# Portfolio Watch

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# S&P500 RETURNS NOW DRIVEN BY JUST A HANDFUL OF STOCKS

SEAN ASHTON
Head of Investments at
Private Clients by Old Mutual Wealth

You may have heard the saying that "a few key stocks drive most of the returns in a portfolio." Increasingly, this phenomenon is true not just for concentrated portfolios, but also for the world's largest indices.

Many market commentators have noted the difficulty of managing active portfolios in an environment of narrowing market breadth. But just how extreme is this trend today?

At Private Clients, we analysed the S&P500 from 2010 – 2025 YTD, looking at how much of the index return stemmed from the top 5, 10, 20 and 50 contributors each year, measured as a function of both return and starting weight. Years with negative index returns or returns below 5% were excluded.

## TOP STOCKS ARE DRIVING MOST OF THE RETURNS

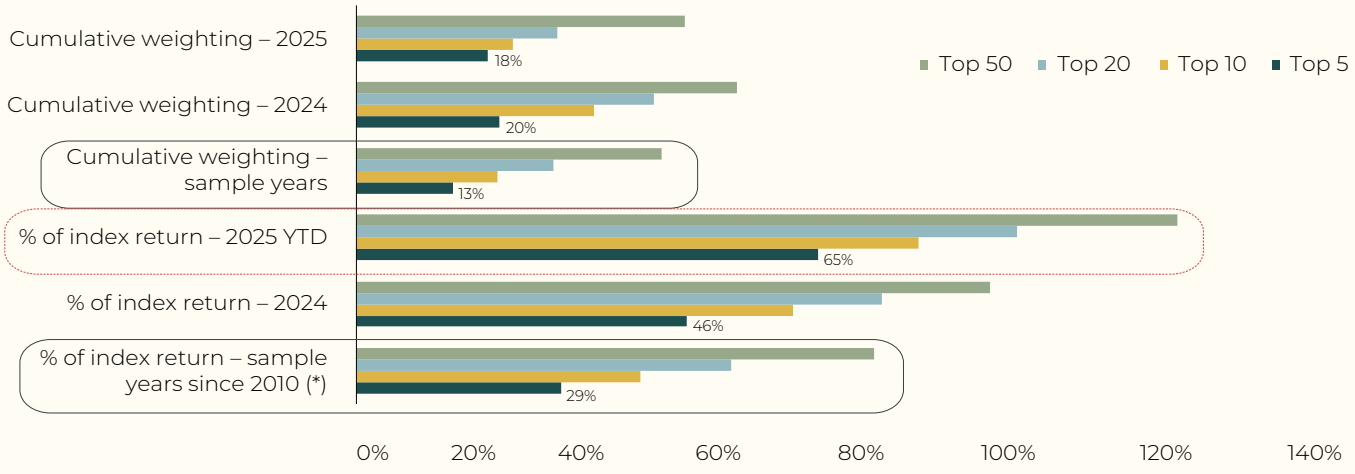
Since 2010, the top five contributors accounted for **29% of S&P500 returns,** despite averaging just **13% of the index weight.** In 2024, the top five delivered **46% of returns,** occupying **20% of the cumulative index weight,** and in 2025 YTD, they have contributed **65% of total returns.**

Put simply, nearly two-thirds of the gains from a 500-stock index have come from just five companies (1% of the index), highlighting the extreme concentration of returns.

## THE USUAL SUSPECTS DOMINATE

In recent years, the same companies consistently appear among the top contributors list, reflecting rising market dominance. The top five stocks now make up 26% of S&P500 market capitalisation, up from 11% in 2010, while the top 50 companies' proportionate growth has been more modest. This concentration demonstrates that not only are returns increasingly dominated by a few names, but market cap is following a similar pattern.

**Graph 1: S&P500 returns 2010 – 2025 YTD by top contributor cohorts (excludes years with index returns <5%)**



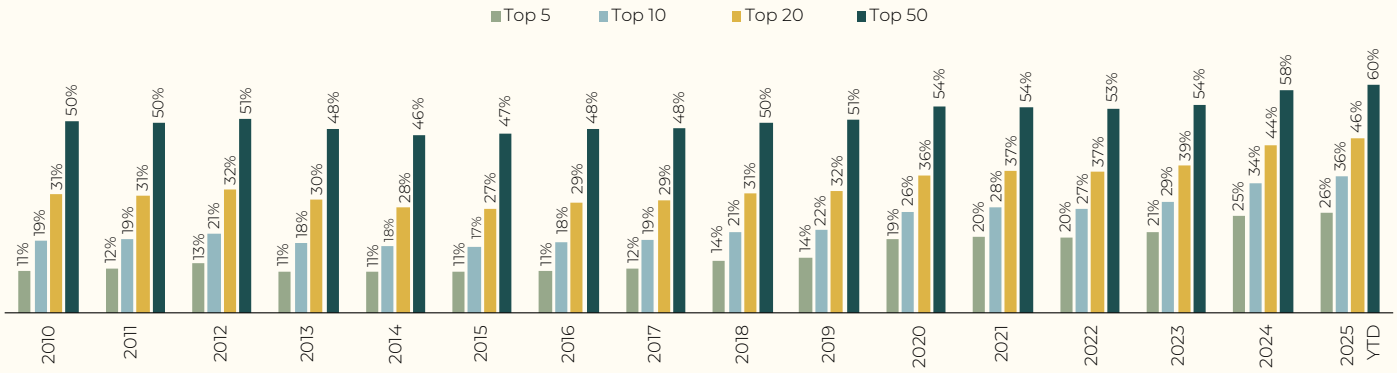

Sources: Private Clients research, LSEG

**S&P500 top 5 contributors to returns in recent years**

| | 2025 Ytd | 2024 | 2023 | 2021 | 2020 | 2019 | 2017 |
|---|---|---|---|---|---|---|---|
| 1 | Nvidia Corp | Nvidia Corp | Microsoft Corp | Microsoft Corp | Apple Inc | Apple Ord Shs | Apple Ord Shs |
| 2 | Microsoft Corp | Apple Inc | Apple Inc | Apple Inc | Amazon.com Inc | Microsoft Ord Shs | Microsoft Ord Shs |
| 3 | Meta Platforms Inc | Amazon.com Inc | Nvidia Corp | Nvidia Corp | Microsoft Corp | Meta Platforms Ord Shs Class A | Amazon Com Ord Shs |
| 4 | Broadcom Inc | Meta Platforms Inc | Amazon.com Inc | Alphabet Inc | Nvidia Corp | Amazon Com Ord Shs | Meta Platforms Ord Shs Class A |
| 5 | Palantir Technologies Inc | Broadcom Inc | Meta Platforms Inc | Tesla Inc | Meta Platforms Inc | JPMorgan Chase Ord Shs | Alphabet Ord Shs Class C |

Source: Private Clients research, LSEG

**Graph 2: S&P500 market concentration by size cohort**




Source: Private Clients research, LSEG

## WHAT THIS MEANS FOR INVESTORS

The increasing concentration of returns has important implications for investors. Index investing is no longer a broadly, diversified bet, but is heavily dependent on the performance of a handful of mega-cap companies – at least as far as major US indices are concerned

For active managers, the stakes are higher than ever: missing just two or three of the top contributors can materially affect portfolio performance relative to the benchmark. Historically, periods of high concentration have often preceded market corrections. That said, the companies currently dominating the index are fundamentally strong, with robust business models, healthy balance sheets and strong cash generation. Nonetheless, investors should recognise that high concentration amplifies both the potential for gains and the risk of underperformance – when a few big names drive the market, being in them can boost returns, but missing them means falling behind.

## HOW WE ARE NAVIGATING A CONCENTRATED MARKET

In response to these dynamics, we manage exposure to mega-cap companies thoughtfully, ensuring that portfolios can participate in the returns of market leaders without becoming overly dependent on a handful of stocks. At the same time, we also spend significant research effort in identifying opportunities beyond the top 10 holdings, where active stock selection can add value while diversifying risk.

By balancing participation in index heavy weights with selective opportunities below the top holdings, and by managing downside risk in a structured way, we aim to deliver strong outcomes while protecting portfolios in today's concentrated market environment.

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Old Mutual Wealth, Mutualpark, Jan Smuts Drive, Pinelands, 7405 | Tel: +27 (0)21 524 4678 | Email: privateclients@omwealth.co.za

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