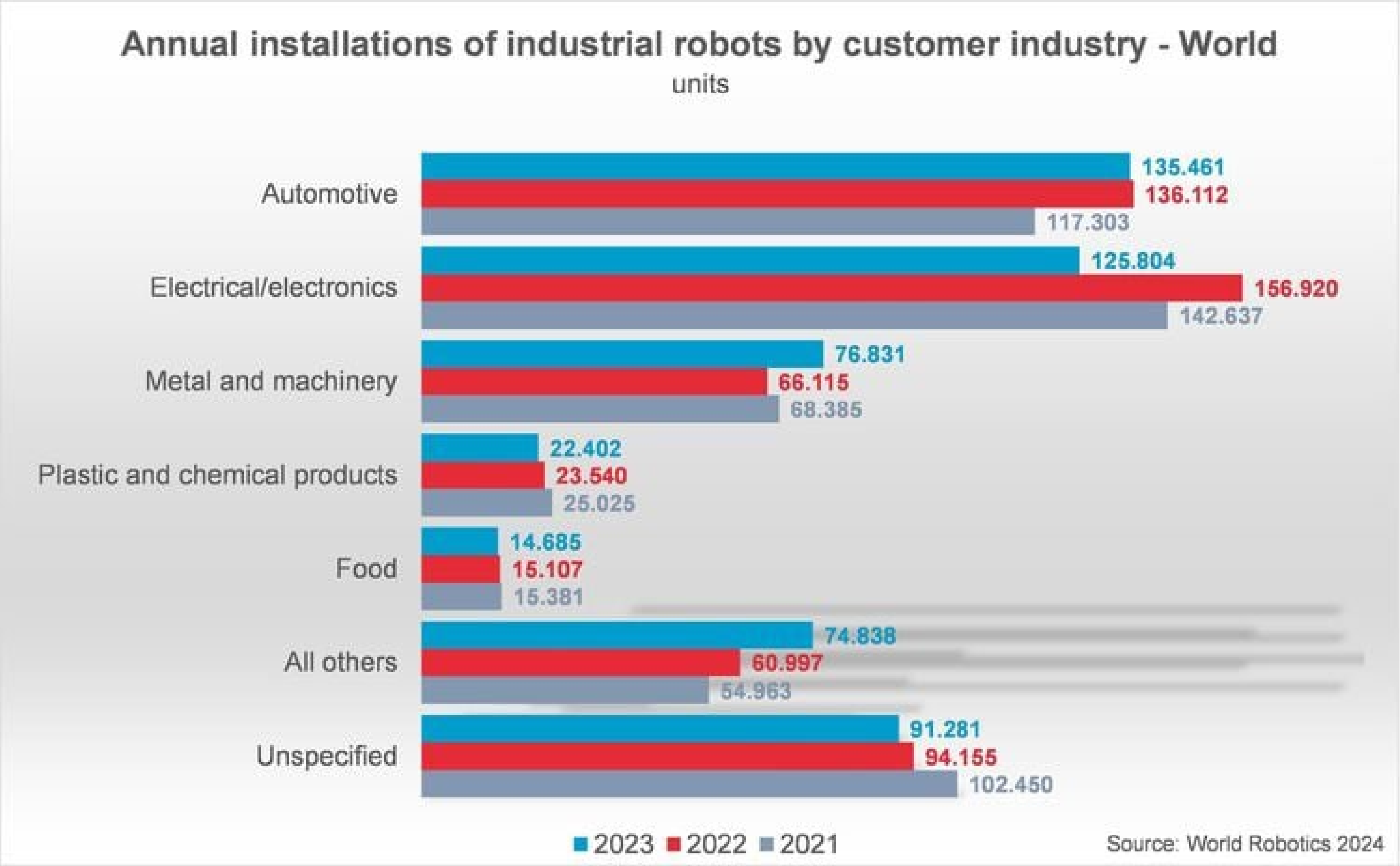
World adoption

Some countries do get it faster ...





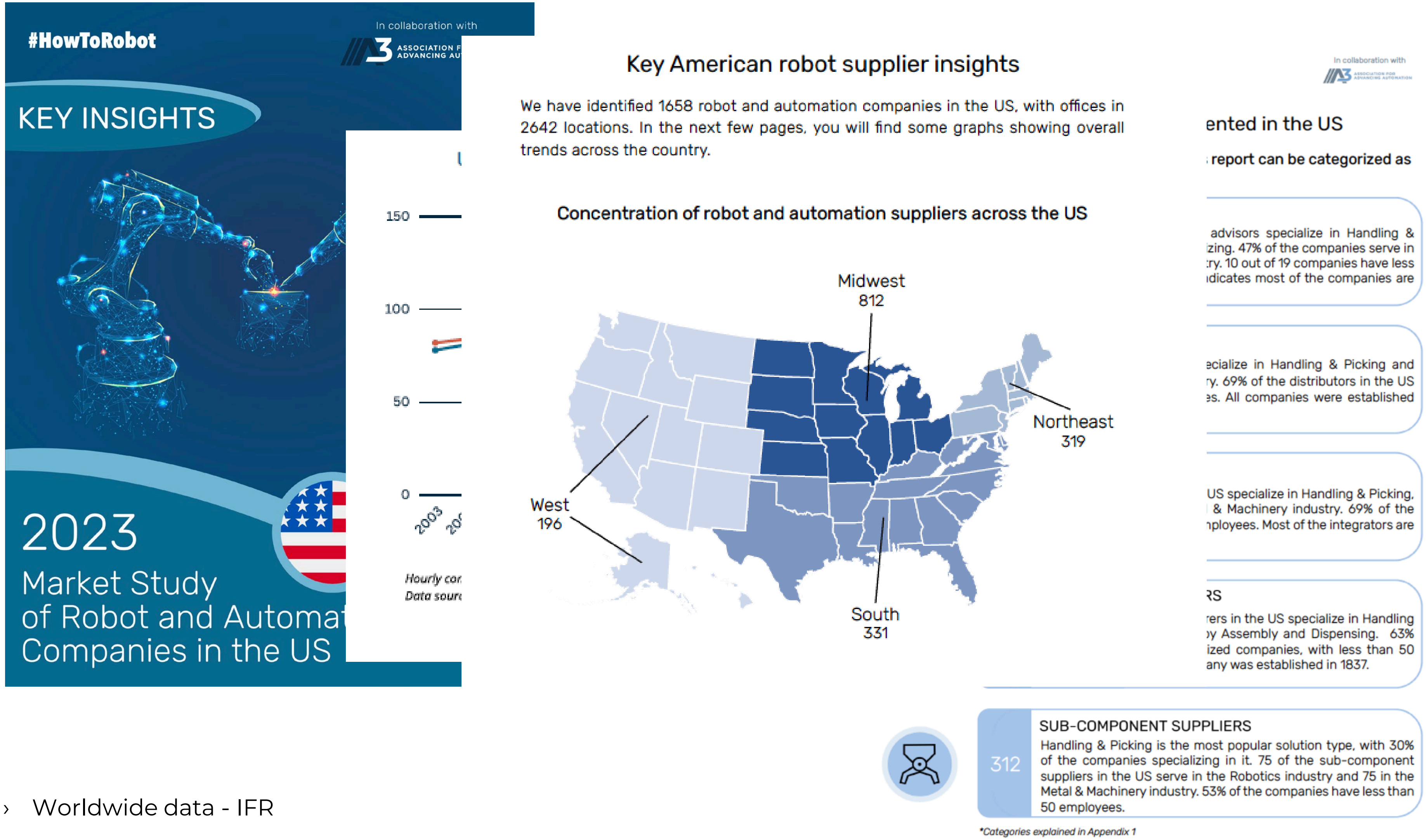
Certain industries lead worldwide



- Worldwide data - IFR

HowToRobot

The US Robotics & Automation market



› Worldwide data - IFR

HowToRobot

The Problem

Automation adoption is inevitable — but buyers face 3 persistent barriers:

61%

Knowledge Gap

Most companies know they need automation but lack internal expertise to scope projects.

42%

Market Complexity

20,000+ vendors worldwide, fragmented offerings, no central marketplace.

71%

KPI Uncertainty

No reliable price benchmarks → CFOs stall approvals.

Issues

- Projects delayed or never approved.
- Wrong vendors chosen → wasted CapEx.
- Slow, costly adoption despite massive market need

So how does reality look...

What are manufacturers looking at

01 What we see too often

- All that says AI
- And better if it says collaborative
- AGV’s
- End of Line
- “Very hard to automate” solutions
- Classic craftsmanship (copy the human)
- And what about humanoids…?

02 What we would hope

- Move the workers to other areas &
- Focus on low hanging fruits – simple!
- Track, track, track – data, evolve what you have
- Move to financing – OPEX, not CAPEX
- Separate development and operations

- ***A careful guess is, we aren’t even in the double digit percentages on automation in the US.***

GROW

Strategic Advisory
- Strategic vision
- Acquisition targets
- Market data & analytics

Buy Side Advisory
- Quality of earnings
- Financial & commercial due diligence
- Purchase price allocation
- Operational & cyber diligence
- Capital raise advisory

Consulting
- Organizational integration & design
- Financial & operational optimization
- Project management

MANAGE

- Audits, reviews and compilations
- Financial forecasting, projections, reporting
- Strategic tax planning
- Transfer pricing
- Tax credits & incentives
- Research & development
- Cost segregation
- Client accounting services
- Professional search & placement
- Internal controls
- Cybersecurity

TRANSITION

Planning
- Corporate finance
- Exit strategy
- Sell side planning
- Transition planning
- Estate planning
- Tax planning

Execution
- Quality of earnings
- Business valuations
- Sell side execution

Exit
- ESOP
- Wealth management

TRANSFORM

- Supply chain strategies
- Financial close and reporting
- Process automation
- Operational improvements
- Change management
- Finance strategy
- Digital transformation
- Technology automation
- Software selection & implementation

Thank You!