A Breadth of Fresh Air

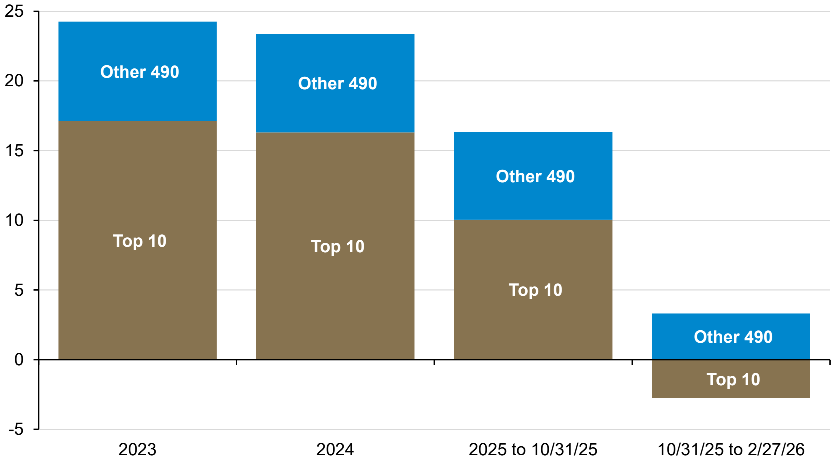
Recent years have seen the strong returns of broad stock market indices driven by a narrow subset of stocks for extremely large artificial intelligence (AI)/Tech-adjacent companies, meaning that the so-called index “averages” have not been indicative of the performance of the “average” stock.

The current 10 largest constituent stocks of the S&P 500 Index[1] (S&P 500) registered aggregate increases of 73% in 2023, 50% in 2024, and 25% over the first 10 months of 2025 — these gains handily outpaced the combined returns for all other stocks in the U.S. large-cap equity benchmark of roughly 10% in each period.

As a result, these 10 stocks increased their share of S&P 500 market capitalization from 25% at the beginning of 2023 to over 40% by October 2025, widening the performance gap between the S&P 500 and the simple average of its constituents. They also drove an outsized portion of returns—about 70% of the S&P 500’s 20%+ price gains in both 2023 and 2024—before performance broadened somewhat in the first 10 months of 2025, when the Top 10’s share of total gains eased to “only” 62%.

Since October, however, those top 10 stocks are down 6.6% while the other 490 are up 5.7% — the only reason that the S&P 500 is not negative over that period (+0.6%) has been due to the rest of the S&P 500 (the equal-weighted S&P 500 was up an even better 8.9%).

A welcome loss of concentration
(contribution to S&P 500 price return; percentage points, U.S. dollar basis)



**Top 10 stocks include Nvidia, Apple, Microsoft, Amazon, Alphabet, Broadcom, Tesla, Meta, Walmart and Eli Lilly; source: Guardian Capital LP, based on the author’s calculations using data from Bloomberg to February 27, 2026.*

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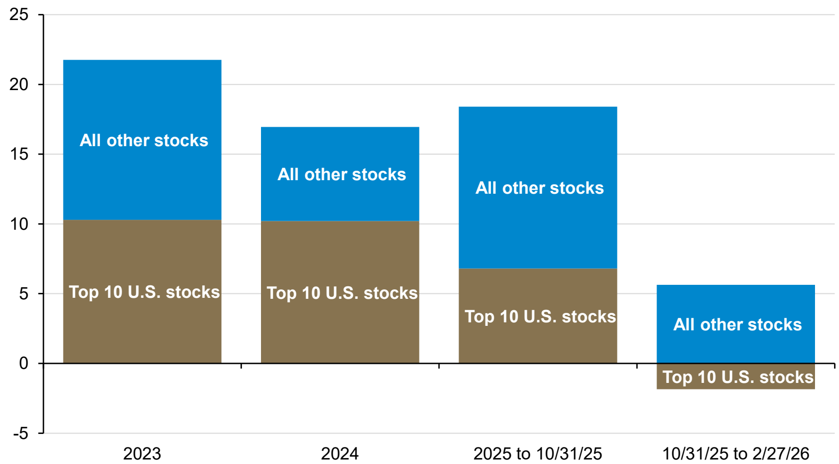
[1] The S&P 500 is an index of 500 stocks designed to reflect the risk/return characteristics of the large-cap US equity universe.

To the extent that the recent divergence continues, this should prove beneficial for the relative performance of more active investment strategies that have lagged in the highly concentrated markets seen in recent years.

Notably, this impacts not just U.S.-specific investors, but global investors as well, given the disproportionate contribution of those top 10 U.S. stocks to the price gains compared to the other 1,300 stocks in the MSCI World Index.

A welcome loss of concentration

(contribution to MSCI World Index[2] price return; percentage points, U.S. dollar basis)



**Top U.S. 10 stocks include Nvidia, Apple, Microsoft, Amazon, Alphabet, Broadcom, Tesla, Meta, Walmart and Eli Lilly; source: Guardian Capital based on author's calculations using data from Bloomberg to February 27, 2026.*

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[2] The MSCI World Index captures mid- and large-cap representation across 23 developed market countries.

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