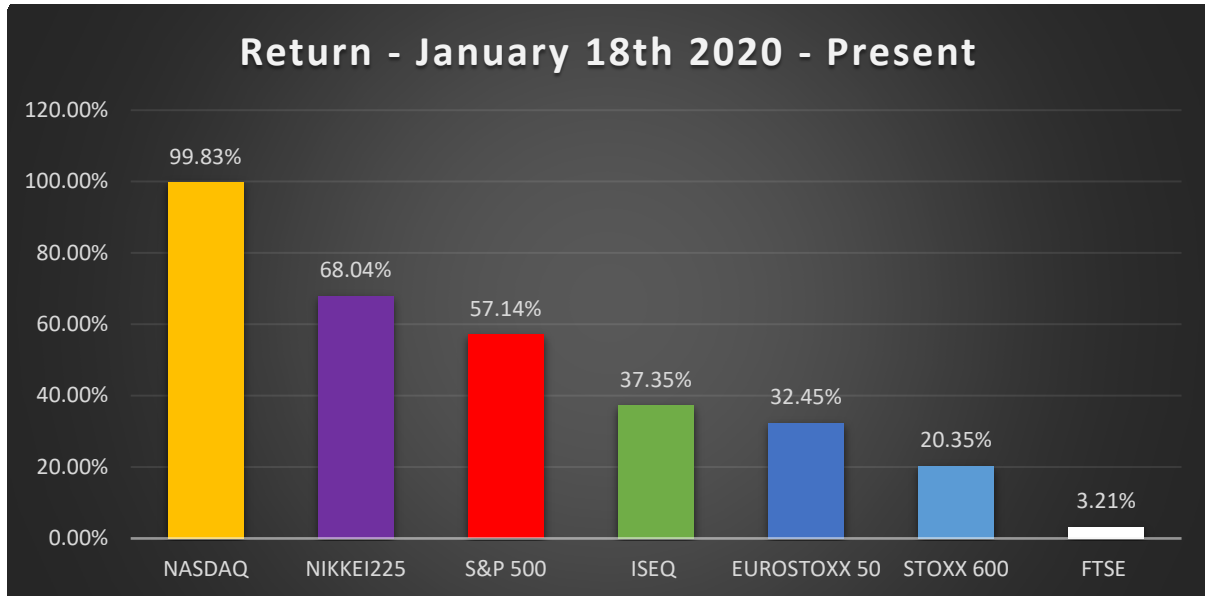


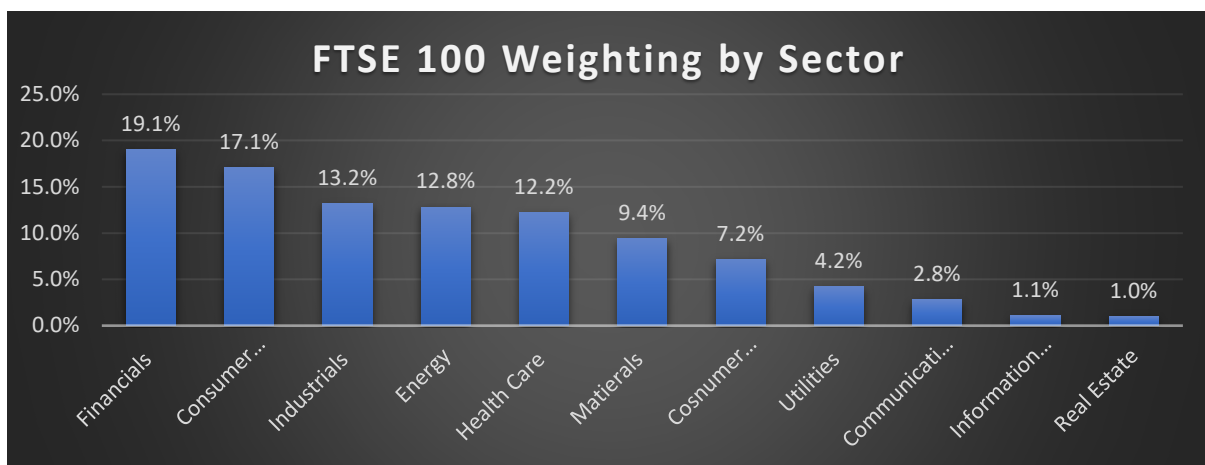
A focus on the FTSE 100 and its underperformance versus its US and European counterparts

Below we can see a selection of Equity Indices from around the world, starting from January 2020 up to the present day (26.03.2024). Since January 18th, 2020, every major index listed on this chart has posted positive returns, with the NASDAQ leading the way with just under 100% return in that period. Much of this can be attributed to the sharp rise in the past 12 months prompted by the AI fuelled rally. However, while all indices below have posted gains, one stands out as being an outlier in terms of its overall gain, that being the FTSE 100 (shown in white). During this period, the FTSE 100 has returned just 3.21%, massively underperforming its US and European counterparts. So why is this?



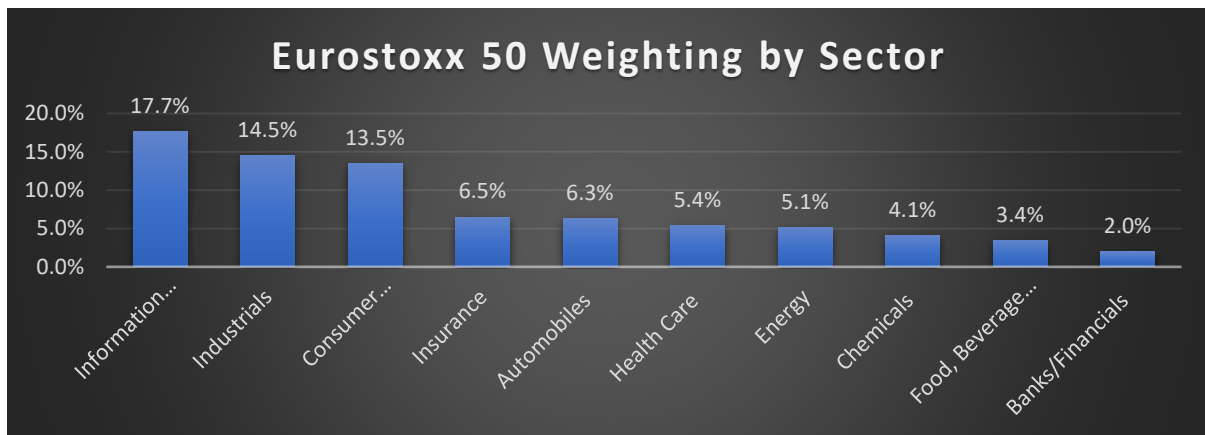
Source - Seaspray Private

Firstly, we must look at the weighting of the FTSE 100, which we have highlighted in our below chart. As you can see, financial companies account for 19.1% of the total indices weighting, with HSBC being the lead company in this regard. Consumer Staples follows this with 17.1%, with Industrials 13.2% making up the top 3. Together these industries account for almost 50% of the total indices weighting. However, what's more interesting is the weighting towards the Information Technology sector where just 1.1% of the FTSE's 100 total weighting is in.



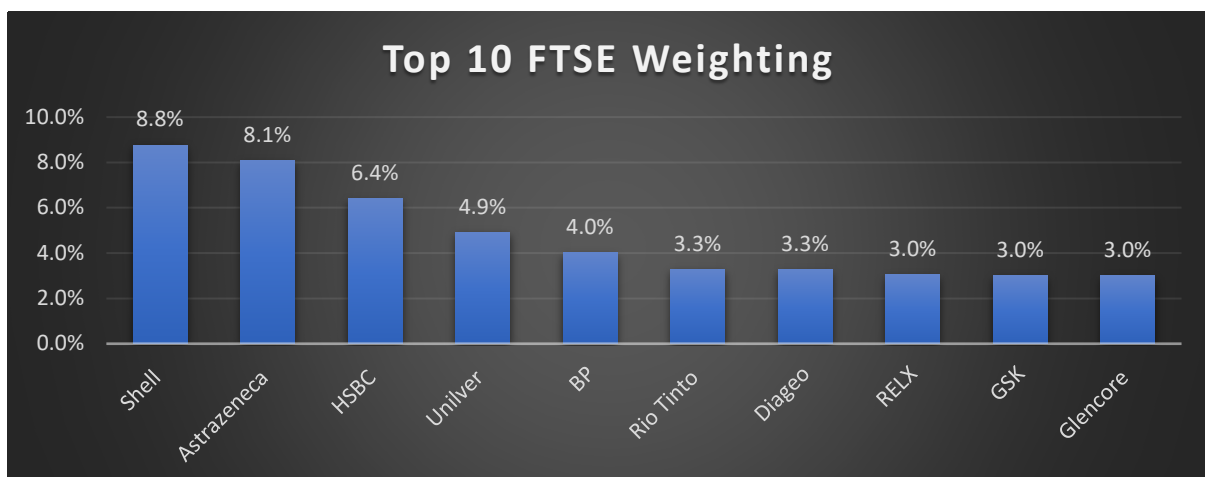
Source - Seaspray Private

If we compare this to the Eurostoxx50 in our chart below, the seminal index for the Euro Area, we can see one major disparity. Information Technology makes up the largest share of the weighting on the index, with 17.7%. Like the FTSE however, Industrials and Consumer staples and discretionary make up the other two major sectors.



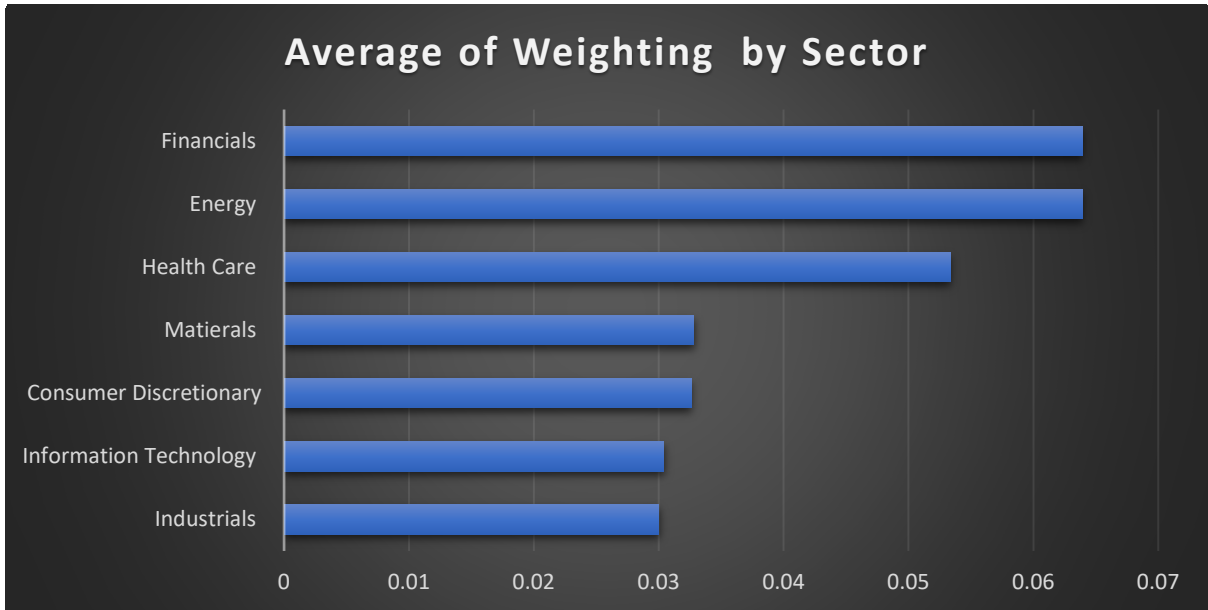
Source - Seaspray Private

Now the question remains, why has the FTSE 100 underperformed. By comparing the top 10 companies on the FTSE 100 to the top 10 on the Eurostoxx50 we gain a clearer picture as to why.



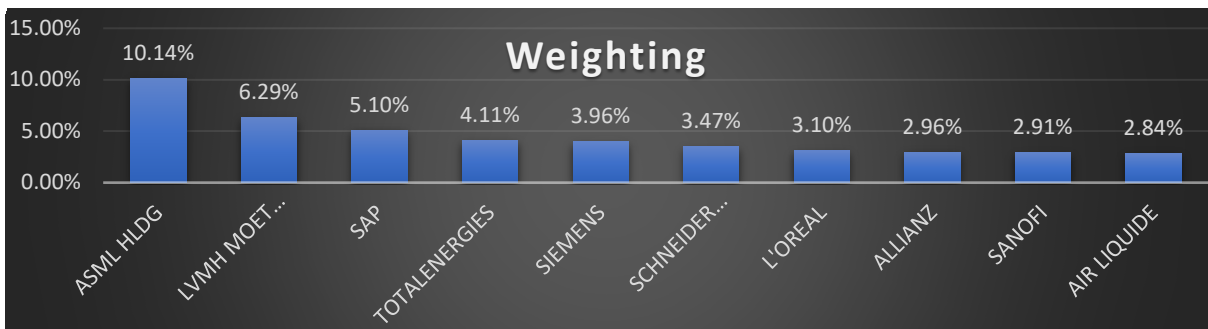
Source - Seaspray Private

The above chart illustrates the 10 biggest companies by weighting on the FTSE 100, according to the LSEQ group in the December 31st report. Shell, the oil giant, has the largest individual weighting on the FTSE with 8.8%, followed by the health care and pharmaceutical company AstraZeneca with 8.1%. If you were to take the top 10 companies from above, you will see in our next chart the average weighting by sector.



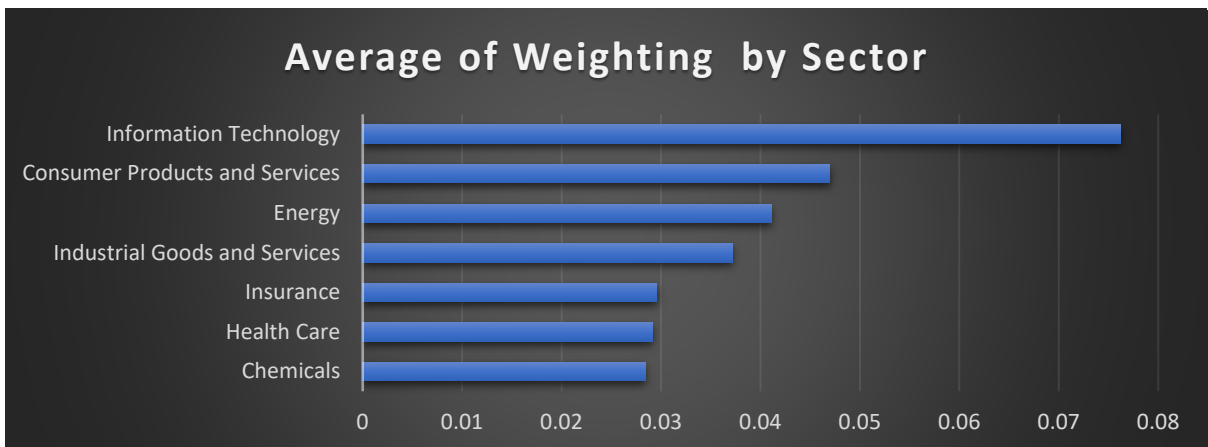
Source - Seaspray Private

As we can see above, Financials, Energy and Health Care make up the biggest proportion, with IT being the second lowest. The below chart in contrast highlights the 10 largest individual stocks by weighting on the Eurostoxx50. ASML, the semiconductor producer has just over 10% of the total weighting, with LVMH and SAP making up the top 3. Between them, they account for just over 21% of the Eurostoxx50's total weighting.



Source - Seaspray Private

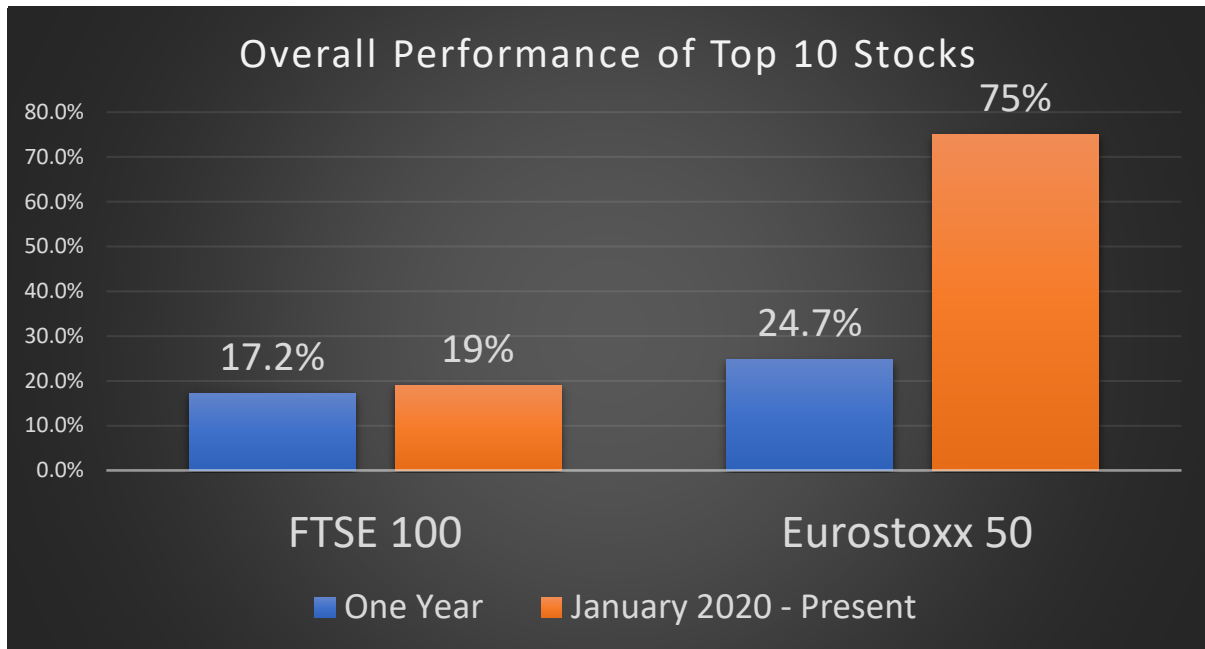
More importantly, when we look at the sector breakdown of the top 10, we see a significant average weighting towards Information Technology.



Source - Seaspray Private

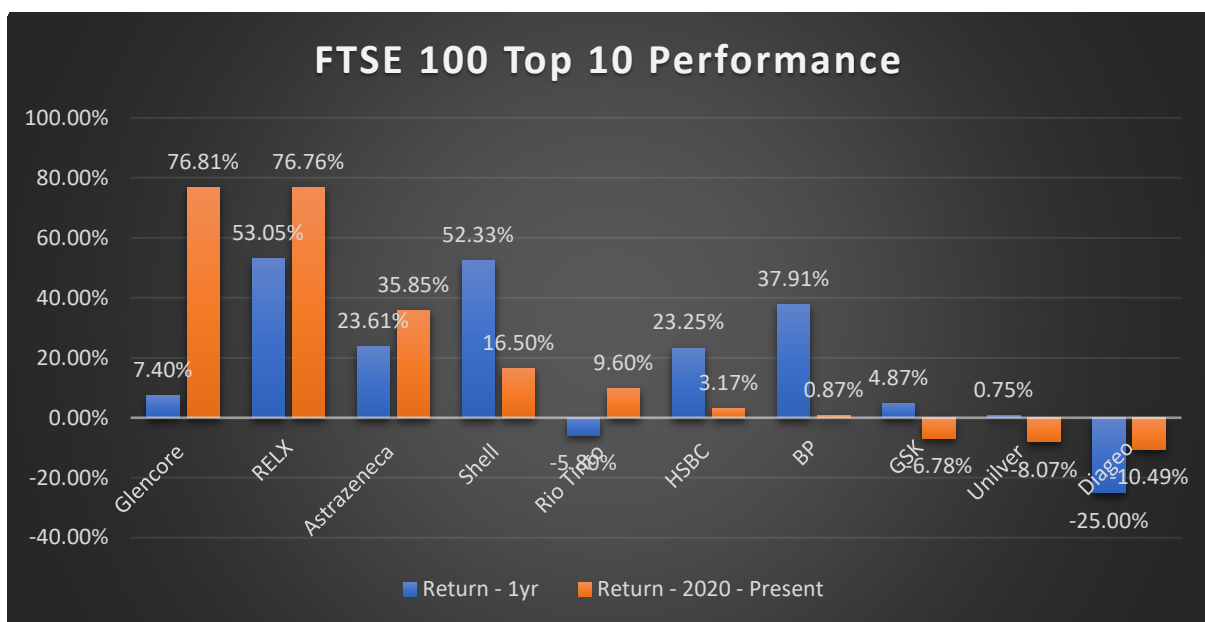
So now we will bring all this data together.

Over the past year, the top 10 weighted companies on the FTSE 100 have returned a very respectable 17.2%, underperforming the top 10 companies on the Eurostoxx50 by just 7%. However, since January 2020, these same 10 companies have returned just 19%, while the top 10 stocks on the Eurostoxx50 have returned 75%. While weightings have changed since 2020, it is clear that certain elements of the Eurostoxx50 have outperformed the FTSE.



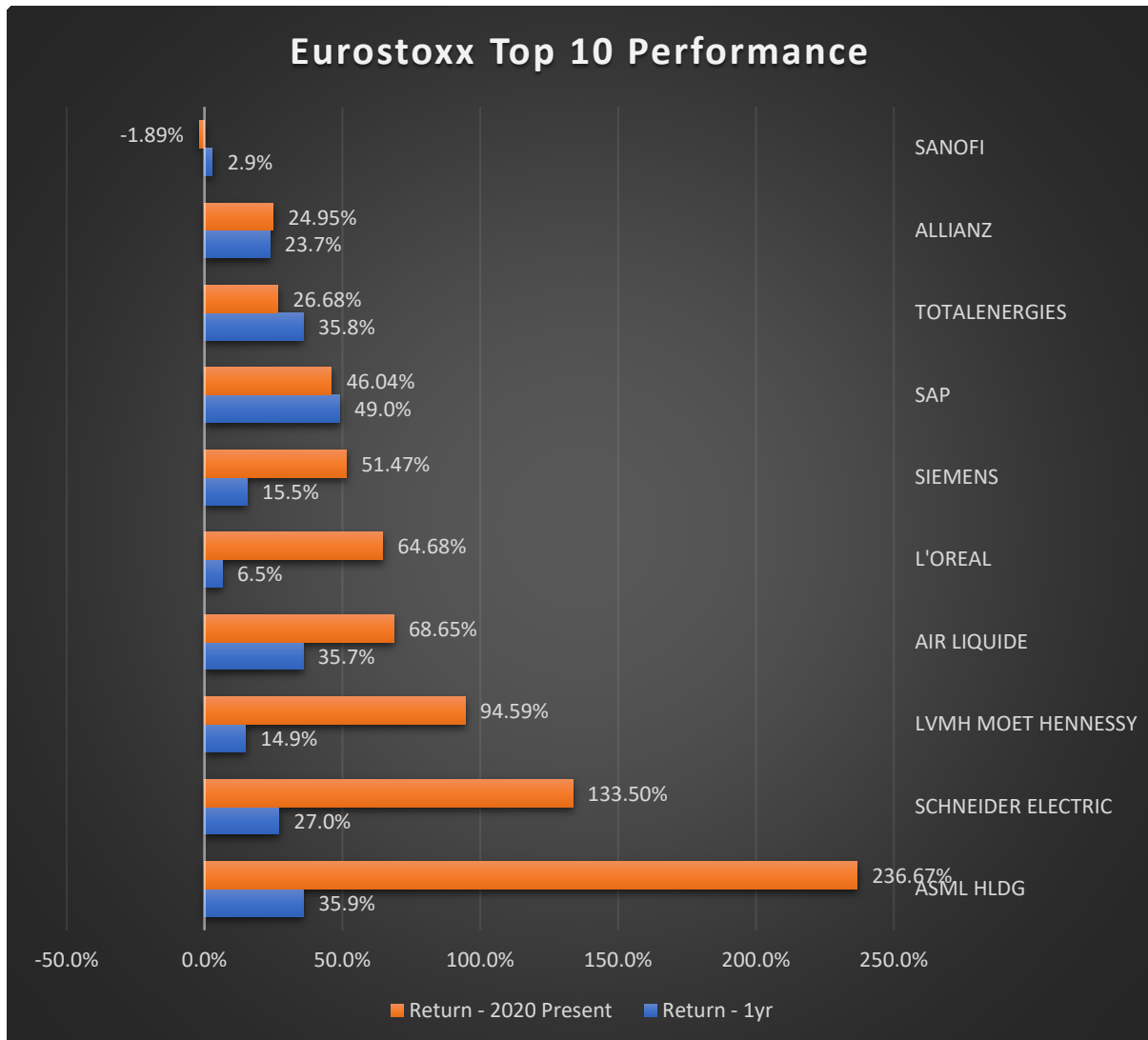
Source - Seaspray Private

Finally, our next chart illustrates the individual performances of each of the top 10 companies from the FTSE 100 and Eurostoxx50. Over the past year, RELX, the data analysis and statistics company performed the best, posting gains of 53.05%, while over the four-year term, Glencore, the minerals, and mining conglomerate posted gains of 76.81%, just pipping RELX. Overall, RELX has been the best performing stock.



Source - Seaspray Private

Comparing this to the EuroStoxx50, over the last year SAP, the German Enterprise Resource Planning company posted gains of 49%, followed by ASML with 35.9%. However, over the four-year period, ASML recorded gains of 236.67%, with Schneider Electric following with 133.50%. Both companies operate in IT sphere's with ASML in the semiconductor industry and Schneider operating in the digital automation sector.



Source - Seaspray Private