

Q&A

Amar Pandya on Canada's Space and Defence Opportunity



After returning from Space Canada's Horizons 2026 conference held at the Canadian Space Agency headquarters, we sat down with [Amar Pandya](#), Equity Portfolio Manager, to discuss the key themes that emerged and how they translate into potential investable opportunities.

With the space sector gaining renewed attention, particularly ahead of the anticipated SpaceX IPO, the conversation focused on how structural shifts in government spending, procurement urgency and geopolitical dynamics are reshaping the opportunity set for Canadian companies.

While near-term sentiment is being supported by increased global investor interest and a potential "halo effect" from SpaceX's entry into public markets, the more important question is what comes next. The durability of this momentum will depend on how capital is deployed across the ecosystem, how quickly government policy translates into awarded contracts, and which companies are best positioned to convert growing pipelines into actual contracts, backlog, revenue and ultimately free cash flow.

With this in mind, we believe the Canadian space and defence sector is entering a more sustained and structurally supported growth cycle; one where companies with proven capabilities, strong balance sheets and strategic relevance stand to benefit meaningfully.

Q&A

You describe space as moving from a niche sector to a sovereign defence capability. What changed, and why now?

AMAR: The biggest change is that space is no longer viewed primarily as science exploration or a commercial communications market. It is increasingly being seen as critical infrastructure, and as far more important to national security. This was made quite clear at the Horizons 2026 conference, where conversations were not about satellites or abstract technology, but were much more centred on sovereignty, Arctic surveillance, secure communications, domain awareness, and Canada's ability to operate independently while still being a meaningful contributor to North American Aerospace Defense Command (NORAD) and North Atlantic Treaty Organization (NATO).

The 'why now' is a combination of geopolitics and technology. Space has become more contested, more congested and more central to defense operations. At the same time, there is a renewed focus on sovereignty, particularly in the Arctic. That makes space capability essential, not optional.

From an investment perspective, this meaningfully changes the opportunity set. It is no longer about long-duration technology stories. It is about identifying the right companies, those with strategic national assets and multi-year visibility. That shift in the industry is a big part of what is driving our view.

How significant is Canada's Defence Industrial Strategy in reshaping the opportunity set for domestic space and defence companies?

AMAR: It is a very significant shift because it provides the clearest demand signals we have seen in probably decades for Canadian defence, with a notable focus on dual-use technologies and Canadian based companies. It is not only about higher defence spending, but also about building out the entire domestic industrial base for the Canadian defence industry. Not to mention, the dollar amounts the government is discussing are substantial: \$180 billion in defence procurement, \$290 billion for defence and security-related infrastructure, and \$125 billion for downstream activity, with plans to direct about 70% of all defence acquisitions to Canadian firms by 2035.¹

This is a massive shift in how the government procures, invests and spends in defence, and the goal is clearly to build out a stronger Canadian defence industry.

What stood out most from the conversations with government and industry leaders?

AMAR: Something that really stood out to me was the tone of urgency. The message was not that space might be important someday, but that it is already central to national security - and that we need to move faster. There was also a notable shift in the way government leaders talked about procurement. The head of the Canadian Space Agency was there, as were several key generals involved in Canada's space and defence efforts. Across the various stakeholders, we heard the same message: move faster, iterate more quickly and remove procurement bottlenecks.

We also heard from the companies themselves that they are seeing a shift on the government side when it comes to their ability to bid on and win these contracts.

Are we at the early innings of a multi-year spending cycle, or already somewhere in the middle?

AMAR: I would characterize it as still being in the early stages. There's been a notable shift in tone, and we're starting to see large procurement programs being awarded under the industrial strategy that was just announced in February 2026. That framework is multi-decade in nature and includes clear targets that extend out to 2035. From that perspective, this is a very long-duration cycle. It sets the foundation for real, sustained value creation within the Canadian defence industry.

What makes Canada uniquely positioned in the global space and defence ecosystem today?

AMAR: Canada has a much deeper space heritage than many investors appreciate. This is not a new industry for Canada. We have a long history in space exploration, including significant contributions to space robotics. We built the Canadarm, which was used on the Space Shuttle, and Canadarm2, which is part of the International Space Station, as well as having a long-standing partnership with NASA. That track record has ensured Canada is at the table in some of the most important global space programs.

A recent example is the Artemis II mission, the first crewed mission to the Moon since 1972. Canadian astronaut Jeremy Hansen made history as the first Canadian - and first non-American - to travel into deep space and around the Moon, which is a strong symbol of Canada's credibility in space.

From an investment perspective, that really matters because we are not trying to build relevance from scratch. We have technical heritage, government relationships, talent, and companies with real capabilities. The key now is bringing it all together - defining the outcomes we want, setting the right goals, and putting the programs, procurement and strategy in place to achieve them.

Image Source: MDA.space



You have mentioned MDA Space and Telesat specifically, why do these companies stand out compared to other global space assets right now?

AMAR: Both companies stand out because they are fundamentally strong businesses with the right capabilities and asset mix for growth, particularly relative to peers.

MDA Space, for example, is one of the few pure-play public space companies. It has real capabilities and deep heritage, having operated for 55 years and participated in over 450 space missions. The company is also in a very strong financial position: it has a backlog of about \$3.7 billion, a pipeline that has recently doubled to roughly \$40 billion in potential sales opportunities, positive free cash flow, and net cash on the balance sheet. We believe it is one of the strongest fundamental businesses in the industry.

In the case of Telesat, the story is equally compelling. It is a somewhat misunderstood company, and the investment case is more catalyst driven. The market tends to focus on the balance sheet and execution risk around launching a new satellite constellation but often underappreciates the quality of the asset being built. Telesat is developing a low Earth orbit communications network with significant military and commercial applications, and the technology is at the leading edge. It is also backed by both the Canadian and Québec governments.

Ultimately, it's the resilience and underlying strength of these businesses that differentiates them within the global space landscape.

How is the upcoming SpaceX IPO changing investor perception of the space sector?

AMAR: The SpaceX IPO is important because it gives public market investors a new reference point to understand the scale and strategic importance of the space economy. SpaceX has filed its S-1 and is looking to raise \$75 billion at a valuation of roughly \$1.77 trillion.² That matters because SpaceX changed how investors think about launch, satellite connectivity, reusable infrastructure and space-based communications. Even though most space companies are not direct comparables to SpaceX, the IPO will force investors to look at the broader industry and identify other companies that could benefit.

The positive effect is that more capital will pay attention to the industry. The risk is that investors may overgeneralize and assume every space company warrants a SpaceX-like multiple, and I do not think that is the case. The better question is which companies have real technology, real revenue, real profitability and proven relevance. In our view, MDA and Telesat (two core space holdings in our funds) meet that standard.



Image Source: WikiCommons

Government procurement has historically been slow. What gives you confidence that this cycle will be different?

AMAR: That is a very fair pushback, and it is the same criticism we would have as well. This is not just an issue in Canada; many countries struggle with defence procurement. What feels different now, though, is the tone of urgency. The Canadian Defence Industrial Strategy explicitly talks about building sovereign capabilities in space and directing 70% of procurement to Canadian firms.

It represents a substantial shift in both how companies are awarded funding and the overall volume of what will be awarded. There are tangible examples already. Both Telesat and MDA were awarded the Enhanced Satellite Communications project, which is an Arctic defence satellite initiative the Canadian government launched through the new strategy. That provides concrete evidence that this cycle may be different.

How should investors think about geopolitical risk shaping both opportunity and volatility in this space?

AMAR: On the opportunity side, rising geopolitical tensions increase demand for sovereign missions and capabilities such as Arctic surveillance in Canada, space domain awareness, missile warning, intelligence, surveillance and reconnaissance. That is exactly why we are seeing the space industry move from a niche area into a core defence capability.

At the same time, that environment creates volatility. Companies may be subject to export controls or sanctions. There can be supply chain constraints, as we saw during COVID, and labour availability can become more politicized. So, there are clearly real implications and second-order effects from a geopolitical standpoint in space.

That is why we prefer domestic companies with diversified demand, strong strategic relevance at home, good balance sheets and realistic paths to cash flow. We think geopolitics may expand the opportunity set, rather than simply increasing risk for the companies we own.

That is certainly true for companies like MDA and Telesat, which are underpinned by strong positions in government and defence contracts, but also have material opportunities on the commercial side.

¹ Prime Minister of Canada, Prime Minister Carney announces the launch of Canada's first Defence Industrial Strategy § (2026).

² Lipschultz, Bailey. "SpaceX Seeks US\$75 Billion in Record IPO to Fund AI, Launch." Financial Post. June 4, 2026, sec. Investor.



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Amar Pandya is Portfolio Manager of the **Pender Alternative Arbitrage Fund**, **Pender Alternative Arbitrage Plus Fund** and **Pender Alternative Special Situations Fund**. He joined Pender in 2017.

A contrarian value investor, Amar specializes in identifying overlooked high-quality businesses, discount-to-intrinsic-value opportunities, and event-driven special situations, particularly M&A and balance sheet-driven investments. His research has uncovered numerous opportunities that have contributed to Pender's equity mandates.

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