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Washington Research

Geopolitical Security & Defense Update

TD Cowen Washington Research Group

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Fundamental Themes: Trump Admin Foreign & Defense Policy

Trump National Security World View – A Return To Peace Through Strength

- **The Trump Corollary:** USA focus on the Western Hemisphere: drugs, gangs, foreign influence, trade – from Pole to Pole – National Security Strategy
- **Epic Fury in Middle East:** USA & ISR engaged in major combat ops against IRI – military performance impressive, but strategy endgame still unclear
- **End War In Ukraine:** UKR appears to be having strategic (energy) and battlefield successes – talks continue to sputter & Trump frustrated / June deadline
- **PRC Competition:** 1-year+ ceasefire (semis & REEs) but tensions remain – increased "dress rehearsals" around TPE + PHI
- **Western Hemisphere:** Maduro out of VEN, USA managing relationship & transition; pressure building on CUB; USA-DEN talks on Greenland

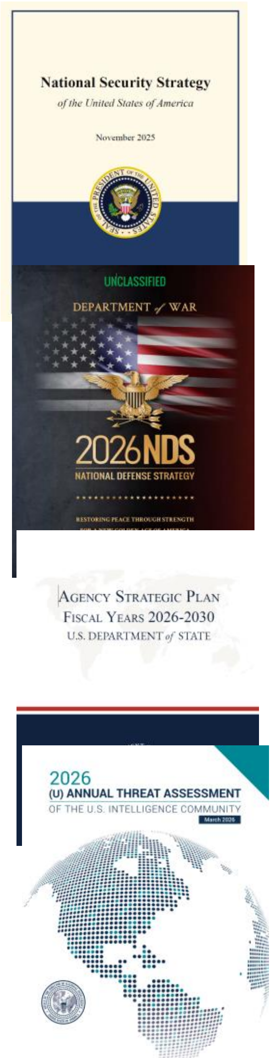
Defense Spending – It's Up But Will It Continue Going Up?

- **Global Defense Spending:** $2.9T in 2025, up 2.9 y/y, and highest ever recorded – 11th consecutive year of increases
- **NATO Spending:** Spending is going up and USA cos. should still benefit – USA foreign sales continue to be robust despite EU/NATO angst
- **USA FY27 Defense Budget - $1.5T or Bust?:** $1.15T base + $350 reco + $?? OEF supplemental – will Congress go for it?
- **USA FY26 Defense Budget - $856B + $150B Reconciliation:** What have you done for me lately? OMB still hasn't released much of it
- **GOP Mantra on Base Budget:** Is +3%-+5% real/yr possible? Is 3% of GDP the new floor for USA defense budget? Is 5% of GDP possible?
- **Supplemental:** Could something come in a bipartisan package – i.e., $20B-30B for munitions MYPs
- **DOGE & DoW Reorg:** Elon's back and DoW continues to be DOGE friendly – Acquisition reforming, shrinking the USG & tech disruptors remain the vibe

Trump Executive Orders – A Lot Of Initiatives But Implementation Rolling

- **Prioritizing the Warfighter:** Trump & DoW ready to pressure cos. about capital return – dividends seem tolerated; buy-backs not in favor
- **Golden Dome For America:** There's still no architecture & implementation plan and none of the big money ($25B) has been awarded
- **Restoring America's Maritime Dominance** Maritime Action Plan (commercial & military) + shipbuilding review (FY27 budget boost) + SHIPS Act
- **Modernizing Defense Acquisitions & Spurring Innovation in the Defense Industrial Base:** MDAP review seems dead – but buy-back EO "naughty list"
- **Reforming Foreign Defense Sales:** 3 years in a row of $100B+ notifications; FY26 on track for new record
- **Restoring Common Sense to Federal Procurement:** FAR/DFARS rewrite in progress

Trump Foreign & Defense Policy: Transactional With Core Objectives



Key Themes

- **America First, Narrowly Defined Interests:** Rejects post–Cold War global primacy and "laundry list" strategies; prioritizes protection of U.S. sovereignty, citizens, economy, and way of life above all else
- **Peace Through Strength, Not Permanent Intervention:** Emphasizes deterrence, military overmatch, and conflict resolution through leverage and diplomacy, with a strong predisposition against open-ended interventions
- **Border Security = National Security:** Declares the "era of mass migration is over," treating border control, cartels, trafficking, and cross-border threats as core security issues
- **Economic Security as National Security:** Focuses on reindustrialization, balanced trade, supply-chain independence (critical minerals, energy, defense), tariffs, and protection of U.S. workers and IP
- **Rebuild and Mobilize the Industrial Base:** Calls for rapid revitalization of the defense industrial base, low-cost scalable munitions, and national mobilization to close gaps exposed by recent conflicts
- **Energy Dominance:** Prioritizes oil, gas, coal, and nuclear to fuel growth, reindustrialization, AI leadership, and geopolitical leverage; explicitly rejects Net Zero frameworks
- **Allies Must Carry the Load:** Demands far greater burden-sharing - explicitly citing NATO defense spending up to 5% of GDP - and ties USA support to ally contributions and alignment
- **Western Hemisphere First:** Asserts a "Trump Corollary" to the Monroe Doctrine - blocking extra-hemispheric powers from strategic assets, ports, and infrastructure; intensifies migration, cartel, and maritime enforcement
- **China as the Central Competitor (Economics + Deterrence):** Frames the Indo-Pacific as the primary economic and military arena; prioritizes trade rebalancing, supply-chain decoupling in sensitive areas, and TPE
- **Europe: Stabilize, De-Risk, De-Depend:** Pushes Europe toward sovereignty, higher defense spending, economic reform, and an expedited end to the UKR war to restore strategic stability with RUS
- **Middle East: Shift Burdens, Lock In Peace:** De-prioritizes the region strategically due to U.S. energy independence; focuses on ISR's security, freedom of navigation, Iran containment, and expanding the Abraham Accords

Source: USG, TD Cowen

Trump Foreign & Defense Policy: Economic Security

Economic Security Fundamental to National Security

- **Balanced Trade:** Prioritizes rebalancing trade relations, reducing trade deficits, opposing barriers to USA exports, and ending dumping and other anti-competitive practices that hurt USA industries and workers. Seek fair, reciprocal trade deals with nations that want to trade on a basis of mutual benefit and respect.

- **Securing Access to Critical Supply Chains and Materials:** Re-secure independent and reliable access to goods needed to defend and preserve USA way of life. Requires expanding USA access to critical minerals and materials while countering predatory economic practices.

- **Reindustrialization:** USA will reindustrialize its economy, “re-shore” industrial production, and attract investment with a focus on the critical and emerging technology sectors that will define the future. Strategic use of tariffs and new technologies that favor widespread industrial production, raise living standards and ensure USA is never again reliant on any adversary for critical products or components.

- **Reviving the Defense Industrial Base:** A strong, capable military cannot exist without a strong, capable defense industrial base. America requires a national mobilization to innovate powerful defenses at low cost, to produce the most capable and modern systems and munitions at scale, and to re-shore our defense industrial supply chains.

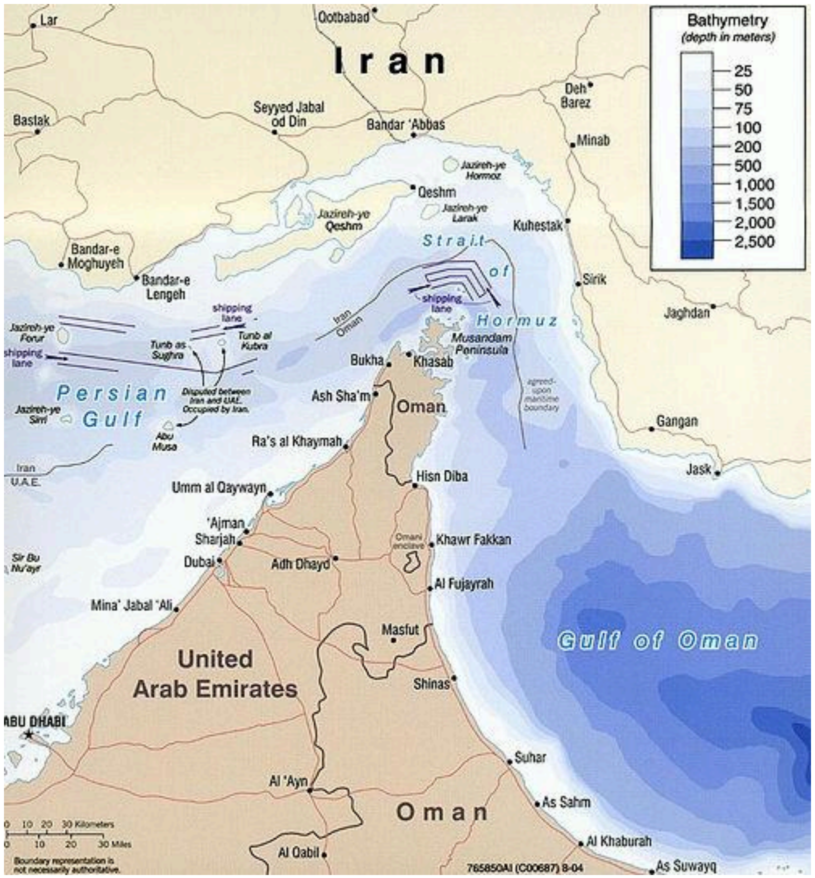
- **Energy Dominance:** Restoring American energy dominance (in oil, gas, coal, and nuclear) and reshoring the necessary key energy components is a top strategic priority. Expanding net energy exports will also deepen relationships with allies while curtailing the influence of adversaries, protect ability to defend USA our shores, and - when and where necessary – enables USA to project power.

- **Preserving and Growing America’s Financial Sector Dominance:** "The United States boasts the world’s leading financial and capital markets, which are pillars of American influence that afford policymakers significant leverage and tools to advance America’s national security priorities. But our leadership position cannot be taken for granted. Preserving and growing our dominance entails leveraging our dynamic free market system and our leadership in digital finance and innovation to ensure that our markets continue to be the most dynamic, liquid, and secure and remain the envy of the world."

Source: USG, TD Cowen

Operation Epic Fury: USA-ISR Ops Successful But End State Still Unclear

- USA/ISR air supremacy uncontested – B-2/F-35 to B-1/B-52
- USA/ISR missile defense inventory a concern – THAAD/PAC-3
- Drone defense & cost asymmetry highlighted
- Vulnerability of fixed assets to space-based detection/intel
- Strategic factors (e.g., Strait of Hormuz) remain daunting



Source: DoW, Wikipedia, TD Cowen

OPERATION EPIC FURY
FACT SHEET
APRIL 6, 2026

OVERVIEW

U.S. Central Command (CENTCOM) commenced Operation Epic Fury against Iran at the direction of the President of the United States on Feb. 28, 2026 at 1:15am. CENTCOM forces are striking targets to dismantle the Iranian regime's security apparatus, prioritizing locations that pose an imminent threat.

Targets Struck:
13,000+

Iranian Vessels Damaged or Destroyed:
155+

U.S. ASSETS EMPLOYED

AIR

B-1 Bombers
B-2 Stealth Bombers
B-52 Bombers
F-15 Fighter Jets
F-16 Fighter Jets
F-18 Fighter Jets
F-22 Stealth Fighters
F-35 Stealth Fighters
A-10 Attack Jets
EA-18G Electronic Warfare Aircraft
EC-130H Electronic Warfare Aircraft
E-2D Airborne Early Warning & Control Aircraft
U-2 Reconnaissance Aircraft
RC-135 Reconnaissance Aircraft
E-11A Communications Aircraft
EA-37B Electronic Warfare Aircraft
C-17 Globemaster Cargo Aircraft
C-130J Cargo Aircraft
KC-135 Refueling Aircraft
KC-46 Refueling Aircraft
KC-130 Hercules Tankers
AH-64 Apache Helicopters
MH-60 Sea Hawk Helicopters
V-22 Osprey Tilt-Rotor Aircraft
MQ-9 Surveillance and Attack Drones
LUCAS One-Way Attack Drones

LAND

Patriot Interceptor Missile Systems
THAAD Anti-Ballistic Missile Systems
M-142 High Mobility Artillery Rocket Systems
Counter-Drone Systems

SEA

Nuclear-Powered Aircraft Carriers
Nuclear-Powered Submarines
Guided-Missile Destroyers
Refueling and Supply Ships
Amphibious Assault Ship
Amphibious Transport Dock Ship

... and special capabilities we can't list here!

TYPES OF TARGETS

Command and Control Centers
IRGC Headquarters Buildings
IRGC Intelligence Sites
Integrated Air Defense Systems
Ballistic Missile Sites

Iranian Navy Ships & Submarines
Iranian Air Defense Systems
Anti-ship Missile Sites
Military Communication Capabilities
Ballistic Missile & Drone Manufacturing

Weapons Production & Storage Bunkers
Surface-to-Air Missile Facilities
Military Support Infrastructure

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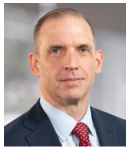

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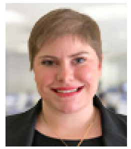

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