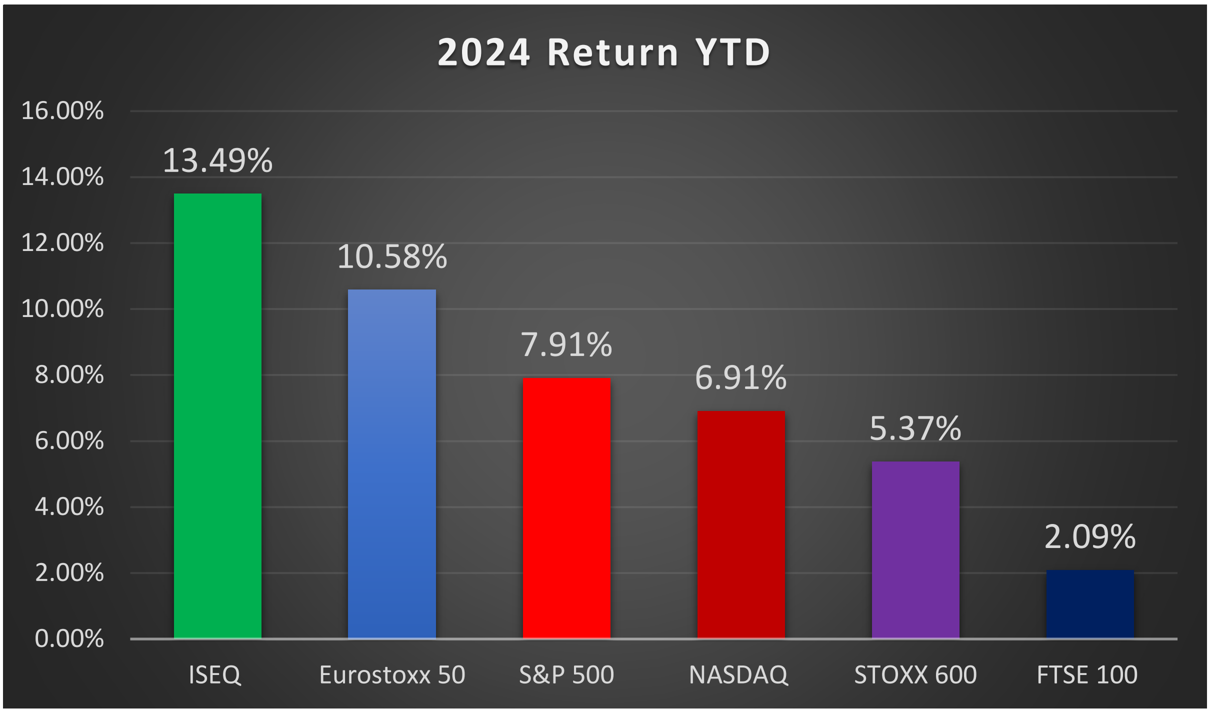
The ISEQ Index – a focus on the key elements supporting its year-to-date performance

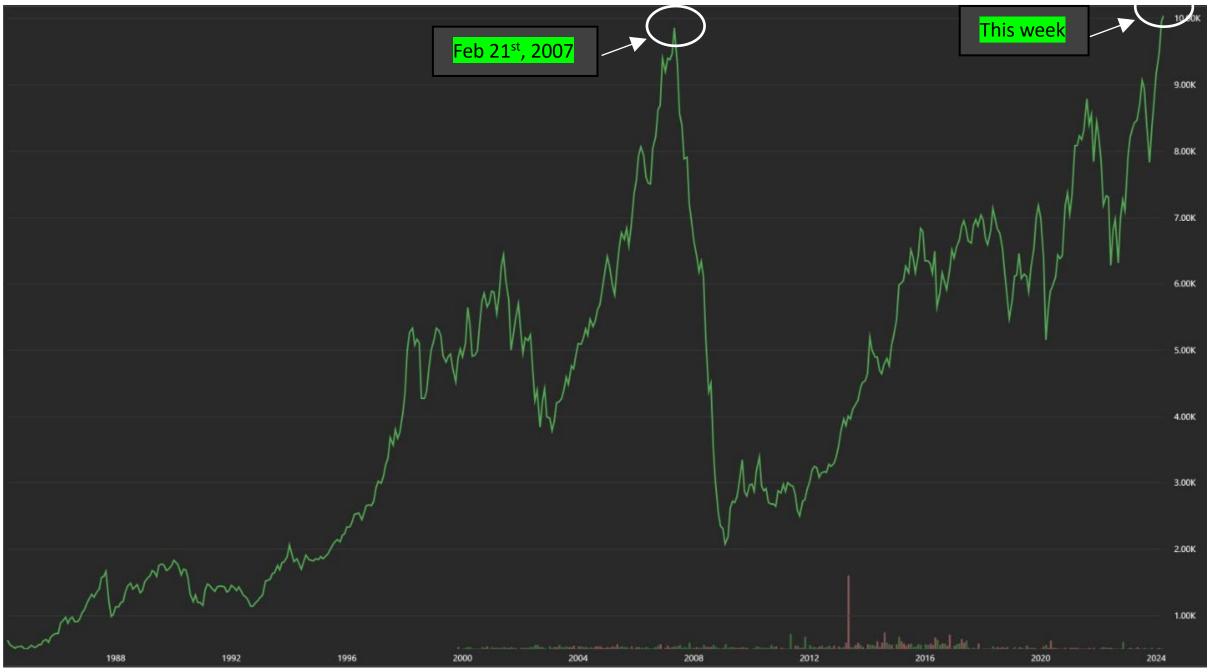
The past quarter has been dominated by interest rates, geopolitics, the continued growth of the AI sector, and the impact these have had on international indices. The S&P 500 and NASDAQ so far this year have recorded gains of 7.91% and 6.91% respectively, buoyed by returns in companies such as NVIDIA and Microsoft. However, in terms of Year to Date (YTD) performance, there is one index that has outperformed all of its major counterparts – The ISEQ.



Source: Seaspray Private

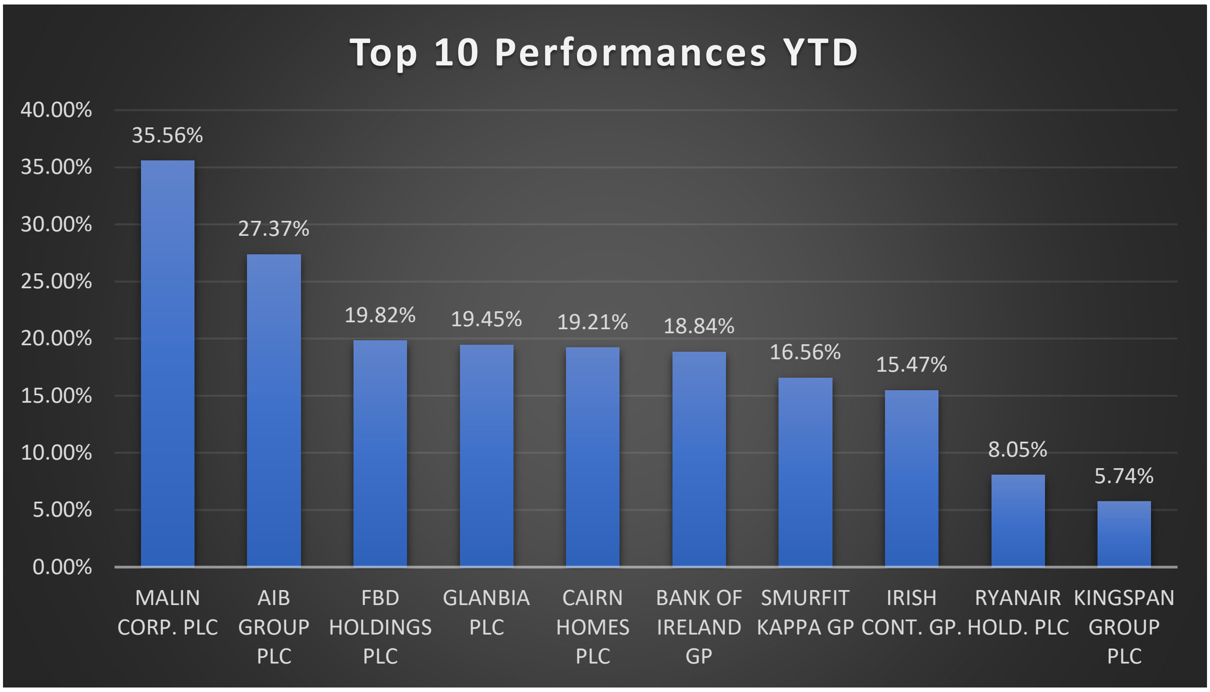
Above you can see that so far in 2024, the ISEQ has returned 13.49%, outperforming both major US and EU indices, and the FTSE 100. This rally has resulted in the ISEQ reaching new record highs, which it achieved just this week by surpassing the previous record high of 10,041, recorded all the way back on the 21st of February 2007.

Source: Microsoft money application



So, what has caused this dramatic rally, and more specifically who are the companies driving it. Below are the top 10 best performing companies on the ISEQ so far in 2024. While in the past we expect to see Ryanair, Kerry Group or, before their delisting, CRH at the top, we now see a mix of old stock and new stock.

Malin Corporation have been the best performing stock in 2024 so far, recording gains of 35.56%. Malin describes themselves as a publicly listed company "investing in highly innovative life sciences companies". They focus on oncology, immunology, and genetic diseases where they believe innovative life science and healthcare technologies will deliver transformative treatments for patients. Early in 2024, Malin announced that it would be investing in a US based cancer firm, which helped spur a 20% rise in its underlying share price and resulted in its share price hitting a high of €7.91 (currently trading at around €6.90).

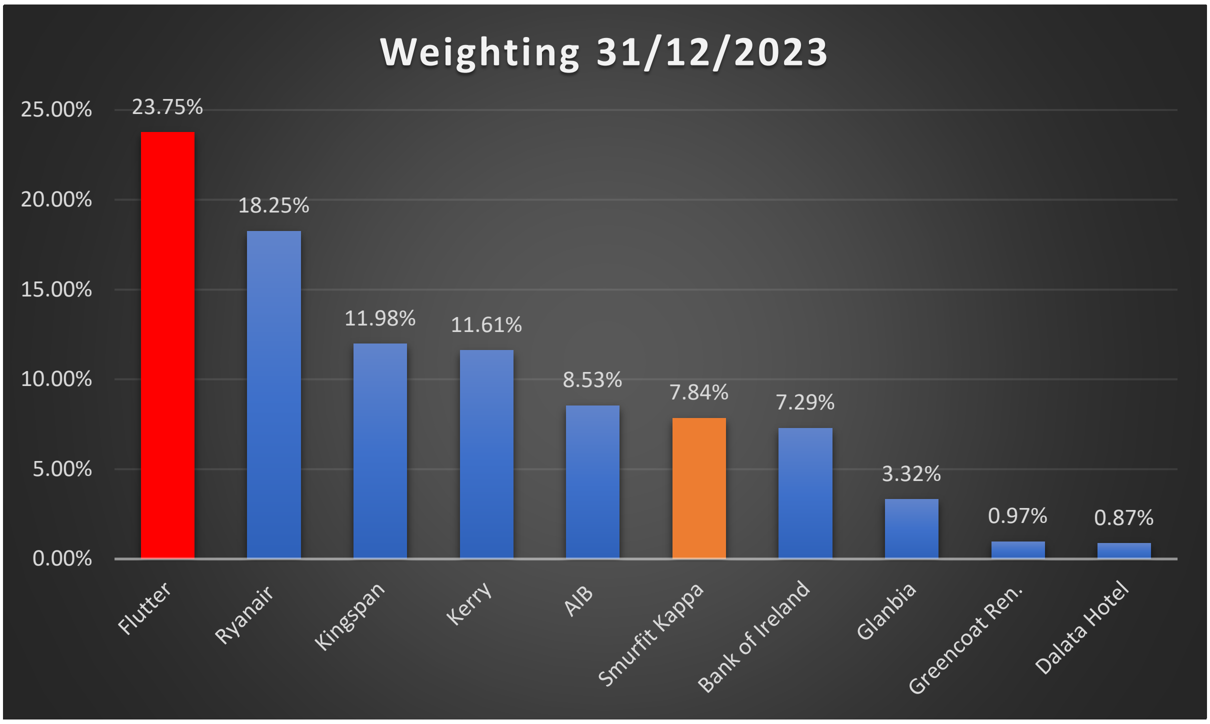


Source: Seaspray Private

Malin is followed by some of the old guard of the ISEQ in AIB, FBD and Glanbia, who have posted returns of 25.62% and 21.80% YTD. AIB's gains have come from the excellent earnings report issued last month, in which the bank reported Profit After Tax of €2.058bn for 2023, with its total incomes for the year rising 64%. The banks also announced at its earnings call that it would be returning €1.7bn to shareholders, with over €600mn in dividends.

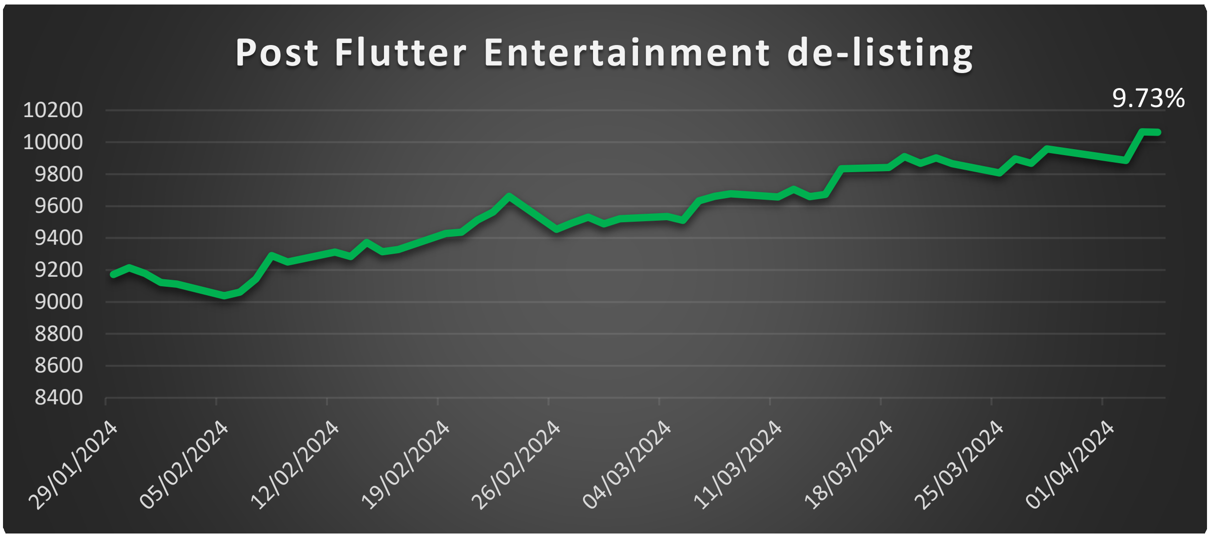
FBD Holdings and Glanbia PLC also performed well in the Q1 of 2024. Glanbia reported a 20% jump in Profit after Tax up to €275mn, and their earnings per share (EPS) increased by 20%. Glanbia also recently changed its CEO, with long time CEO Siobhan Talbot being replaced by Hugh McGuire.

What makes this overall return even more interesting, is that on the 29th of January 2024, the ISEQ lost the largest weighted company on the exchange in Flutter Entertainment, who delisted from the Euronext Dublin. Below was the ISEQ weighting from the 31st of December 2023. There is also a risk that Smurfit Kappa could delist from Dublin as well, having announced it would move its main listing from London to New York in September 2023.



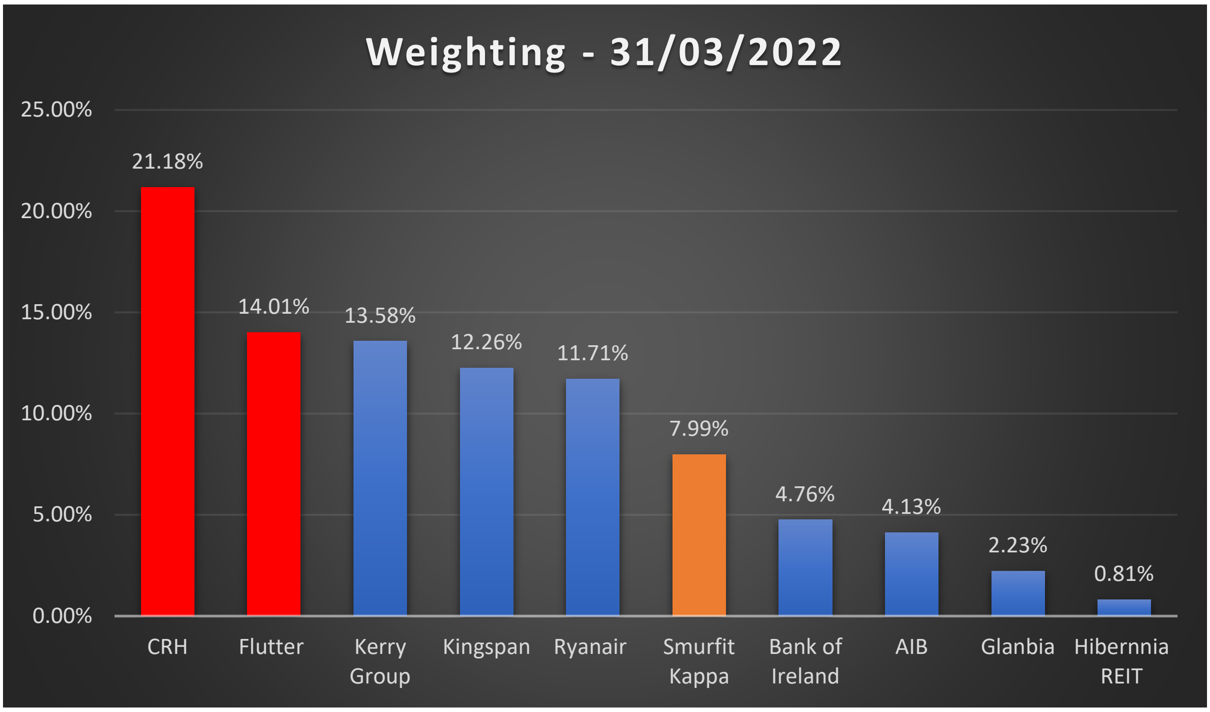
Source: Seaspray Private

As we can see, Flutter made up almost a quarter of the overall weighting on the index, meaning the performance of Flutter had a massive bearing on the overall index's performance. Since the delisting however, the ISEQ has gained 9.73%.



Source: Seaspray Private

The ISEQ has lost some of its largest market cap companies in the last two years, and yet continues to perform. In the below chart we can see the weighting from the 31st of March 2022, almost two years ago to the date where 35% of the ISEQ weighting was in two companies who no longer call it their home in CRH and Flutter.



Source: Seaspray Private

Overall, the ISEQ's success despite delisting's, and all the other issues facing every major index, such as inflation, interest rates and of course geopolitical issues, is quite the story, and highlights the continued success of indigenous Irish firms and the strength of the Irish economy.