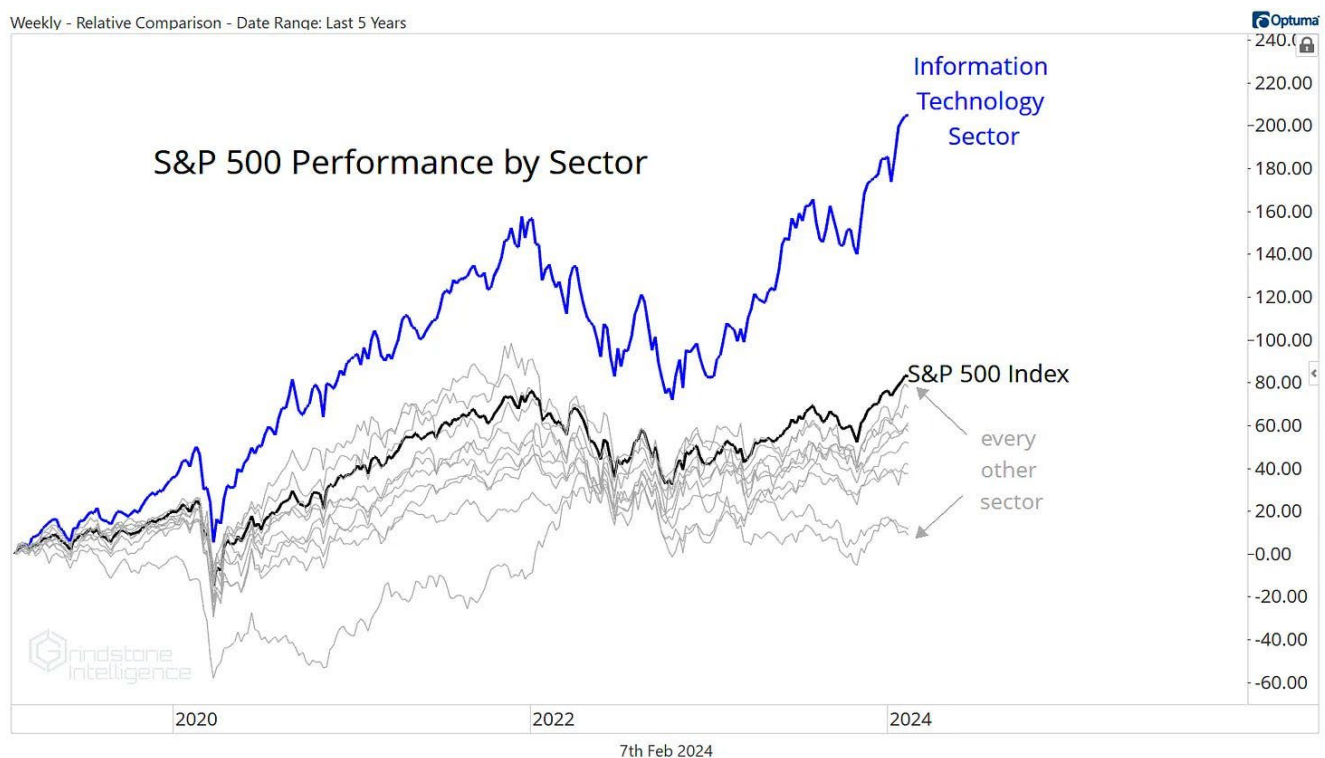


## The impact Information Technology sector has had on the performance of the S&P500 and European Stocks near record discount to US Peers

The dominance of the technology sector has been highlighted for some time now. However, it is interesting to note just how much the dominance of tech in the United States in recent years has impacted the wider market. The below chart shows the performance of the S&P 500 by sector since 2019. Over the last 5 years, the Information Technology sector has risen more than 200%, which is more than double the return of the S&P 500 index. Tech's dominance has been so extreme that every other sector has lagged the benchmark. In the chart we can also see that 10 out of the 11 sectors are performing below 'average', meaning they have underperformed the main S&P 500 index. The weighting of technology stocks on the overall S&P 500 is one of the main reasons for this, with Microsoft, Apple and NVIDIA making up the top three companies in the index. Together they account for 17% of the total index's weighting.



Source – Grindstone Intelligence

At a time when the S&P 500 is hitting new all-time highs, having recently touched the 5000 mark for the first time in its history, it is important to note the relative value of the S&P 500 in comparison to one of Europe's largest indices, the EuroStoxx 600. The EuroStoxx 600 is used as the main benchmark for the performance of European companies, encapsulating the top 600 companies in Europe into its index. At the moment, the EuroStoxx 600 is trading at a near record discount to the S&P 500, with a 35% Price/Earnings discount. This means that European stocks in general are trading at far cheaper prices when compared to their US counterparts. Valuations have skyrocketed over the past year in the technology sector thanks to the boom

in Artificial Intelligence, medical technologies, and mega cap stocks such as Apple and Microsoft.

