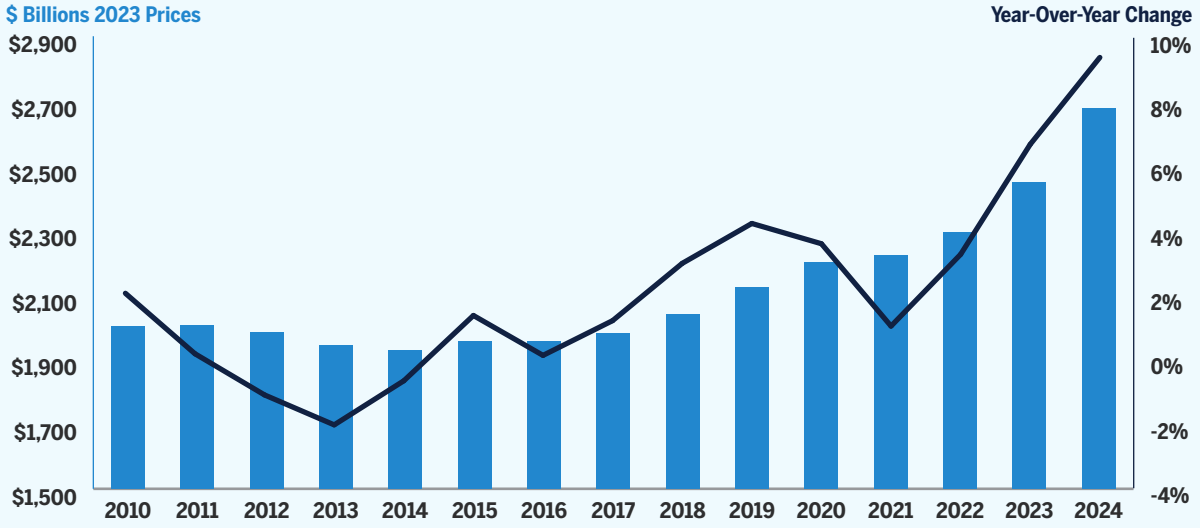
ALGER

Alger On the Money

Investing in Security

Rising geopolitical tension has increasingly brought national security into sharper focus worldwide. Nations are reassessing diplomatic priorities and fiscal budget allocations, underscoring a shift toward greater defense preparedness. Consequently, we believe that sustained growth in defense spending may present investors with compelling investment opportunities.

Global Military Spending Is Picking Up



Source: Stockholm International Peace Research Institute.

- In the chart above, global military spending growth has accelerated in recent years, having grown 9% to $2.7 trillion in 2024. Europe and Asia, in particular, had the largest increases, with each region's defense expenditures rising more than 50% in real terms over the past decade.[1]
- This upward trajectory is likely to continue, notably in Europe, where defense spending is projected to rise significantly following a recently adopted guideline of "core defense requirements as well as defense- and security-related spending" of 5% of GDP by 2035 as compared to the old guideline of 2%. In fact, several European nations have already announced increases in their defense budgets. These include Poland, France, the U.K., and especially Germany—which went so far as to project a doubling in its defense spending within five years.[2]
- In our view, companies engaged in the development of military technologies, including weapon systems, surveillance and electronic warfare capabilities, drones, cybersecurity, and select aerospace components, may be well-positioned to benefit from a meaningful secular tailwind over the coming years.

[1] Stockholm International Peace Research Institute (SIPRI) Military Expenditure Database, April 2025.

[2] Linus Höller, "Germany plans to double its defense spending within five years," Defense News, June 26 2025.

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