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Strategic Equity & Business Solutions

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Lockheed Martin (\$LMT)

Palantir (\$PLTR)

Anduril Industries

General Dynamics (\$GD)

Northrop Grumman (\$NOC)

Impacted Groups: Aerospace & Defense Contractors

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Droning-Out

Introduction

For decades, modern combat success relied on huge budgets, heavy machinery and expansive supply chains to deliver a winning blow to the front lines. While this strategy is still a core component of continental warfare, the conflict in Russia and Ukraine has given light to a developing reality where cheap drones and jerry-rigged machines are swinging well out of their weight class, and winning.



Above: Anduril Bolt-M

Abstract

This article explores modern global conflicts, the evolution of defense contracting, the inefficiencies that have developed over the past few decades, and the growing opportunity for disruptors like Anduril Industries. Founded by Palmer Luckey, creator of the Oculus headset, Anduril aims to challenge industry titans like Lockheed Martin, Northrop Grumman, and General Dynamics by developing faster, and more cost-effective solutions.

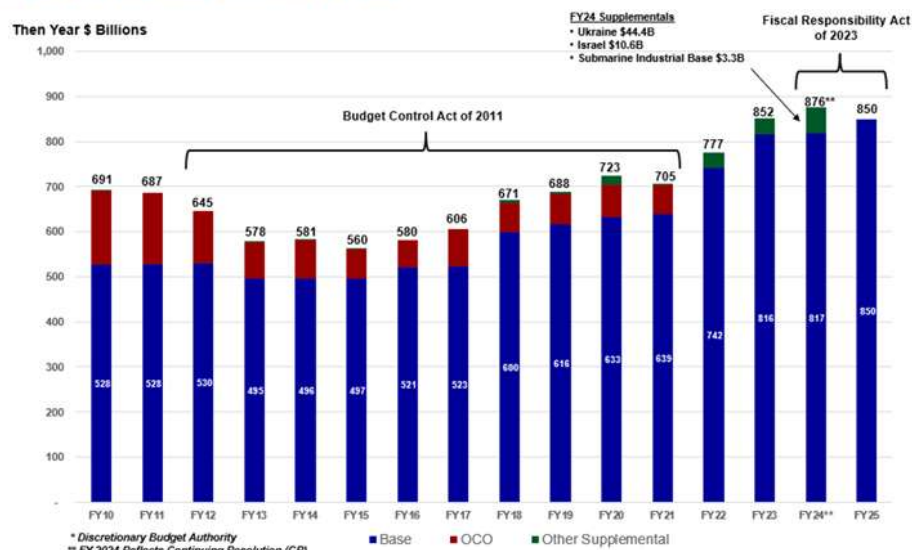
AI-powered systems, autonomous drones, and next-generation missile arrays are shaping the future of warfare, reducing the need for boots on the ground while enabling strategic operations across both continental and maritime fronts.

Global Conflict and Defense Spending

The global conflict landscape in 2025 remains volatile, with over 120 active armed conflicts causing widespread humanitarian and geopolitical challenges. The war between Russia and Ukraine continues with no clear resolution, while a fragile ceasefire holds in Gaza after months of hostilities. Africa faces increasing instability, particularly in the Democratic Republic of the Congo, where rebel advances threaten regional security. Meanwhile, China's expanding military presence in the Asia-Pacific, including recent naval maneuvers near Australia, has raised tensions and concerns among neighboring nations.

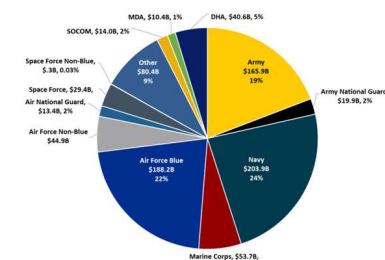
These conflicts have driven a sharp rise in global defense spending as countries prioritize military readiness. The United States has increased its defense budget to \$850 billion, reflecting its commitment to maintaining military dominance. In Figure 1.2. below, you can see the change in funding for the DoD Budget from 2010-2025. Note, there is a 52% increase in FY DoD Budget over the last 10 years (2015-2025).

Figure 1.2. DoD Budget FY 2010 – FY 2025*

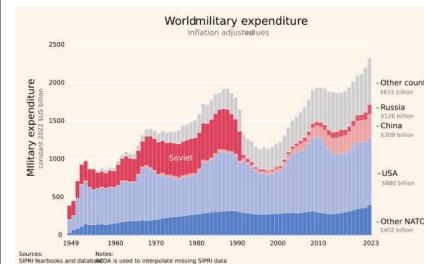


Above: Russia vs Ukraine Battlefield

Chart A-2. FY 2025 DoD Budget Request – Additional Details



Above: FY DoD Budget Request broken down by individual departments



Above: World Military Expenditure

European NATO members are under growing pressure to boost their defense budgets to meet alliance expectations as well, which could strain their national finances and impact credit ratings. Russia has already ramped up military spending, now surpassing all European nations, signaling its continued focus on military expansion. In the Asia-Pacific, China's increasing military activity has prompted regional nations to reconsider their defense strategies. As tensions rise globally, nations face the challenge of balancing security priorities with economic constraints, navigating an increasingly complex geopolitical landscape.

Palmer Luckey's Vision

Enter: Palmer Luckey. Palmer has never been known as one to take a traditional route to the top. His first enterprise with any success was Oculus, which he built at 20 years old in his parent's trailer park garage. After selling to META in 2014, and being ousted shortly thereafter, he didn't back down from continuing his grind to make products for consumers, except this time he pivoted away from the public and into the military. In 2017, Anduril was born, a tech focused defense contractor created to disrupt the slow, bloated, and inefficient procurement process for military equipment and systems.

Fast forward almost a decade (feels wild to say that in 2025), and the operation is well underway. Palmer's vision does not rely on government funding and lengthy negotiations, but instead on raising private capital, building weapons at scale, and then selling directly to customers.

Palmer Luckey believes defense should function like any other Silicon Valley startup - risky, agile, and steadfast in the pursuit of pushing boundaries. This line of thinking ties into a thesis that we have discussed many times in our work: legacy business is dying and being replaced by new, innovating thinkers and leaders who are not bloated in their operations and driven by more than the appeal of shareholders.

With this future at the forefront of Anduril's strategy, we have to ask: what kind of weapons are they developing that are supposedly changing the game? For starters, most of their systems revolve around drones and AI technologies that have proven crucial in modern combat, particularly in Asia. Additionally, leveraging Palmer's background in headset development, Anduril aims to integrate heads-up displays (HUDs) into soldiers' gear, an innovation we hope to see more of soon.



"America's biggest advantage is its ability to innovate quickly, yet the defense industry has become one of the slowest sectors in tech"

- Palmer Luckey



Above: Donald Trump Jr & Eric Trump

How Can We Invest?

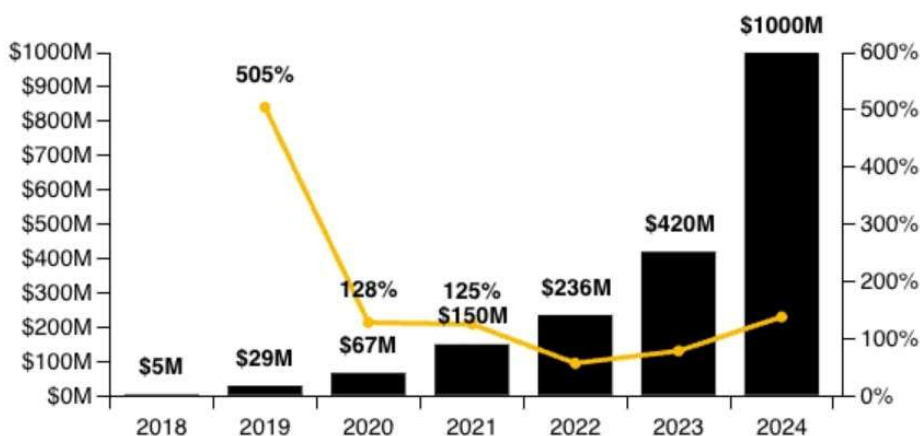
For now, you can't—at least not directly. That being said, there is one public company that has ownership in Anduril: Dominari Holdings (\$DOMH). Although their holding in Anduril is small in comparison to the size of its overall holdings, at a mere \$500k on \$45 million in AUM, it does in some capacity represent access to Anduril.

The stock has seen a tremendous amount of volatility lately since adding Donald Trump Jr. and Eric Trump to their Board of Directors, after already having Ron Lieberman onboard, the SVP of Trump International. This proximity to the executive branch of power is exactly the type of thing you want to see as a public company, considering this usually means easier deal flow and access to pertinent information to make decisions based on.



ANDURIL
Revenue (\$M)

■ Revenue (\$M) — Growth



Above: Anduril Revenue Growth by Year



Above: Menace X, Anduril x Oracle Collab

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Conclusion

The Russia-Ukraine war has proven that modern combat is evolving fast. Drones, AI, and precision weapons have outmaneuvered traditional military power, with loitering munitions increasing battlefield efficiency tremendously. Despite this, U.S. defense activation remains slow, taking 16 years to develop a new fighter jet while adversaries such as China are moving much faster.

Palmer Luckey's Anduril Industries and companies like Palantir are leading the shift, prioritizing AI-driven defense, autonomous systems, and rapid deployment over bureaucratic delays. With Anduril's new missile production plant in Ohio and a growing arsenal of next-gen military tech, the future is here, and disruptors are looking to take their slice.



Above: Anduril Loitering Munitions

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