August 2026 | Investment Perspective

Your investment portfolio and the markets

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We explore why your investment portfolio does not always perform in line with popular stock market indices, such as the FTSE 100.

The UK's best-known stock market index, the FTSE 100, is made up of shares from the largest companies listed on the London Stock Exchange. The index includes businesses across different industries, from BP and HSBC to AstraZeneca and Tesco, and these are often referred to as 'blue chip' companies.

However, the FTSE 100 is more concentrated than many investors realise. The 10 largest companies account for nearly half the index. As a result, when we read headlines about how the FTSE 100 is performing, it is often driven more by a handful of large companies than by the broader UK stock market. If you invest in a fund that tracks the FTSE 100, you are heavily reliant on these companies performing strongly.

The FTSE 100 is also concentrated in a small number of sectors. Financials, Consumer Staples, Energy and Materials account for approximately 60% of the index. Financials and Consumer Staples are generally considered lower-growth, more defensive sectors, while Energy and Materials are cyclical sectors whose performance is more closely linked to movements in the wider economy. This concentration means the FTSE 100 can perform very differently from other global markets.

As Figure 1. below shows, the FTSE 100 has lagged both the US and global equity markets since the start of the decade, despite a strong period in 2025 when it outperformed the S&P 500 (in GBP terms) by almost 17.5%. This highlights how differences in regional exposure and market composition can lead to markedly different outcomes for investors.

Why doesn't my portfolio move in line with the FTSE 100?

Your portfolio is designed to help you achieve your financial objectives within set risk parameters, rather than track the performance of a single stock market index.

For example, when you invest in one of the Omnis Agility portfolios, you gain exposure to a diversified mix of equities, bonds and alternative investments across a range of geographical regions and sectors.

In most portfolios, less than a quarter of assets are invested in the UK. For instance, in Omnis Agility IV, our Strategic Asset Allocation allocates 14% to UK equities and 9.25% to UK bonds, with the remaining 76.75% invested across other regions and asset classes.

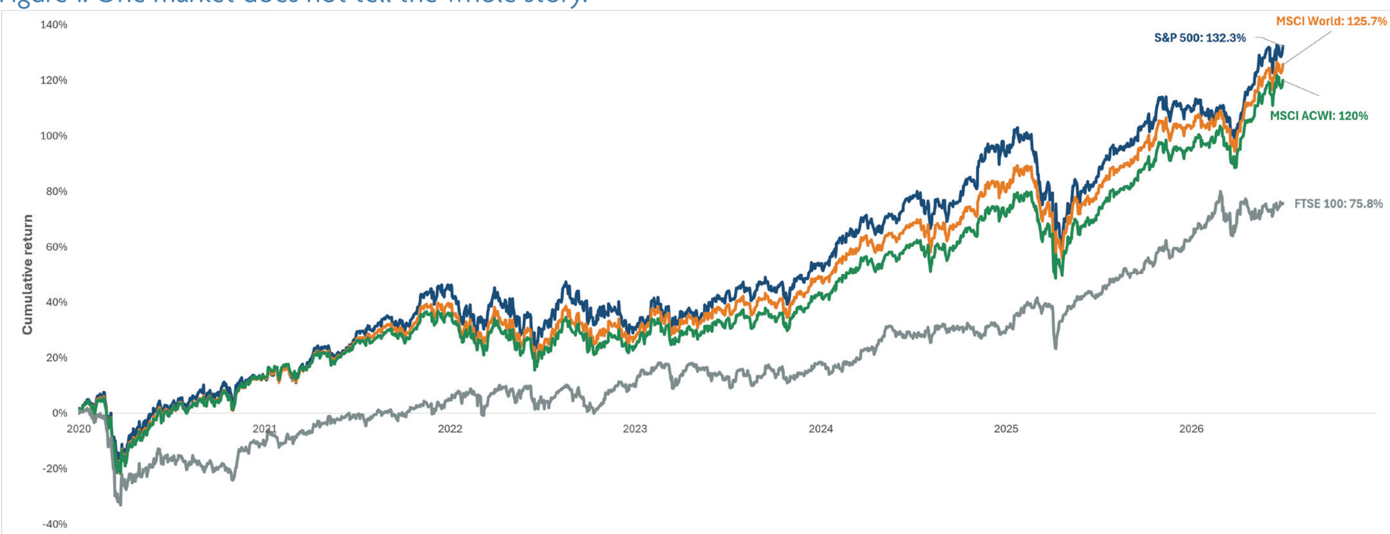
As a result, when the FTSE 100 rises, the portfolio will not necessarily increase in value by the same amount.

Furthermore, our UK equity funds seek opportunities in businesses of all sizes, rather than focusing solely on the largest companies in the FTSE 100. This means that even our UK funds can perform differently from the index.

Diversification matters

Omnis portfolios are designed to be well-diversified across asset classes, sectors and regions, while our managers seek to maintain sufficient diversification within each underlying fund.

Figure 1. One market does not tell the whole story.



Source: Bloomberg 31 December 2019 - 30 June 2026. Used total return indices for S&P 500, FTSE 100, MSCI World & MSCI ACWI

During periods when a small number of sectors, regions or companies dominate market returns, diversified portfolios can underperform headline equity indices. However, diversification aims to reduce reliance on any single driver of returns and provide a smoother investment journey over time.

Investing for the long term

It's important not to focus too heavily on short-term performance. As Figure 2 below shows, we rarely see one market or region outperform or underperform consistently. The best-performing markets in one year often experience a slowdown in the years that follow, while previously weaker markets can rebound.

If you look at the returns of a balanced portfolio allocation, these tend to occupy the middle ground between higher returning equity markets and lower risk bond markets. This is what Omnis aims to deliver for clients: a smoother path of returns while managing risk and seeking to capture additional upside through active manager outperformance and tactical asset allocation.

Perhaps more importantly, over five years an adventurous portfolio has delivered superior returns to the FTSE 100, but with significantly lower volatility (Figure 3). In other words, investors have achieved similar outcomes while being exposed to less uncertainty along the way.

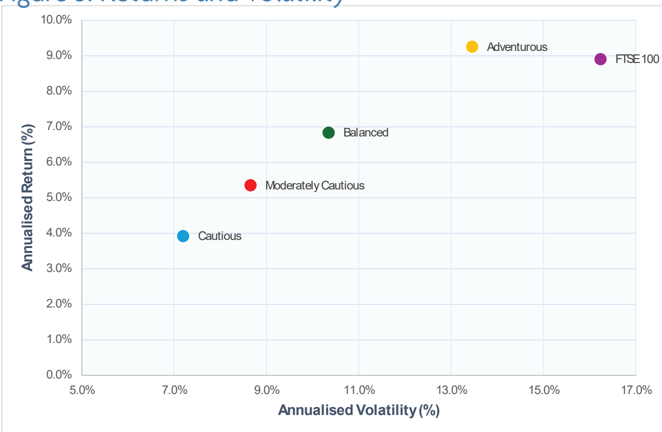
While equity markets can be expected to deliver growth over the long term, a geographically diversified multi-asset portfolio can help manage risk in line with your financial objectives.

An active and diversified approach

The advantage of investing in a diversified portfolio is that it can deliver smoother investment performance over the long term. When one part of the portfolio is struggling, another part can help offset the impact. History shows that exposure to different asset classes, industry sectors and global regions is one of the most effective ways to build wealth steadily while managing risk.

Rather than seeking to mirror the performance of a single index, Omnis Agility portfolios are constructed to help investors achieve their goals through a disciplined, diversified and actively managed investment approach.

Figure 3. Returns and volatility



Source: FE Analytics, 31/12/2019 – 30/06/2026. FTSE 100 shows total return in GBP. Portfolio returns use Openwork Limited's Strategic Asset Allocation with underlying indices.

Figure 2: Patchwork Quilt – Comparing performance across different markets

Index	Asset Class	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FTSE All Share	UK Equities	40.3 US Smaller Cos.	25.8 EM Equities	5.1 Global Bonds	26.4 US Equities	17.6 Asia Equities	27.6 US Equities	1.4 Cash	19.4 US Equities	26.7 US Equities	29.6 Asia Equities
Deutsche Numis Smaller Companies(Ex-ICs)	UK Smaller Companies	33.7 US Equities	20.3 Asia Equities	1.1 US Equities	25.2 UK Smaller Cos.	17.2 US Equities	21.9 UK Smaller Cos.	0.3 UK Equities	15.7 EU Equities	14.0 US Smaller Cos.	27.9 EU Equities
Russell 1000	US Equities	33.1 EM Equities	19.5 UK Smaller Cos.	0.6 Cash	22.8 US Smaller Cos.	16.3 US Smaller Cos.	19.3 US Smaller Cos.	-4.8 Japanese Equities	13.3 Japanese Equities	10.1 Japanese Equities	25.1 EM Equities
Russell 2500	US Smaller Companies	31.7 Asia Equities	17.5 EU Equities	0.5 Gilts	20.5 EU Equities	15.0 EM Equities	18.3 UK Equities	-5.3 Asia Equities	10.8 US Smaller Cos.	10.0 EM Equities	24.0 UK Equities
FTSE World Europe ex UK	European Equities	22.7 Japanese Equities	14.4 Japanese Equities	-0.1 Short-Dated Bonds	19.2 UK Equities	11.1 Japanese Equities	17.4 EU Equities	-6.4 Global Bonds	10.1 UK Smaller Cos.	9.5 UK Smaller Cos.	17.1 Japanese Equities
FTSE World Asia Pacific ex Japan	Asian (ex-Japan) Equities	21.9 Global Bonds	13.1 UK Equities	-2.3 Corp Bonds	15.6 Balanced Portfolio	9.3 Corp Bonds	9.2 Balanced Portfolio	-7.0 EU Equities	9.9 Corp Bonds	9.5 UK Equities	13.6 Balanced Portfolio
FTSE Japan	Japanese Equities	20.1 Balanced Portfolio	11.2 US Equities	-4.4 US Smaller Cos.	14.9 Asia Equities	8.8 Gilts	8.2 Asia Equities	-7.3 Short-Dated Bonds	9.0 Balanced Portfolio	9.3 Balanced Portfolio	12.7 UK Smaller Cos.
MSCI Emerging Markets	Emerging Market Equities	19.7 EU Equities	10.8 Balanced Portfolio	-4.4 Balanced Portfolio	14.8 Japanese Equities	8.6 EU Equities	2.5 Japanese Equities	-8.1 US Smaller Cos.	8.3 Asia Equities	7.8 Asia Equities	9.3 US Equities
ICE BofA UK Gilt	Gilts	16.8 UK Equities	6.7 US Smaller Cos.	-6.8 Asia Equities	14.3 EM Equities	5.6 Global Bonds	0.1 Cash	-8.3 Balanced Portfolio	7.9 UK Equities	5.1 Cash	7.0 Corp Bonds
ICE BofA Sterling Corporate	Corporate Bonds	11.9 Corp Bonds	5.2 Corp Bonds	-7.6 Japanese Equities	11.4 Corp Bonds	5.3 Balanced Portfolio	-1.0 Short-Dated Bonds	-8.9 US Equities	6.9 Short-Dated Bonds	4.1 Short-Dated Bonds	6.4 Short-Dated Bonds
ICE BofA 15 Year Sterling Non Gilt	Short-Dated Bonds	10.6 UK Smaller Cos.	1.9 Gilts	-8.9 EM Equities	7.3 Gilts	3.1 Short-Dated Bonds	-1.3 EM Equities	-9.6 EM Equities	4.6 Cash	3.0 EU Equities	5.0 Gilts
ICE BofA Global Broad Market	Global Bonds	10.6 Gilts	1.8 Short-Dated Bonds	-9.5 EU Equities	3.9 Short-Dated Bonds	0.2 Cash	-3.3 Corp Bonds	-17.9 UK Smaller Cos.	4.1 EM Equities	2.1 Corp Bonds	4.2 Cash
BoE Sterling Overnight Index Averge	Cash	4.2 Short-Dated Bonds	0.3 Cash	-9.5 UK Equities	2.8 Global Bonds	-4.3 UK Smaller Cos.	-4.4 Global Bonds	-19.9 Corp Bonds	3.7 Gilts	-0.3 Global Bonds	4.2 US Smaller Cos.
Blend of Indices*	Balanced Portfolio	0.4 Cash	-2.3 Global Bonds	-15.4 UK Smaller Cos.	0.7 Cash	-9.8 UK Equities	-5.3 Gilts	-25.1 Gilts	-0.4 Global Bonds	-4.1 Gilts	0.6 Global Bonds

*Balanced portfolio uses the Omnis Balanced Strategic Asset Allocation. Source: FE fund info. All returns as at calendar year end in GBP.

Approved by Omnis Investments on 12/08/2026.

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