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| *Online Appendix*Appendix Table 2MARKET VALUE INDICES (MARKET VALUE DIVIDED BY NOMINAL VALUE) FOR SEVERAL SECTORS OF THE LONDON STOCK EXCHANGE BASED ON THE *BANKERS’ MAGAZINE* SAMPLE |
|  | 1884–1886 | 1887–1894 | 1895–1902 | Unweighted Average |
| U.K. government | 1.012 | 1.010 | 1.044 | 1.024 |
| Empire government | 0.997 | 1.047 | 1.065 | 1.044 |
| Foreign government | 0.825 | 0.848 | 0.881 | 0.857 |
| U.K. corporation stocks | 1.032 | 1.101 | 1.143 | 1.104 |
| Non-U.K. corporation stocks | 1.189 | 1.124 | 1.048 | 1.107 |
|  |  |  |  |  |
| U.K. railways | 1.207 | 1.361 | 1.359 | 1.329 |
| Empire railways | 0.905 | 0.965 | 0.984 | 0.961 |
| Foreign railways | 0.846 | 0.859 | 0.866 | 0.859 |
|  |  |  |  |  |
| Finance | 3.200 | 3.398 | 3.798 | 3.519 |
| Financial, land and investment | 1.110 | 1.132 | 1.225 | 1.165 |
| Investment trusts | − | − | − | − |
|  |  |  |  |  |
| Light industry | 1.197 | 1.430 | 2.981 | 2.004 |
| Heavy industry | 0.896 | 0.896 | 1.653 | 1.199 |
| Extraction | 1.127 | 1.165 | 5.232 | 2.784 |
| Infrastructure | 1.559 | 1.676 | 1.989 | 1.778 |
| Tea (agriculture) | 1.231 | 1.303 | − | 1.245 |
|  |  |  |  |  |
| All | 0.987 | 1.026 | 1.097 | 1.047 |
| *Notes*: In 1887 the *Bankers’ Magazine* started reporting monthly the market values of the main LSE sectors based on a sample of 338 LSE listed securities representing at that point about 50 percent of its total capitalization in nominal values. This sample stayed almost the same with very minor changes up to WWI. By the year 1902, the final year in our dataset, the BM sample contained 325 LSE-listed securities representing about the one third of the overall LSE capitalization in terms of nominal values. The securities were carefully selected by the experts of the magazine and we could assume that they offer a representative picture of the trends in LSE market values. More information about the origin of BM indices can be found in Ellis (1888),[[1]](#footnote-1) from where the pre-1887 figures have been taken (the years 1881–1883 are missing). Many studies have used the BM indices before.[[2]](#footnote-2)*Source*: The *Bankers’ Magazine*, several issues. |

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| Appendix Table 3DIVERSIFICATION INDICES AND CROSS-SECTIONAL DISTRIBUTION OF ASSETS (PERCENTAGE) BY GROSS WEALTH QUARTILE |
|  | Gross Wealth Quartile |  |  |  |
|  | I | II | III | IV | Top 10 Percent | Top 5 Percent | Total |
| Diversification Measures |
| Average number of holdings | 1.5 | 2.3 | 3.6 | 10.9 | 14.0 | 19.4 | 4.6 |
| Median number of holdings | 1.0 | 2.0 | 2.0 | 8.0 | 9.0 | 14.5 | 2.0 |
| Average SSPW | 0.9 | 0.8 | 0.6 | 0.4 | 0.4 | 0.3 | 0.7 |
| Sectoral Composition (Percentage) |
| U.K. government | 24.8 | 21.5 | 25.7 | 17.8 | 19.6 | 17.0 | 18.8 |
| Empire government | 9.2 | 6.9 | 13.7 | 6.9 | 7.1 | 7.9 | 7.6 |
| Foreign government | 2.7 | 6.3 | 7.6 | 4.4 | 3.9 | 4.7 | 4.8 |
| Total government | 36.7 | 34.7 | 47.1 | 29.2 | 30.5 | 29.6 | 31.2 |
| U.K. municipals | 0.9 | 0.1 | 2.3 | 3.6 | 3.5 | 3.6 | 3.4 |
| Non-U.K. municipals | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
|  |  |  |  |  |  |  |  |
| U.K. railways | 12.0 | 16.4 | 15.1 | 31.2 | 31.5 | 34.4 | 28.9 |
| Empire railways | 3.8 | 5.9 | 5.7 | 4.2 | 3.4 | 3.4 | 4.4 |
| Foreign railways | 3.0 | 1.5 | 5.1 | 5.2 | 4.9 | 5.2 | 5.0 |
| Total railways | 18.8 | 23.9 | 25.9 | 40.6 | 39.8 | 43.0 | 38.4 |
|  |  |  |  |  |  |  |  |
| Finance | 19.5 | 14.7 | 7.5 | 6.9 | 7.4 | 5.7 | 7.4 |
| Financial, land and investment | 2.1 | 2.1 | 2.1 | 3.7 | 4.5 | 3.4 | 3.4 |
| Investment trusts | 0.7 | 0.1 | 0.4 | 0.8 | 0.5 | 0.7 | 0.7 |
| Total finance | 22.3 | 17.0 | 10.1 | 11.4 | 12.3 | 9.7 | 11.5 |
|  |  |  |  |  |  |  |  |
| Light industry | 4.2 | 5.6 | 4.0 | 2.8 | 2.4 | 3.1 | 3.0 |
| Heavy industry | 1.6 | 4.1 | 0.9 | 1.6 | 1.5 | 2.1 | 1.6 |
| Extraction | 1.0 | 0.8 | 0.7 | 1.4 | 1.8 | 2.4 | 1.3 |
| Infrastructure | 14.3 | 13.4 | 8.8 | 9.0 | 7.8 | 6.4 | 9.2 |
| Agriculture | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total other corporate | 21.1 | 23.9 | 14.5 | 14.9 | 13.6 | 14.0 | 15.2 |
|  |  |  |  |  |  |  |  |
| Unspecified | 0.2 | 0.4 | 0.1 | 0.3 | 0.3 | 0.1 | 0.3 |
| Total (percentage) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Total (£ million) | 0.0 | 0.1 | 0.3 | 2.3 | 1.7 | 1.2 | 2.7 |
| *Notes*: For the definitions of the different asset categories see notes of Table 6 in the main text. Foreign assets are non-domestic non-colonial assets. The columns report weighted average percentages, that is, percentage of total investment per wealth band.*Source*: Probate sample, see the text. |

1. Ellis, A. “The 'Quantitation' of Stock Exchange Values.” *Journal of the Royal Statistical Society* 51, no. 3 (1888): 567–98. [↑](#footnote-ref-1)
2. Most notably **Morgan, E. V. *Studies in British Financial Policy, 1914***–19***25*. London: Macmillan and Co. Ltd, 1952;** Goodhart, C. A. E. *The Business of Banking, 1891*–*1914*. London: Weidenfeld and Nicolson, 1972; Hannah, Leslie. “Rethinking Corporate Finance Fables: Did the United States Lag Europe before 1914?” CIRJE Discussion Paper No. CF-994, Tokyo, Japan, 2015. Available at http://www.cirje.e.u-tokyo.ac.jp/research/03research02dp.html. [↑](#footnote-ref-2)