Index Research and Design | Equities

Family ownership: built with the long term in mind

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Why family ownership matters

Family businesses are often associated with small, privately held companies, but that picture captures only part of the market. Family ownership also extends to large, listed corporations with established brands, international operations and significant positions in their industries.

The European Commission estimates that family businesses account for more than 60% of all companies in Europe. (1) A separate study of 5,232 listed companies across 13 Western European countries found that 44% were family controlled, (2) although estimates vary depending on the definition used.

Research suggests that ownership structure can influence how a company is governed, how it allocates capital and the period over which management evaluates investment decisions. A meta-analysis covering 155 studies across 35 countries found that family firms outperformed non-family firms in developed markets (3). Other research has found that outcomes depend on how ownership, control and management are structured (2)(4).

The investment case for family-owned companies, is not that all will perform well, but that family ownership may create conditions for closer oversight by owners who have substantial economic interests in the company, make investment decisions over longer time horizons and maintain careful stewardship of capital.

A listed equity view of family ownership

The **FTSE Developed Eurozone Top 30 Family-Owned Capped Index** reflects the performance of the 30 constituents of the FTSE Developed Eurozone Index with the highest FactSet Family Ownership Scores. To reach the score, FactSet estimates the proportion of each company owned by individual shareholders, either directly or through holding companies, and public company shareholders and uses this as a proxy for family ownership. Companies are ranked by this measure rather than classified simply as family-owned or not family-owned. It means that a company may receive a high score when one or more families hold significant stakes, even if the company is not conventionally considered family owned. (5)

Table 1 shows the three largest constituents, together with their country, industry, and index weight, at the latest review.

Table 1: The three largest constituents of the FTSE Developed Eurozone Top 30 Family-Owned Capped Index at the latest review

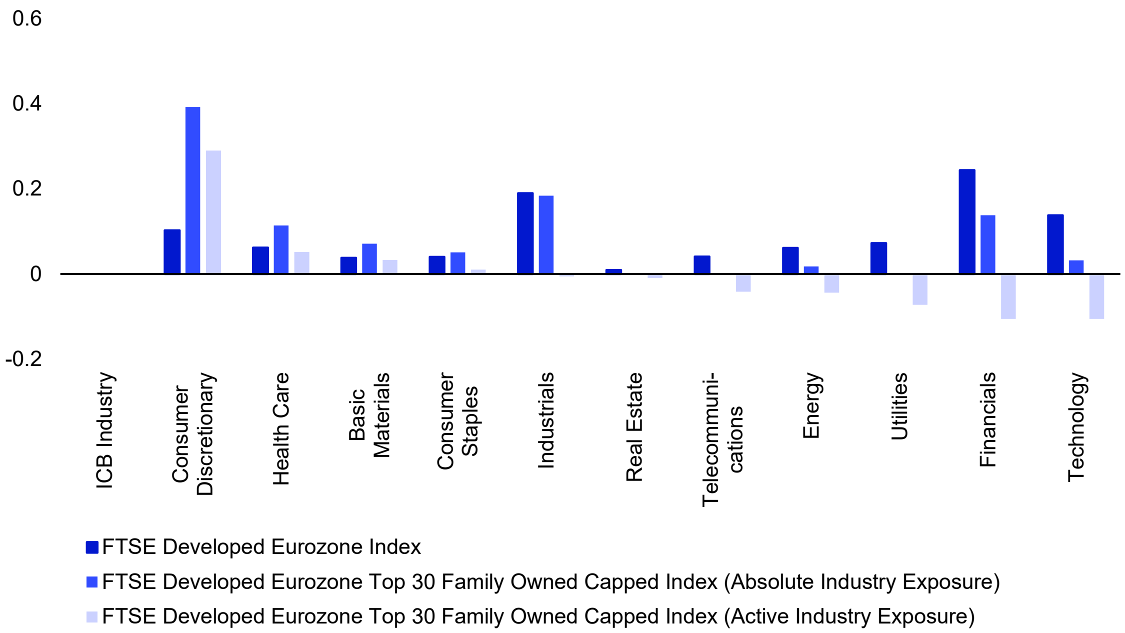
Name	Country	ICB Industry	Index Weight
Inditex	Spain	Consumer Discretionary	10.21%
LVMH	France	Consumer Discretionary	10.08%
EssilorLuxottica	France	Health Care	9.92%

Source: FTSE Russell. March 2026. The data includes back test, hypothetical performance. Please see the end for important legal disclosures.

The selection of companies with high FactSet Family Ownership Scores produce a different industry and country mix from the broader FTSE Developed Eurozone Index. Figures 1 and 2 show that the index had a substantially higher allocation to Consumer Discretionary and lower allocations to Financials and Technology. By country, it had higher weights in France, Spain and Italy and a lower weight in Germany.
These differences reflect where the highest-scoring companies are concentrated within the parent universe.

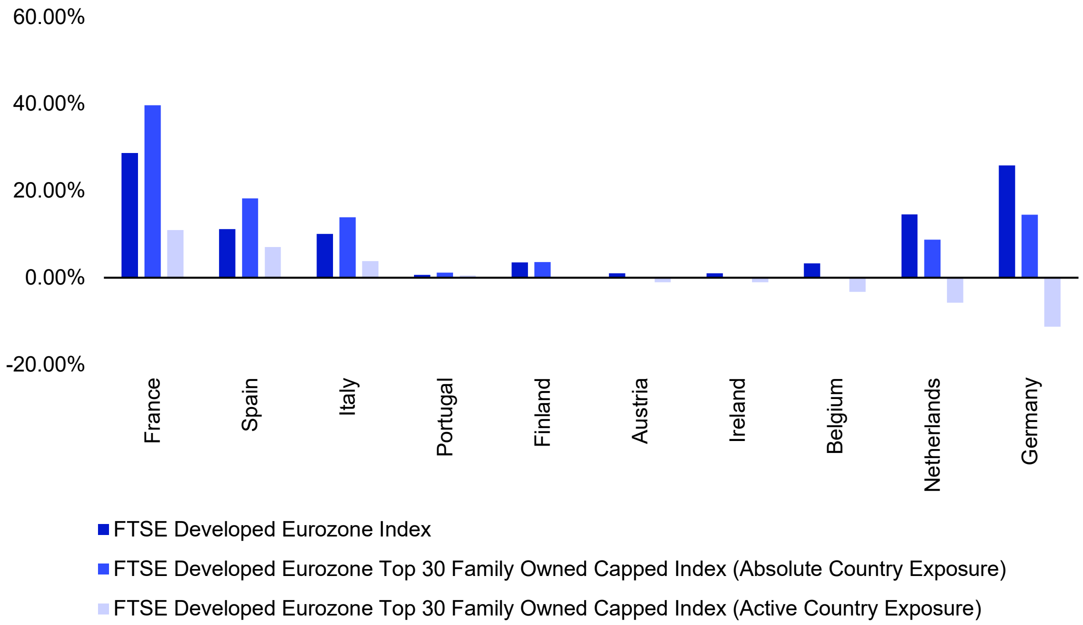
Sector weights are important drivers of the index's risk and return profile.
The comparisons that follow may therefore reflect industry, country and security selection as well as the ownership characteristics targeted by the index.

Figure 1: Index weights and active industry exposures relative to the FTSE Developed Eurozone Index at the latest review



Source: FTSE Russell. March 2026. The data includes back test, hypothetical performance. Please see the end for important legal disclosures.

Figure 2: Index weights and active country exposures relative to the FTSE Developed Eurozone Index at the latest review



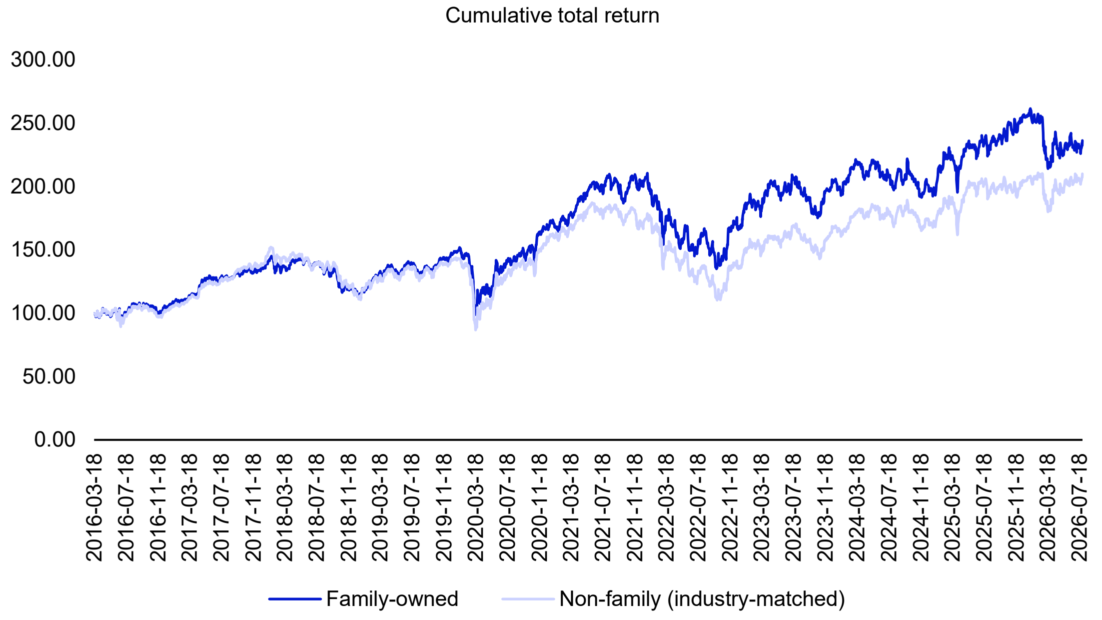
Source: FTSE Russell. March 2026. The data includes back test, hypothetical performance. Please see the end for important legal disclosures.

Does the Index reflect the proposed investment rationale?

To provide a more focused comparison, we constructed a hypothetical capped portfolio of non-family companies with industry weights aligned to those of the family-owned index. This reduced differences that arose from industry weighting, although it did not control for country, company size, factor exposure or individual security selection. The research portfolio is not a published FTSE Russell index or an investable product.

Historical index performance

Figure 3: Cumulative total returns of the family-owned index and industry-matched non-family research portfolio



Source: FTSE Russell. March 2016 to July 2026. The data includes back test, hypothetical performance. Please see the end for important legal disclosures.

Table 2: Historical risk and return statistics

	Cumulative Return	Annualised Return	Annual Volatility	Sharpe Ratio	Max Drawdown
Family-owned	136.3%	8.6%	19.9%	0.5	-35.9%
Non-family (industry-matched)	110.2%	7.4%	19.8%	0.45	-43.0%

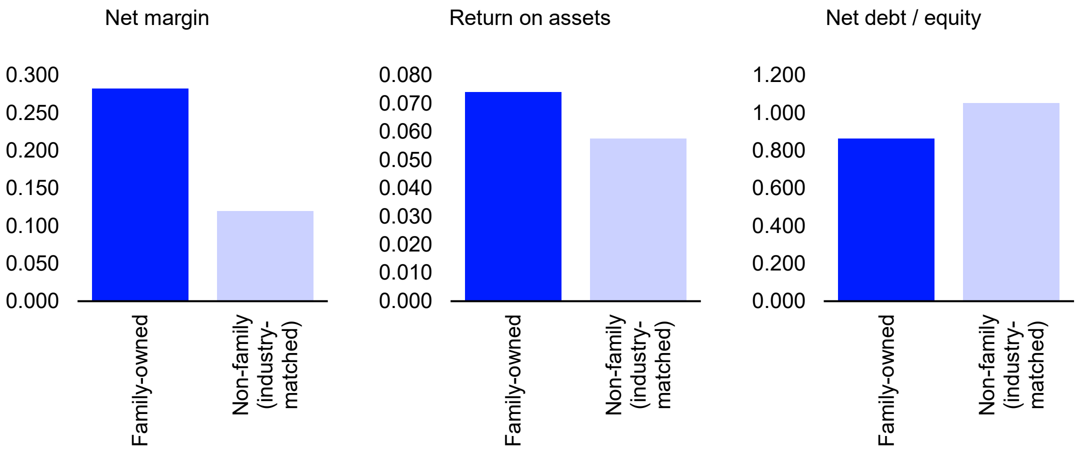
Source: FTSE Russell. March 2016 to July 2026. The data includes back test, hypothetical performance. Please see the end for important legal disclosures.

Over the period shown, the family-owned index delivered a cumulative return of 136.3%, outperforming the industry-matched non-family research portfolio by 26.1 percentage points. Its annualised return was also higher, at 8.6% versus 7.4%, despite having similar levels of volatility. The family-owned index also recorded a higher Sharpe ratio, at 0.50 versus 0.45 for the non-family index, and the maximum drawdown was 7.1 percentage points shallower, indicating a stronger historical return and downside-risk profile over the period shown.

Profitability and balance-sheet characteristics

Figure 4 shows that the family-owned index recorded a weighted net margin of 28.3%, compared with 12.0% for the industry-matched non-family research portfolio. Its weighted return on assets was also higher, at 7.4% versus 5.8%, while net debt relative to equity was lower, at 0.86 versus 1.05. Together, these results show that the family-owned index had stronger selected profitability measures and lower net debt relative to shareholders' equity at the review date.

Figure 4: Selected profitability and financial position



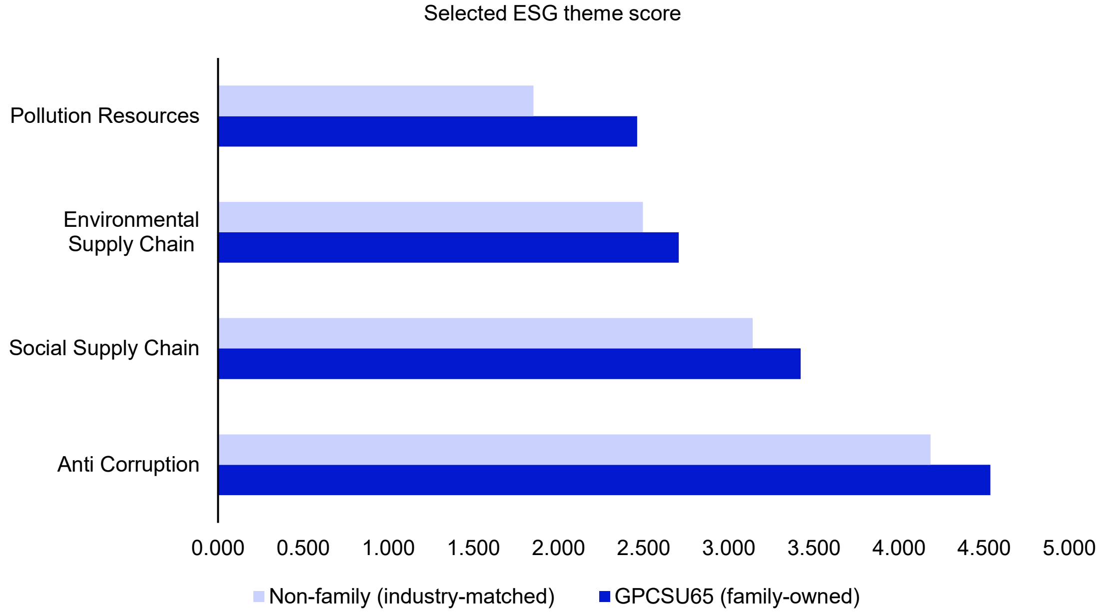
Source: FTSE Russell. March 2026. The data includes back test, hypothetical performance. Please see the end for important legal disclosures

The role of governance and reputation

Family ownership can also create risks. Concentrated control may produce conflicts between family and minority shareholders, particularly where voting authority exceeds economic ownership. Succession based on family ties rather than management capability can also weaken performance. (2)(4)

At the same time, longer ownership horizons and the connection between the family name and the company may encourage increased attention to reputation, stakeholder relationships and environmental risks. The academic evidence is mixed. A review cited by Villalonga and Amit found that 12 of 19 empirical studies reported a positive relationship between family ownership and ESG performance, while four reported a negative relationship and three found no significant relationship. (2)

Figure 5: Selected environmental, social, and governance measures



Source: FTSE Russell. March 2026. The data includes back test, hypothetical performance. Please see the end for important legal disclosures

Figure 5 shows the family-owned index recorded higher weighted scores across all four selected themes. The largest difference was in Pollution and Resources, where the index scored 2.46, compared with 1.85 for the industry-matched non-family research portfolio. The results are consistent with the possibility that longer ownership horizons and concern for reputation influence select corporate practices.

Conclusion

Family ownership is a significant feature of the European listed-equity market. Academic research suggests that close owner-manager alignment, longer investment horizons and careful stewardship of capital can support corporate performance, although the outcome depends on governance and succession.

The **FTSE Developed Eurozone Top 30 Family Owned Capped Index** provides focused exposure to this ownership characteristic. Its historical performance, current profitability, balance-sheet profile and select sustainability characteristics offer several perspectives from which investors can assess the theme, while its focused constituent, industry and country exposures remain important drivers of results.

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