Europe Is Spending Again: Reading OPPE Through the Capex Revival

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Key Takeaways

- Forecasts suggest listed European companies could spend €77 billion more on capital expenditure in 2028 than in 2025, led by utilities.
- The WisdomTree European Opportunities Fund (OPPE) combines shareholder-yield discipline with holdings linked to Europe's potential infrastructure, defense and industrial spending revival.
- Higher investment spending does not automatically benefit shareholders, making companies' financing choices and cash returns important distinctions within Europe's potential revival.

When a company builds a factory, upgrades a power grid or buys new equipment, that outlay is called capital expenditure, or capex. It is a revealing signal, because management commits real cash only when it expects demand to justify it for a sustained period. Analyst forecasts compiled in a November 10 note by Huw van Steenis, a partner and European economic and policy strategist at Apollo, suggest that European companies' capex relative to sales is approaching a 10-year high, and that listed European companies may spend €77 billion more on capex in 2028 than they did in 2025. The spending would follow a long period of underinvestment.[1]

What makes the data useful is the mix. The U.S. capex cycle is dominated by artificial intelligence (AI), while Europe's increase may be driven more by infrastructure, defense and power. That is a different kind of growth, owned by a different set of companies, and it happens to describe much of what the WisdomTree European Opportunities Fund (OPPE) holds. Below, each catalyst is matched to OPPE's holdings.[2]

How OPPE Is Built

OPPE is designed to track the total return performance of the WisdomTree European Opportunities Index.

- Two-thirds of the portfolio selection process focuses on companies with the highest shareholder yield, meaning the cash a company returns to its owners through dividends and share buybacks.
- The final third, called the GeoAlpha sleeve, focuses on companies positioned for geopolitical events, fiscal and monetary policy shifts, technology innovation and changing consumer habits.

- A further feature manages currency exposure, and each month the index adjusts how much of its European currency exposure is hedged back to the U.S. dollar.

This design matters here because a capex revival is exactly the kind of development the GeoAlpha sleeve is meant to capture.

Catalyst One: Power and Utilities

Utilities alone account for €31 billion of the forecast increase, around 40% of the total.[1] OPPE holds seven utilities, about 7.0% of the portfolio, compared with about 4.8% for the broad MSCI Europe Index at September 30, 2026. They include Verbund (1.17%), an Austrian electricity producer built largely on hydropower; EDP (1.59%), a Portuguese utility with a large renewable business; Fortum (1.44%), a Finnish power producer; Enel (0.86%) and Endesa (0.46%), Italian and Spanish power and grid companies; Engie (0.41%), a French utility; and Snam (1.07%), an Italian operator of natural gas pipelines and storage.

Heavy spending is not automatically good for owners, though, and utilities show why. In MSCI Europe, the utilities sector pays a dividend yield of 3.8% but has a net buyback yield of negative 2.5%, which means that on balance these companies are selling more new shares than they repurchase, often to help pay for investment. That leaves total shareholder yield at 1.3%, against 3.8% for Europe as a whole.[3]

A sector average can hide wide differences between companies, and the largest share sales of 2025 came from utilities OPPE does not hold. European energy and utilities companies raised about $34 billion in equity across 54 deals that year, roughly three times 2024's $10.8 billion. The three largest were a rights issue (an offer of new shares to existing owners) of around $9.4 billion by Ørsted, a Danish offshore wind developer; a $5.9 billion primary raise by Iberdrola, a Spanish utility; and a £2.0 billion block trade by SSE, a UK utility, tied to funding its five-year investment program. None of the three is in the fund.[4]

Several of the utilities OPPE does hold have paid for growth in other ways.

- Enel bought back about €1 billion of its own shares in the second half of 2025 and authorized a second program of up to €1 billion for February through July 2026, with those shares to be canceled, which shrinks the share count.[5]
- Endesa's €4,100 million of free cash flow in 2025, the cash left after running the business, covered €3,000 million of investment, €1,500 million of dividends and the first €525 million phase of a buyback.[6]
- EDP is targeting about €5 billion from asset rotation, which means selling stakes in existing assets to fund new ones.[7]
- Snam raised perpetual hybrid bonds, a debt-like instrument that does not issue shares.[8]
- Verbund paid a €1.15 special dividend on top of its €2.00 regular dividend while its net debt rose from 0.6 to 1.0 times annual operating earnings.[9]

Catalyst Two: Defense

Consensus forecasts point to defense capex rising 36%, the second-fastest rate of any sector in the data after information technology. Defense is a fast-growing but small piece of the potential revival; the larger money sits in power and industry.[1]

The policy backdrop is unusually durable. By the North Atlantic Treaty Organization's (NATO's) estimates, 17 European allies met its guideline of spending 2% of economic output on defense in 2024, up from two in 2014.[10] In March 2025, Germany amended its constitution so that defense spending above 1% of its economic output, along with civil protection, intelligence services, protection of IT systems and aid to countries attacked in violation of international law, no longer counts toward its limit on government borrowing, known as the debt brake.[11] Because defense budgets flow to suppliers across borders and rebuilding takes years, the spending should be spread across companies and time. OPPE's holdings include BAE Systems (1.18%), a UK defense contractor; Leonardo (1.24%), an Italian defense and aerospace group; and Thales (1.01%), a French defense and electronics company, together about 3.4% of the fund.

Catalyst Three: An Industrial Renaissance

The same forecasts show capex at industrial companies outside defense rising 24%.[1] OPPE is overweight the sector. Industrials were 24.2% of the WisdomTree European Opportunities Index on September 30, against 18.6% for MSCI Europe.[3] The clearest connection is electrification. ABB (1.71%), a Swiss maker of electrification and automation equipment; Schneider Electric (1.20%), a French maker of electrical equipment and energy management systems; Siemens (1.48%), the German industrial technology group; and Rexel (1.02%), a French distributor of electrical supplies, together make up about 5.4% of the fund. Their link to the first catalyst is direct.

When a utility spends on its grid, these are the companies selling the hardware.

A second cluster covers construction and building inputs: Skanska (2.21%), Budimex (1.26%) and Vinci (0.54%), builders based in Sweden, Poland and France; Heidelberg Materials (1.16%), a German cement producer; and Sika (0.58%), a Swiss maker of construction chemicals, about 5.8% together.

ABB also shows a nuance that a simple U.S.-versus-Europe contrast can hide. It earns 34% of its revenue in Europe and 37% in the Americas,[12] and its catalysts include automation tied to reshoring and nearshoring (moving production closer to home) and the electrification of AI and other energy-intensive uses. For a company like this, the AI build-out in the U.S. and the infrastructure build-out in Europe are not rivals. They are two sources of demand.

Catalyst Four: Digitization

Information technology shows the fastest forecast capex growth, 78%, but the expected 2028 level is only about €15 billion, roughly a tenth of the €139 billion for utilities, because Europe's technology sector is small.[1] This is also where OPPE leans least, as information technology was 5.8% of the WisdomTree European Opportunities Index on September 30, compared with 9.7% for MSCI Europe.[3] The holdings include SAP (2.64%), a German enterprise software company and currently the fund's largest holding;

Hexagon (1.79%), a Swedish maker of measurement technology and software; and Ericsson (0.23%), a Swedish telecom equipment maker. Digitization reaches OPPE more through the automation and electrical names above than through pure technology holdings.

Valuation, Performance and What This Does Not Promise

Starting valuation matters for any capex story. Europe trades at 14.5 times expected earnings, meaning investors pay $14.50 for each $1 of next year's expected profit, against 20.4 times for the U.S. That looks like a 29% discount (14.5 divided by 20.4 is 0.71), wider than the roughly 18% historical median discount (14.2 divided by 17.3 is 0.82). But Europe sits only slightly above its own historical median of 14.2 times; the gap widened mainly because the U.S. moved from a median of 17.3 times to 20.4 times. So Europe is not unusually cheap versus itself. A visible spending cycle is simply arriving at a reasonable starting price.[3]

Conclusion: Positioned for the Build-Out, Anchored by Cash Returns

Europe's capex revival is a forecast, not a fact, and forecasts are always subject to revision. OPPE offers a way to own companies that stand to benefit if the spending arrives. More than a third of the portfolio sits in industrials, utilities and technology, the sectors where consensus expects capex to grow fastest, with grid equipment makers, defense contractors and construction suppliers as the clearest links. The rest, led by financials, depends on different drivers. Running through all of it is the shareholder-yield discipline.

The strategy favors companies returning cash to owners through dividends and buybacks, and its screens aim to avoid companies that rank poorly on shrinking their share count.

That is the case for OPPE: exposure to a potential spending cycle, anchored by cash returns, at a valuation that is not expensive relative to Europe's own history.

[1] Source: van Steenis, H. (2026, November 10). Utilities, defense and digitization are driving Europe's capex revival. *The Daily Spark*. Apollo Global Management.

[2] For each company mentioned, the weight in OPPE is noted following the first instance in parentheses, as of November 9, 2026. **Holdings subject to change.**

[3] Sources: WisdomTree, FactSet, MSCI, with data as of September 30, 2026.

[4] Source: Dzimwasha, T., & Saiya, R. (2025, December 19). Capex needs drive decade-best year for European energy and utilities ECM. ION Analytics.

[5] Source: Enel S.p.A. (2026, February 22). *Enel launches a new share buyback program of up to 1 billion euros* [Press release].

[6] Source: Endesa. (2026, February 24). *Endesa breaks its investment record once again with €10,600 million for 2026-2028 after earning €2,351 million, up 18%, last year* [Press release].

[7] Source: EDP – Energias de Portugal, S.A. (2025, November 6). *EDP presents 2026-28 business plan leveraging the secular electrification investment opportunity* [Press release].

[8] Source: Snam S.p.A. (2025, November 5). *Snam's 2025 nine-month financial results: EBITDA and net profit up by 6.6% and 10%, respectively; full-year 2025 guidance upgraded* [Press release].

[9] Source: VERBUND AG. (2026, March 18). *Corporate news: VERBUND full-year 2025 results* [Press release].

[10] Source: North Atlantic Treaty Organization. (2025, August 28). *Defence expenditure of NATO countries (2014–2025)* [Report; data cut-off June 3, 2025].

[11] Sources: Gesetz zur Änderung des Grundgesetzes (Artikel 109, 115 und 143h) [Law amending the Basic Law (Articles 109, 115, and 143h)], Bundesgesetzblatt Teil I [BGBl. I], 2025, Nr. 94 (2025, March 24); Deutscher Bundestag. (2025, March 18). *Mehrheit für Reform der Schuldenbremse: 512 Abgeordnete stimmen mit Ja* [Parliamentary news].

[12] Source: ABB Ltd. (2026). *Financial report 2025*.

Important Risks Related to this Article

There are risks associated with investing, including possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. This Fund focuses its investments in Europe, thereby the impact of events and developments associated with the region can adversely affect performance. The Fund invests in derivatives in seeking to obtain a dynamic currency hedge exposure. Derivative investments can be volatile, and these investments may be less liquid than other securities, and more sensitive to the effects of varied economic conditions. Derivatives used by the Fund may not perform as intended. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit and the Fund does not attempt to outperform its Index. The composition of the Index is governed by an Index Committee and the Index may not perform as intended. Due to the investment strategy of this Fund, it may make higher capital gain distributions than other ETFs. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.