

## STATE STREET ETF SPOTLIGHT

# European Defence: from tactical to core allocation?

## The lead

- During periods of rising global tension such as the current war between the US/Israel and Iran, an allocation to defence businesses can provide portfolio hedging characteristics
- Despite expectations of much higher defence spending that could result because of the structurally higher geopolitical risk regime, performance of defence has been relatively muted
- A defence ETF could offer relatively stable revenues and quality earnings and being policy driven rather than consumer driven, offers diversification to broader industrials and equities.

## The takeaway

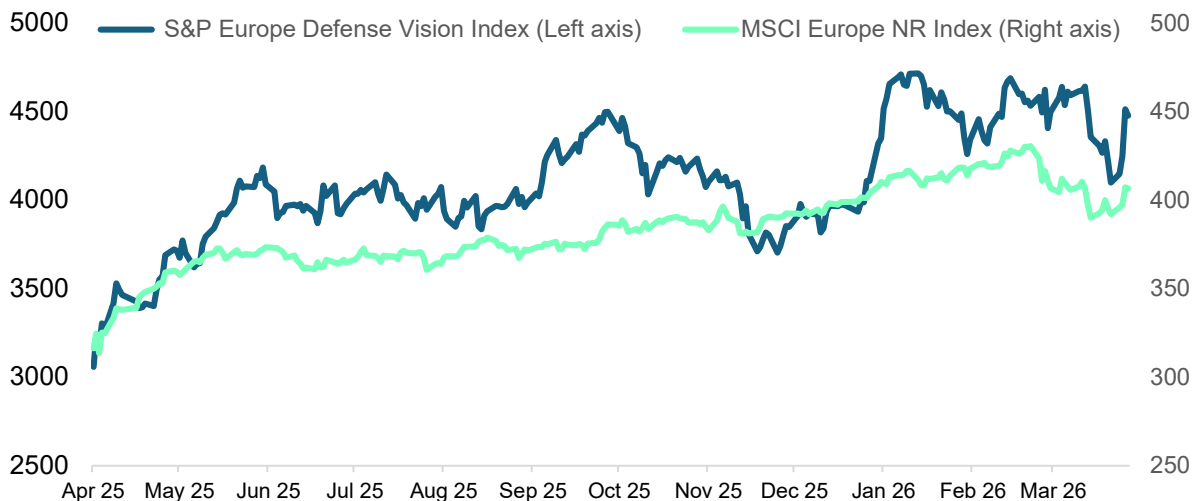
European Defence is now viewed by many European investors as a strategic allocation, attributed to:

1. Escalation risk – from a lengthening conflict in Iran
2. Scale of re-armament – demand for air defence, munitions, cyber, space, etc. is creating big order books and multi-year visibility. Services are increasingly strategic and potentially higher quality
3. Sustained policy shift toward higher defence budgets – reinforced by further criticism of NATO by the US administration. Geopolitical risk is not going to subside quickly

Investors seeking to capture this opportunity may consider [State Street SPDR S&P Europe Defense Vision UCITS ETF](#)

## Chart of the week:

### S&P Europe Defense Vision Index trading lower than at start of Epic Fury



Source: Bloomberg Finance L.P. as of 2 April 2026. Figures in Euro. The performance data quoted represents past performance. Past performance does not guarantee future results.

## Standard Performance

Primary Ticker	Name	YTD	Annualized EUR (%)		
			Since Inception	Inception Date	TER (%)
DFSV GY	State Street® SPDR® S&P Europe Defense Vision UCITS ETF (Acc)	6.44	2.57	03 Jun 2025	0.15
	S&P Europe Defense Vision Index	6.51	2.70		
	Difference	0.07	0.13		

Source: State Street Investment Management, as of 31 March 2026.

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