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The extreme weight of AI in the S&P 500: Measures of concentration for market cap, returns, earnings, and capex

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Source: Apollo Chief Economist

S&P 500 market cap concentration

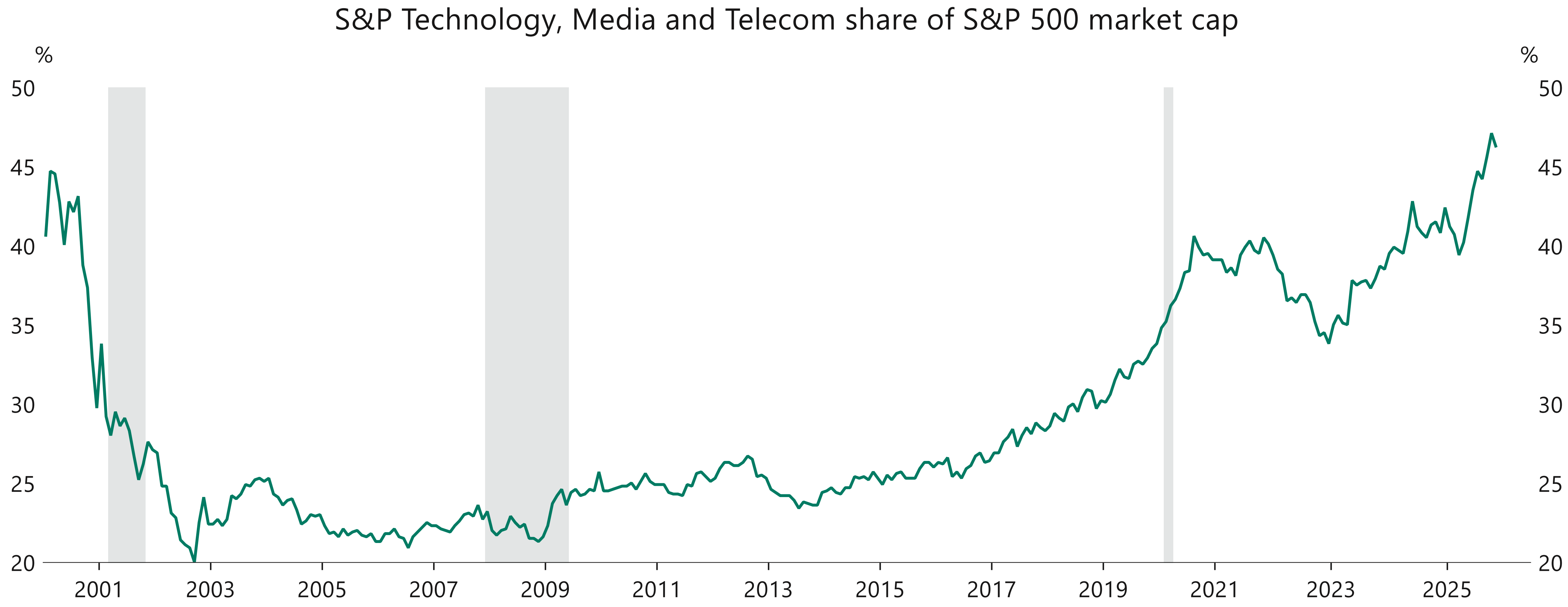
Mag 7 share of S&P 500 market cap

Source: Bloomberg, Macrobond, Apollo Chief Economist

The weight of the biggest stock in the S&P 500

Source: Bloomberg, Apollo Chief Economist

S&P TMT market share as high as during the 1990s tech bubble



Source: Bloomberg, Macrobond, Apollo Chief Economist

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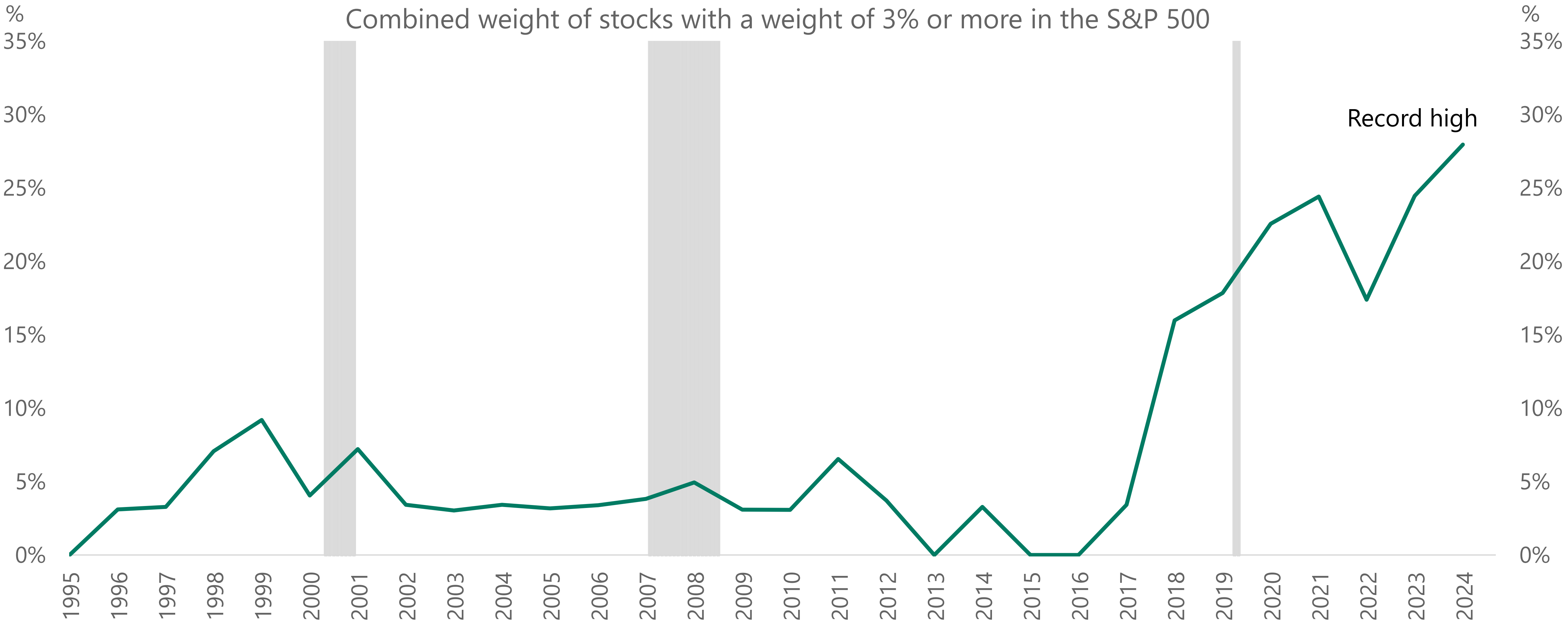
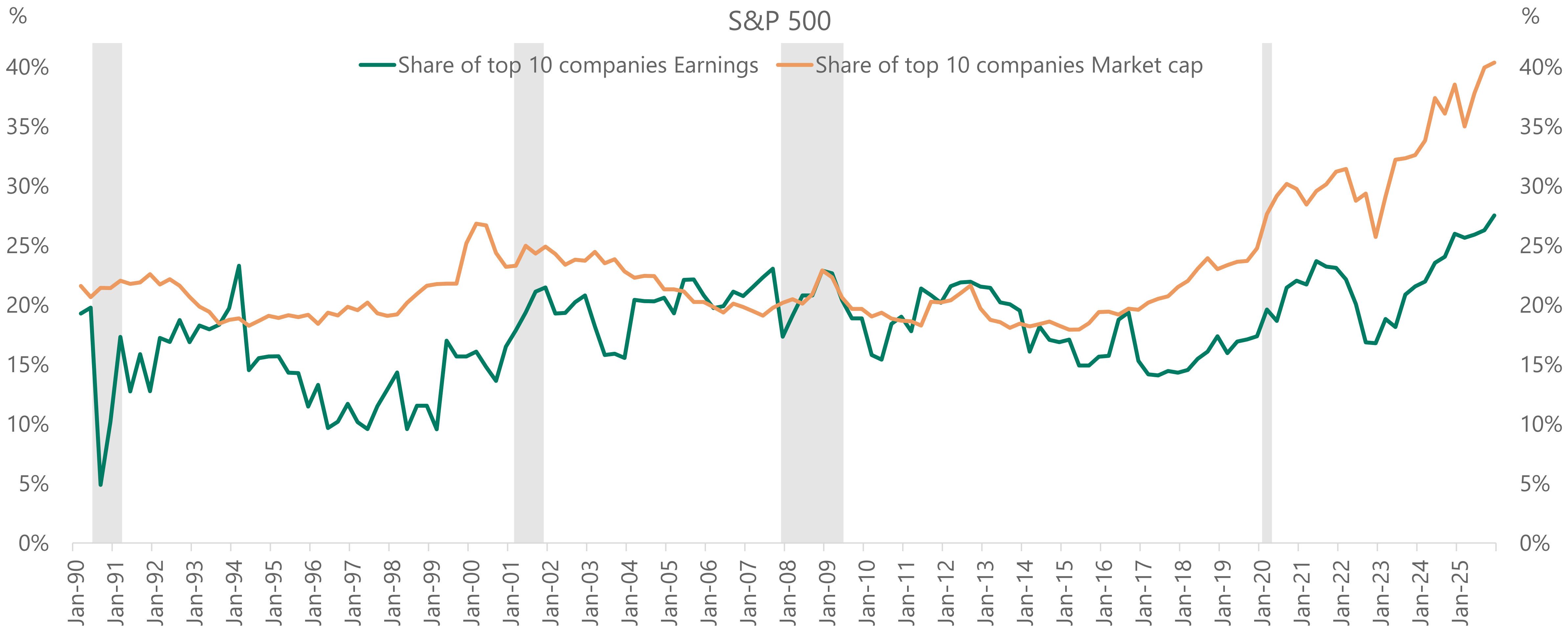
Combined weight of stocks with a weight of 3% or more in the S&P 500



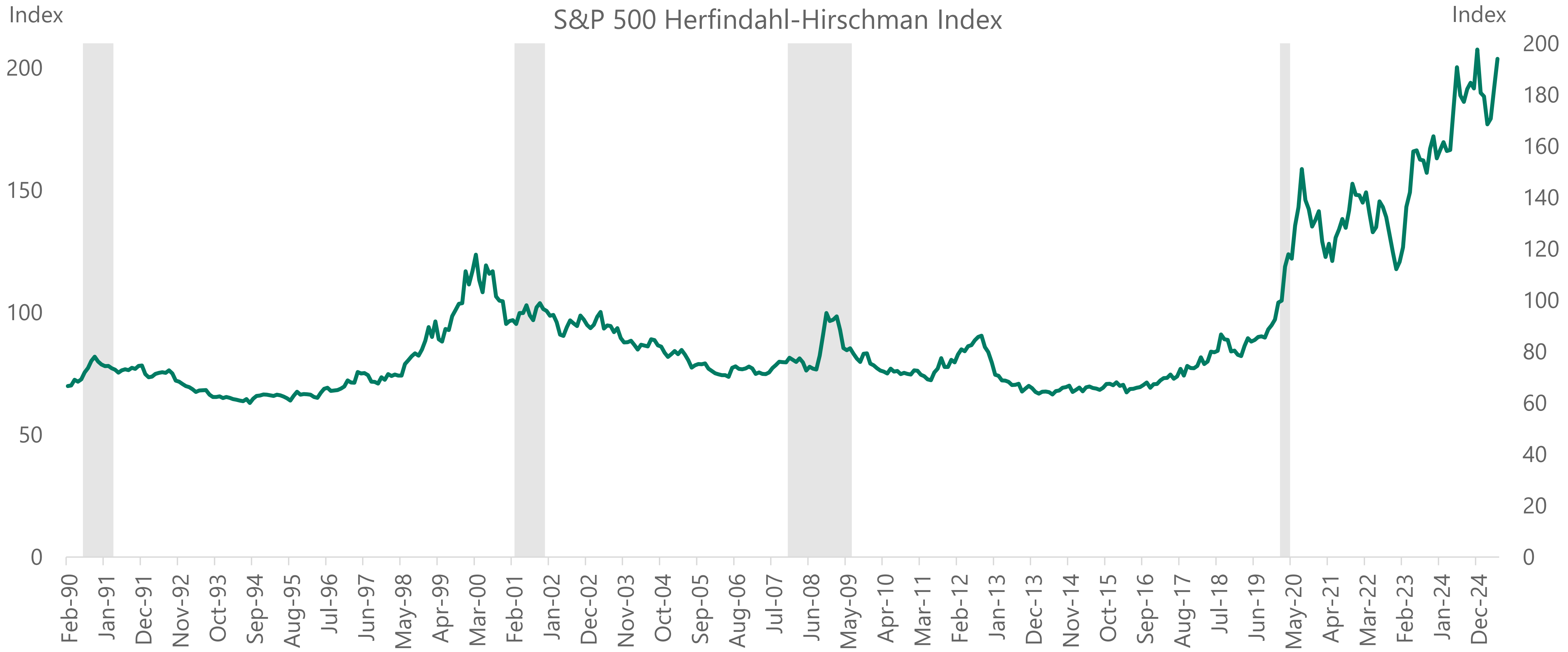
Source: Bloomberg, Apollo Chief Economist

S&P 500: Earnings and market cap concentration at record-high levels



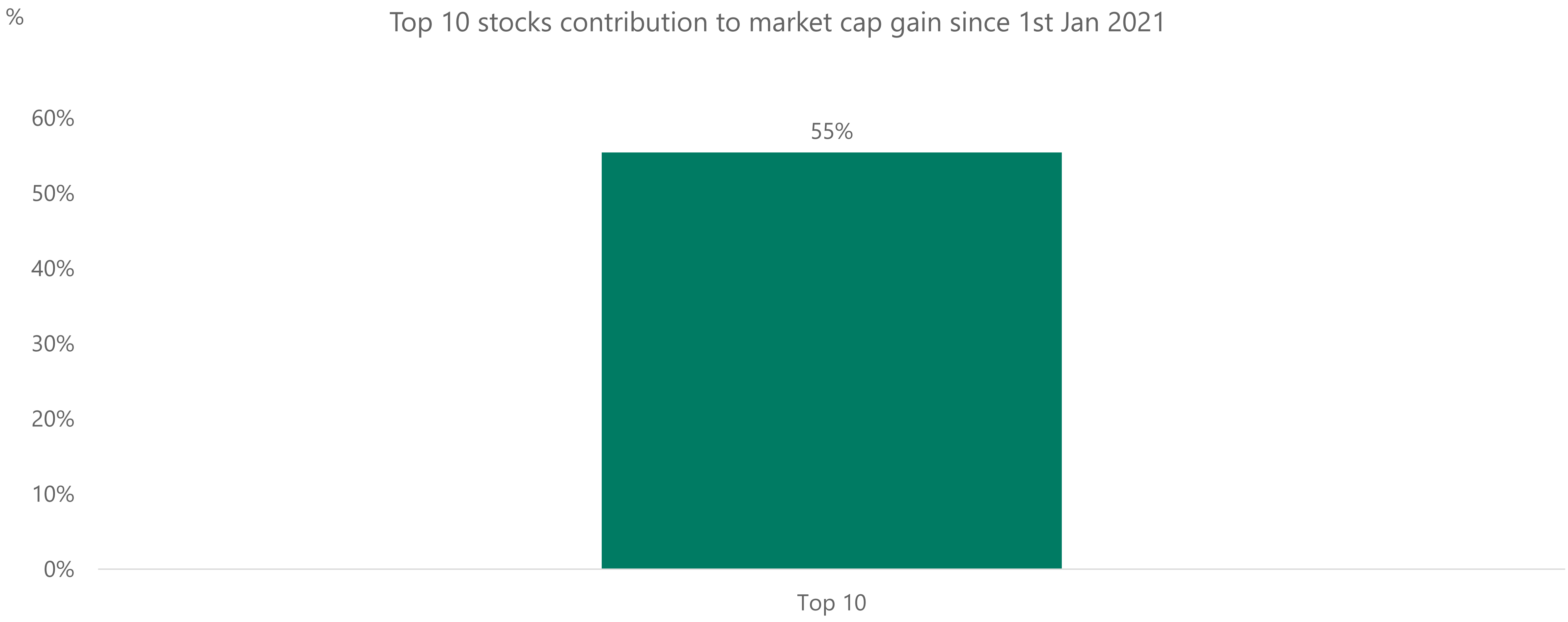
Source: Bloomberg, Apollo Chief Economist

Measures of concentration in the S&P 500 are at record-high levels



Source: Bloomberg, Apollo Chief Economist. Note: The Herfindahl-Hirschman Index (HHI) is a measure of market concentration, indicating the size of firms relative to the industry they are in and the level of competition among them. Applying the Herfindahl-Hirschman Index to the S&P 500 and inverting the result gives the "effective membership" a measure of concentration showing how many stocks are truly moving the benchmark. A lower number implies increased concentration.

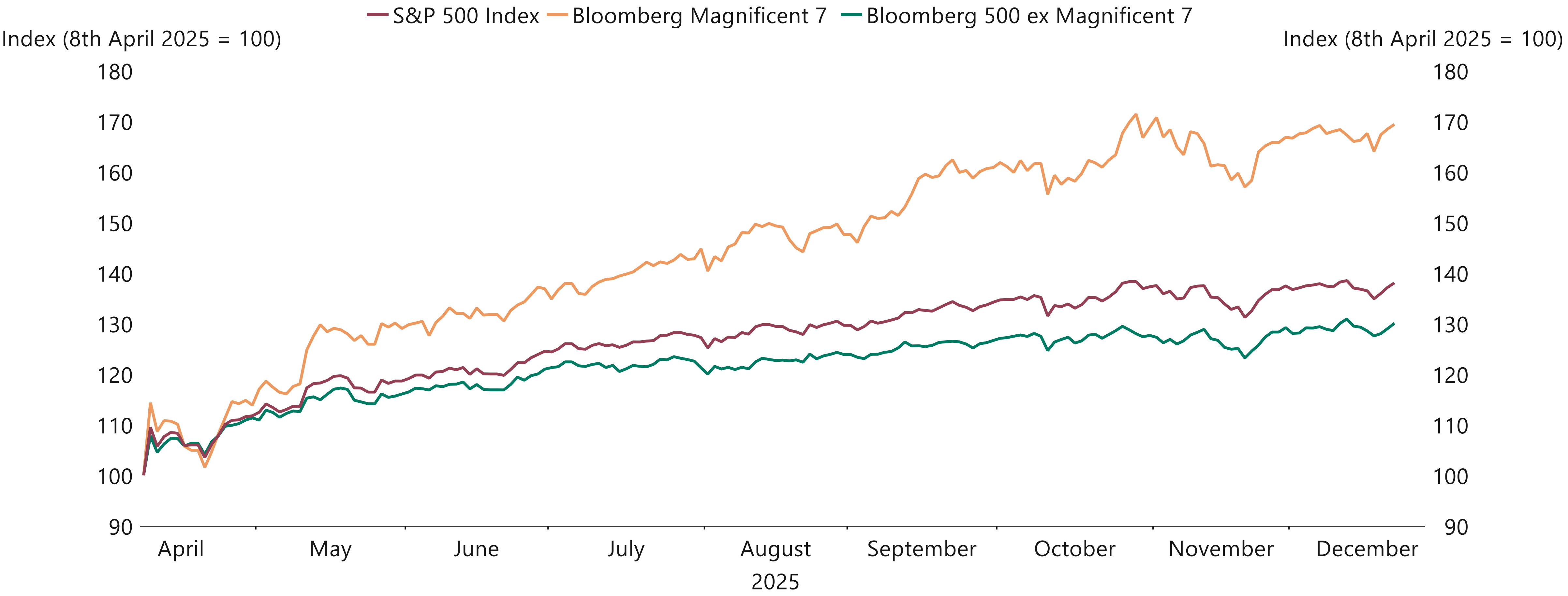
S&P 500 returns are extremely concentrated



Source: Bloomberg, Apollo Chief Economist. Note: Top 10 companies are NVIDIA, Microsoft, Apple, Amazon, Google, Meta, Broadcom, Tesla, Berkshire Hathaway, JP Morgan

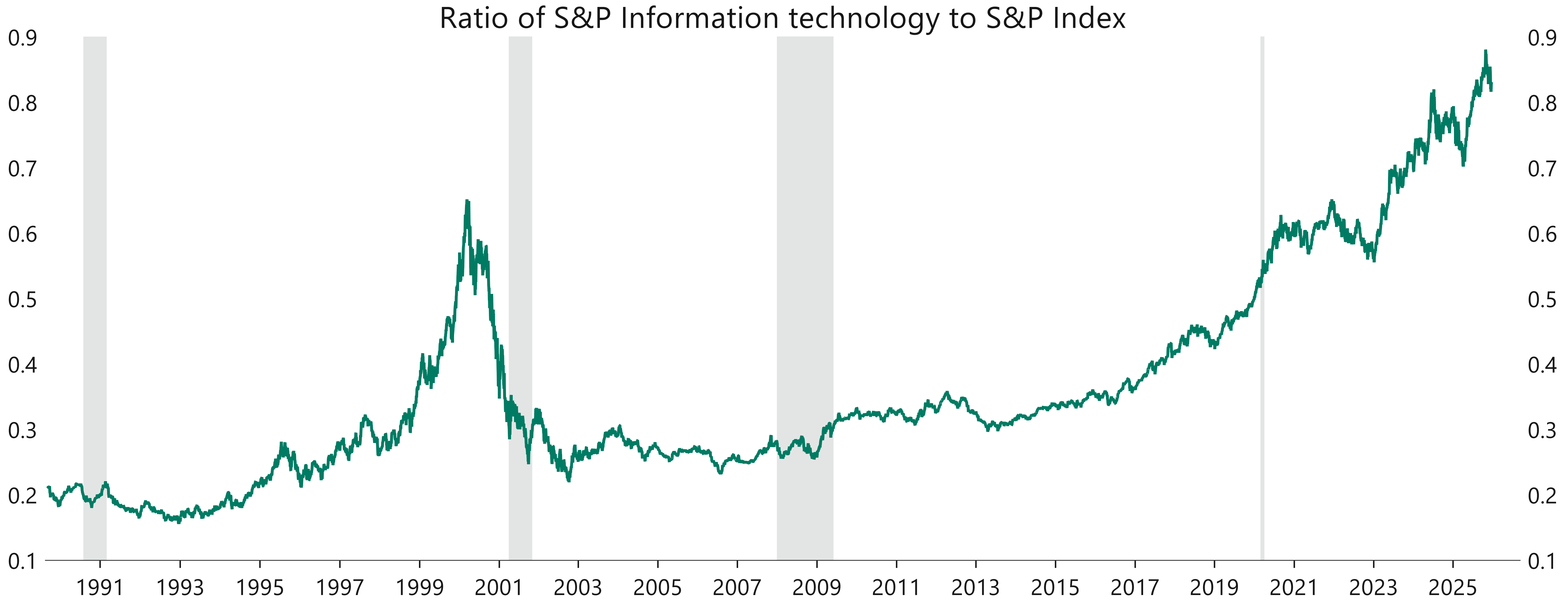
S&P 500 returns concentration

Magnificent 7 outperforming the rest of the index



Source: Bloomberg, Macrobond, Apollo Chief Economist

Performance of tech index relative to S&P 500 higher than tech bubble



Source: Bloomberg, Macrobond, Apollo Chief Economist

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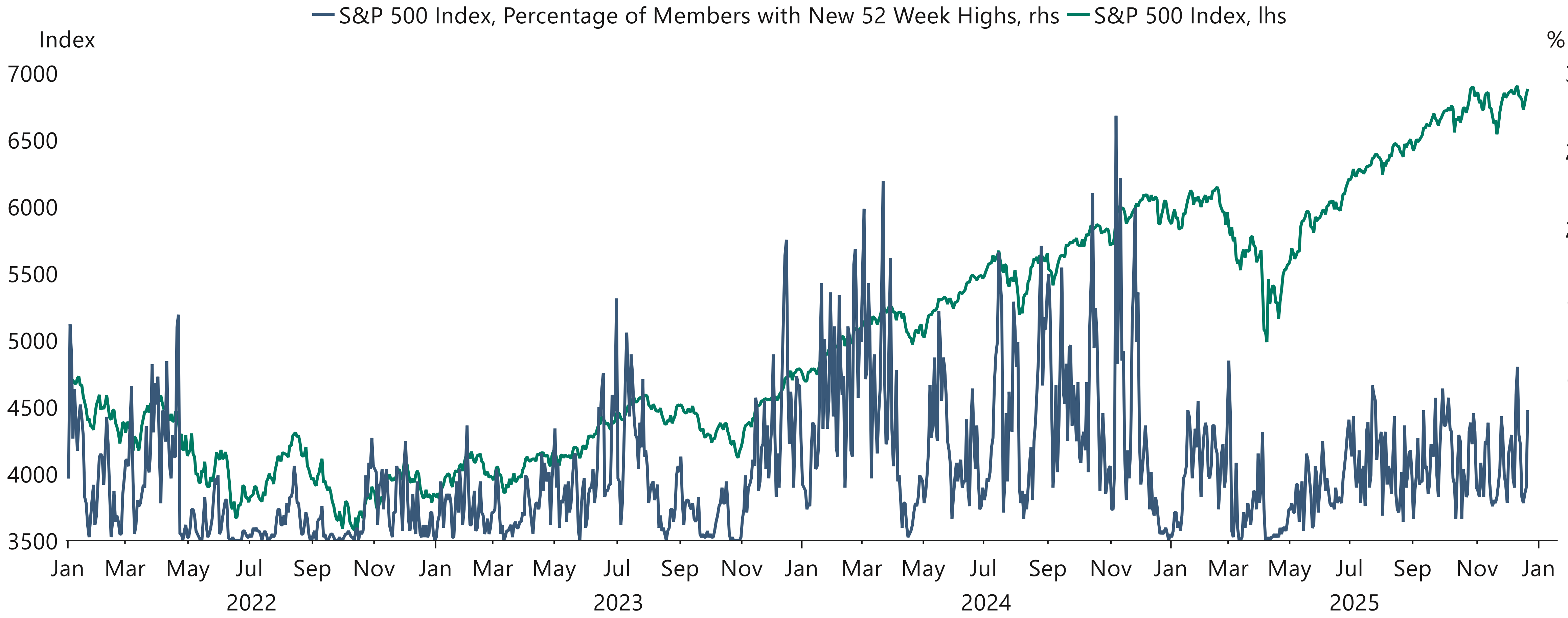
Very low percentage of S&P 500 index members reaching new highs



Source: Bloomberg, Macrobond, Apollo Chief Economist

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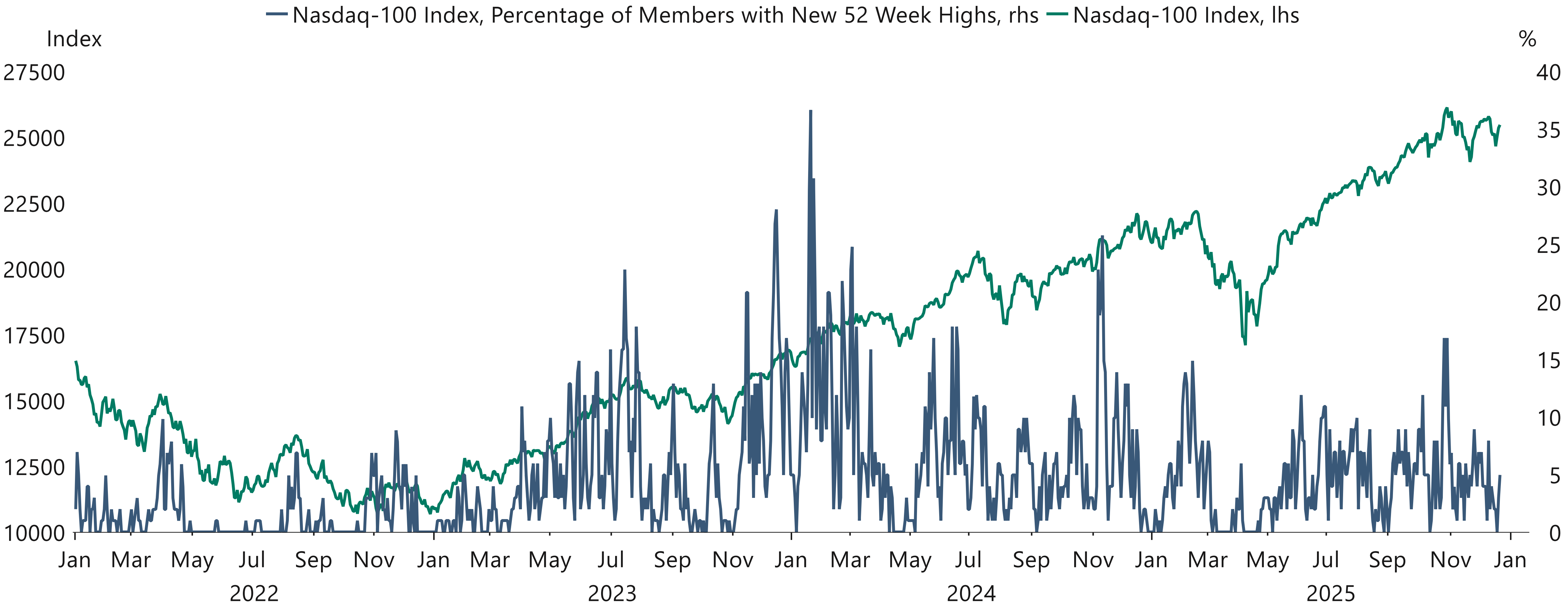
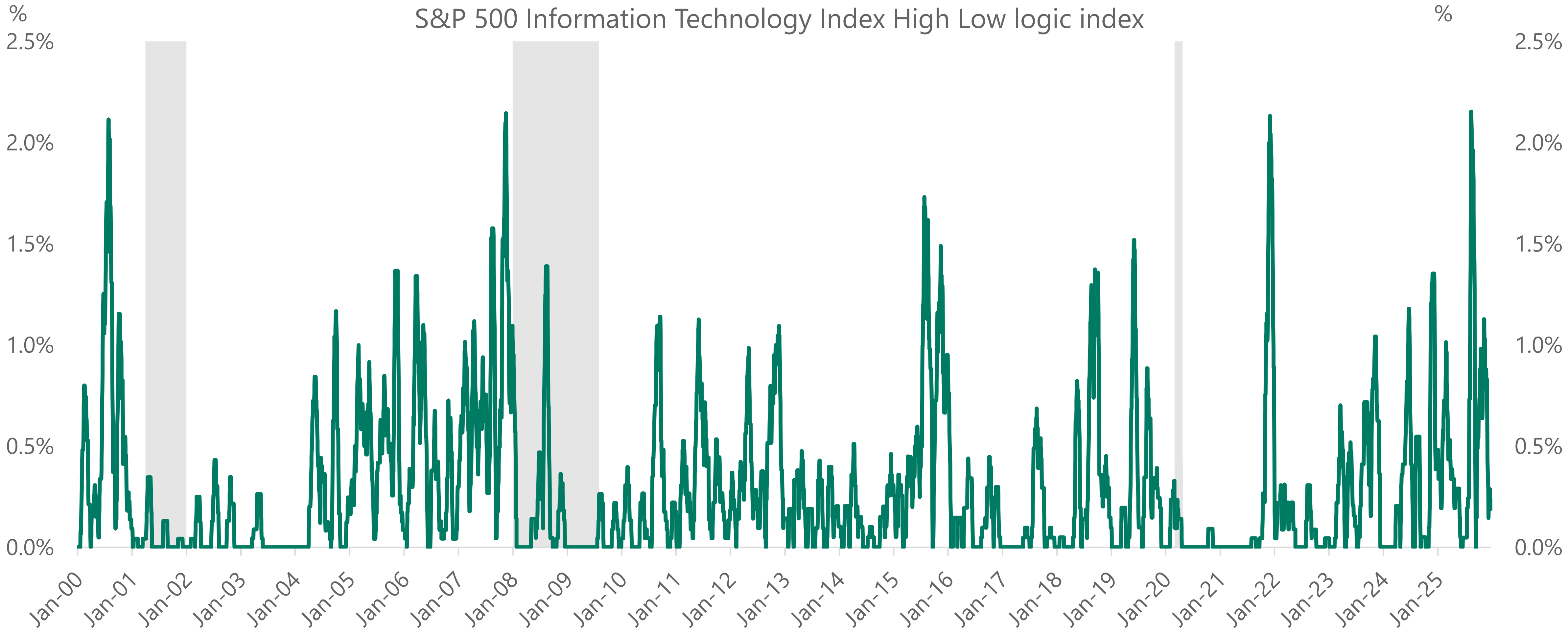
Nasdaq: percentage of index members reaching new highs is very low



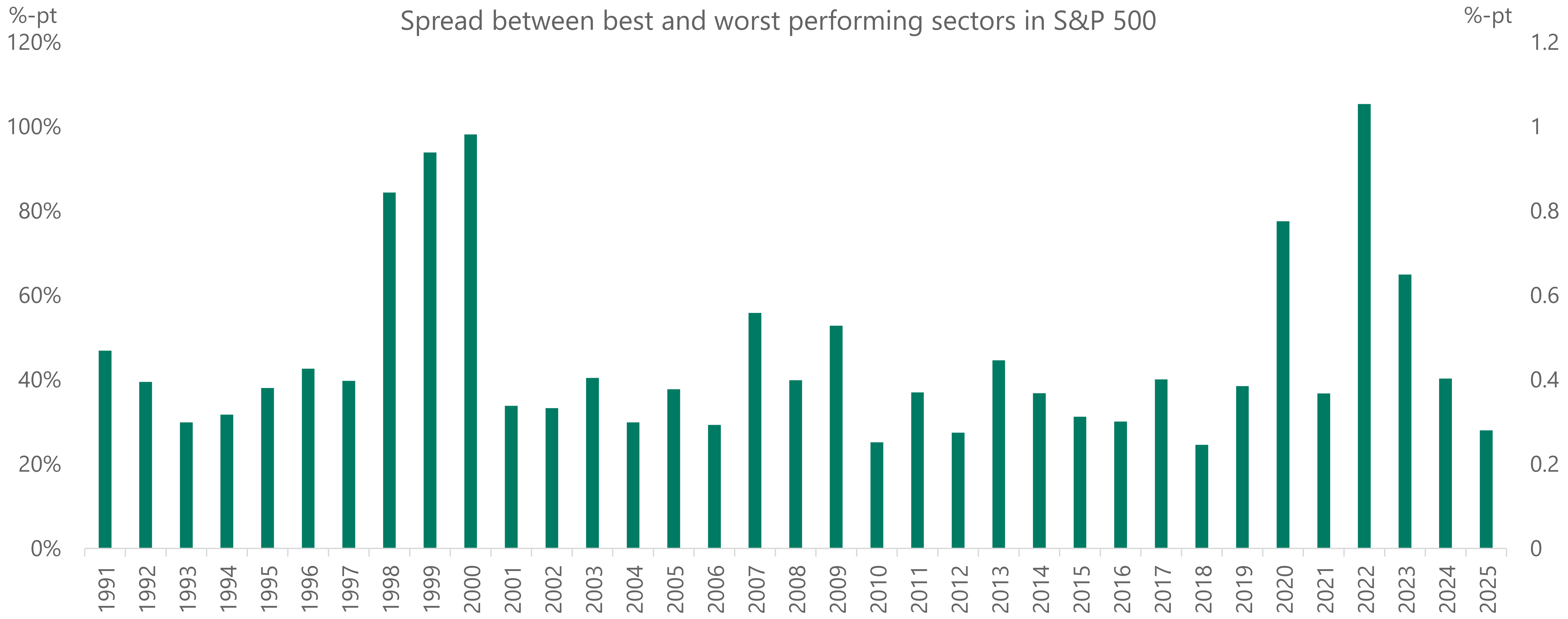
Source: Bloomberg, Macrobond, Apollo Chief Economist

High low logic index indicating AI creating winners and losers simultaneously



Source: Bloomberg, Apollo Chief Economist. Note : The High low logic index is the lesser of the two percentages (highs or lows) on a given day and smoothened using 30 day moving average

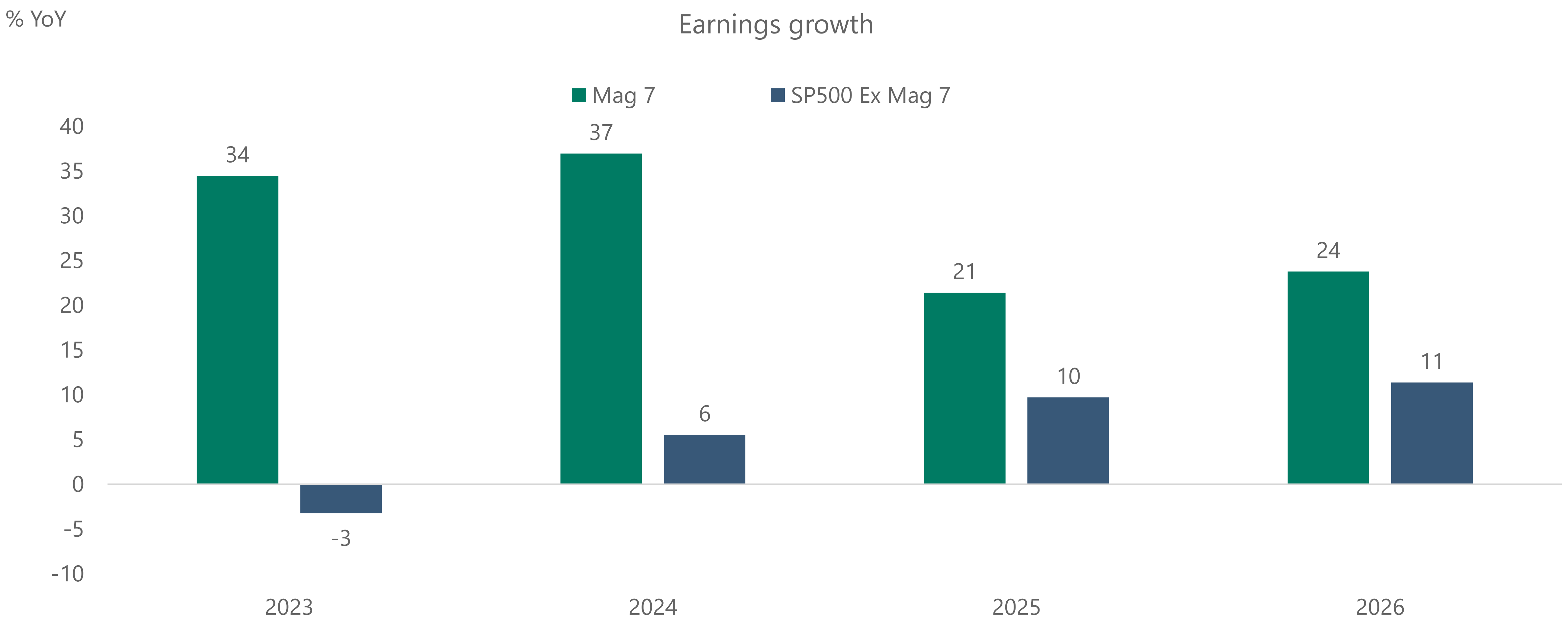
Spread between best and worst performing sectors the lowest in 2025



Source: Bloomberg, Apollo Chief Economist.

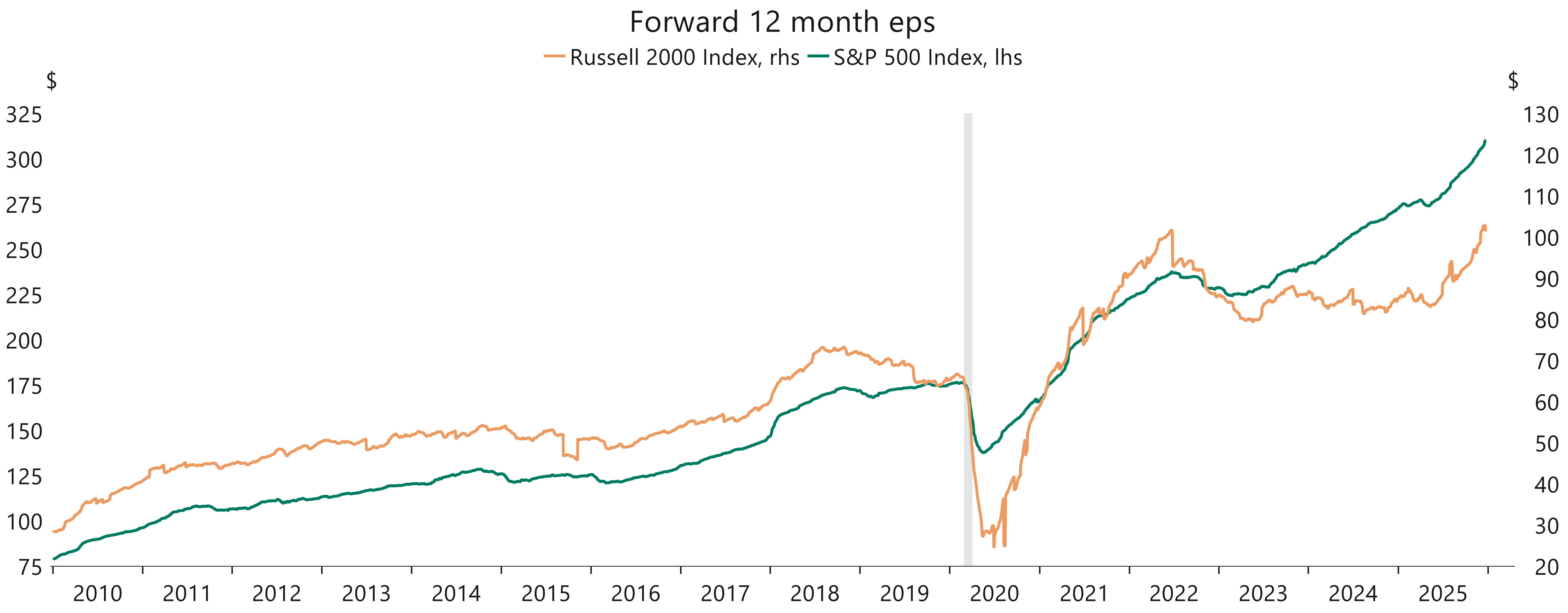
S&P 500 earnings concentration

S&P 500 earnings growth is concentrated in the Magnificent 7, and slowing down



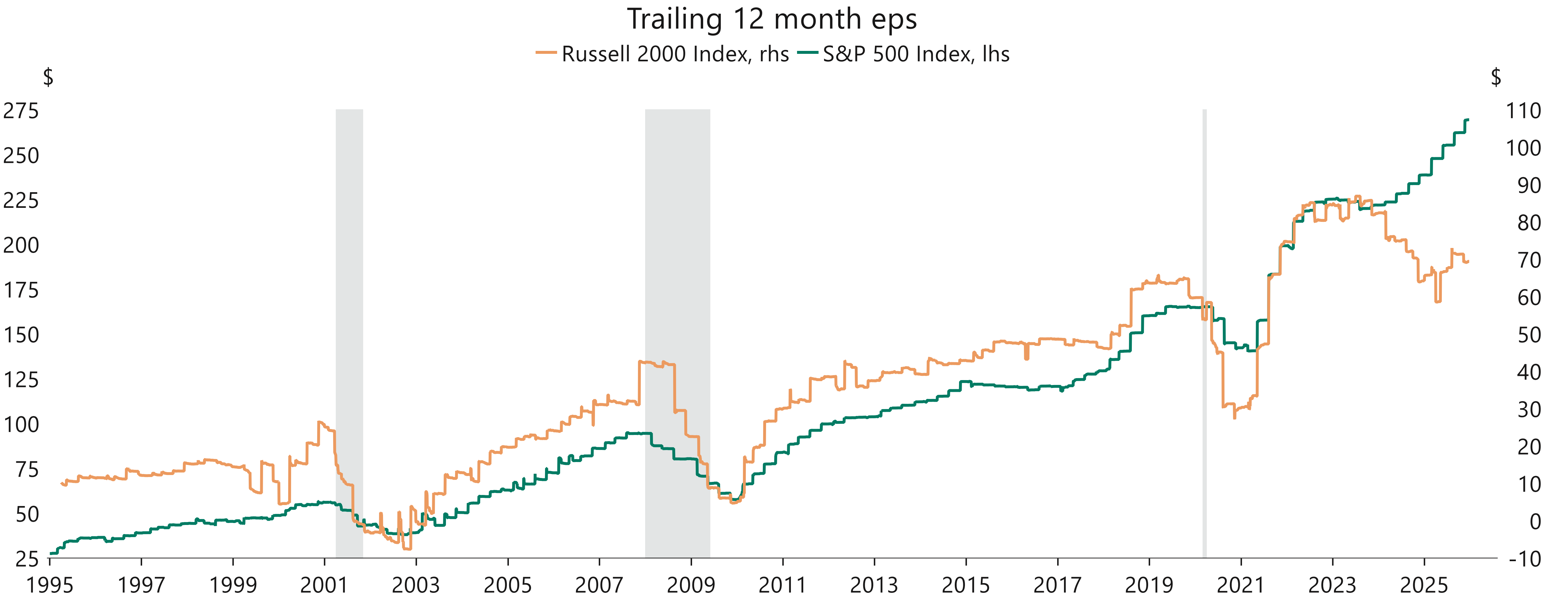
Source: Factset, Apollo Chief Economist

Earnings expectations rising for both small cap and large cap



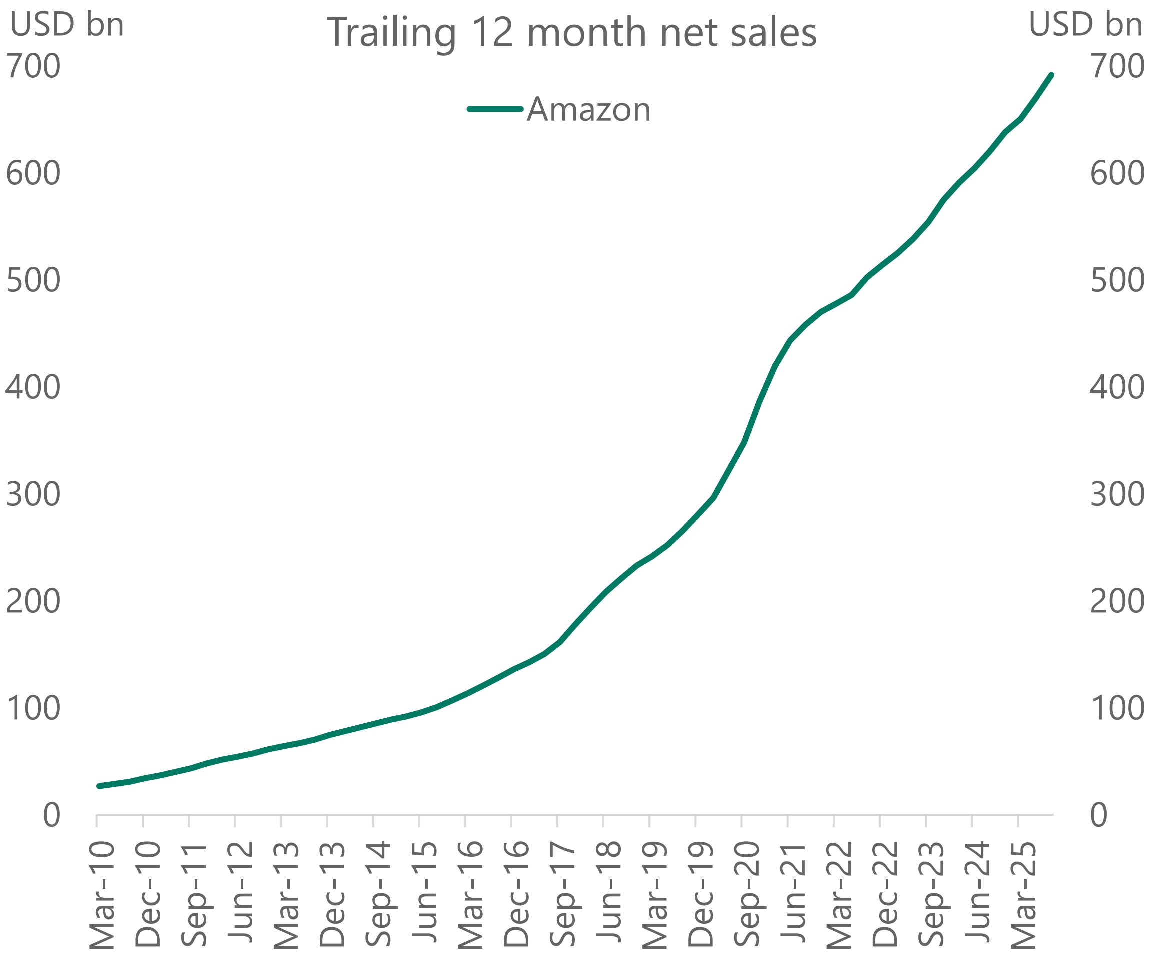
Source: Bloomberg, Macrobond, Apollo Chief Economist

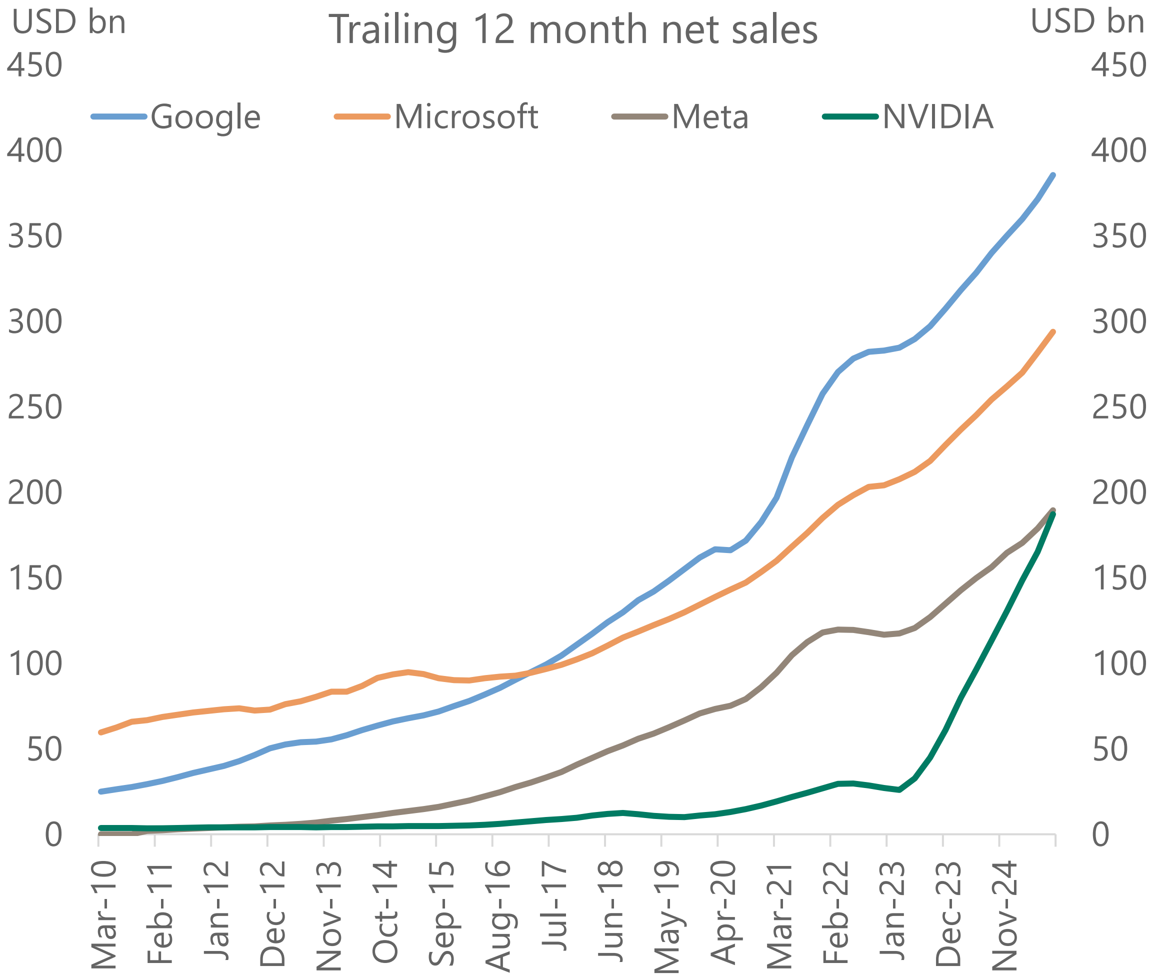
Actual earnings rising in large companies and falling in small companies



Source: Bloomberg, Macrobond, Apollo Chief Economist

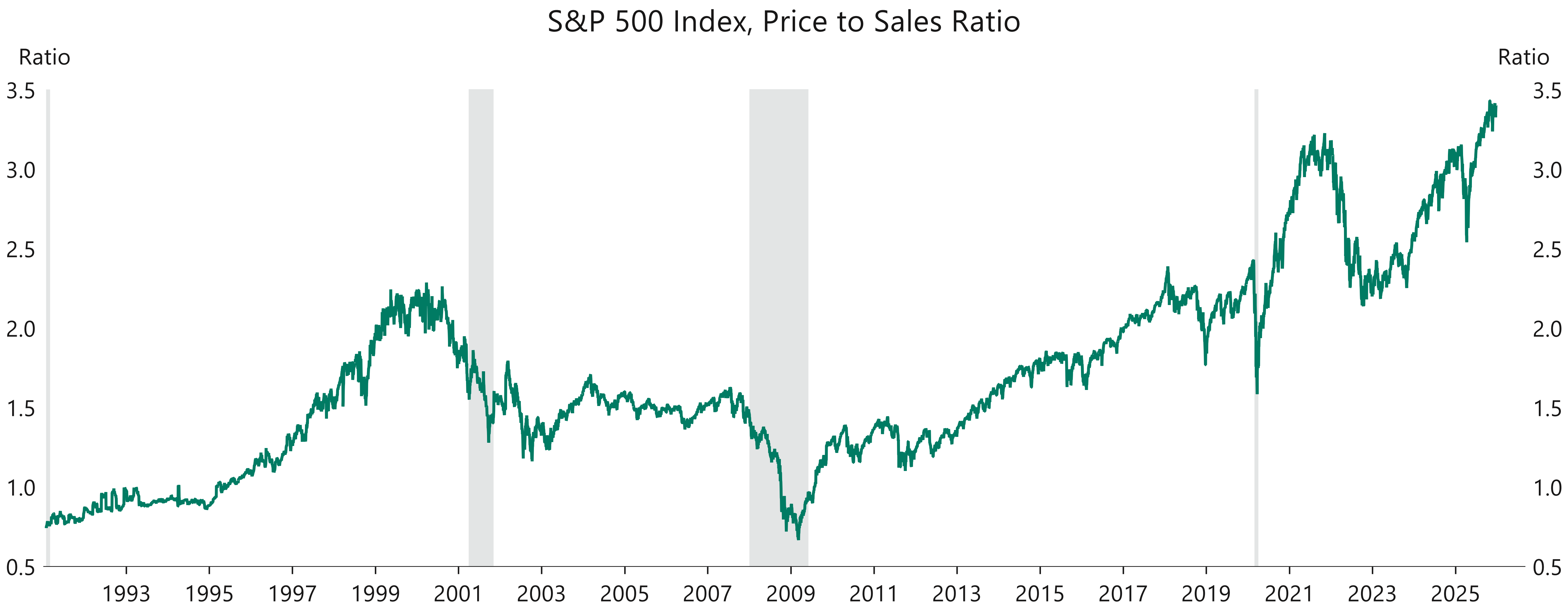
Strong revenue growth in Mag 7 companies





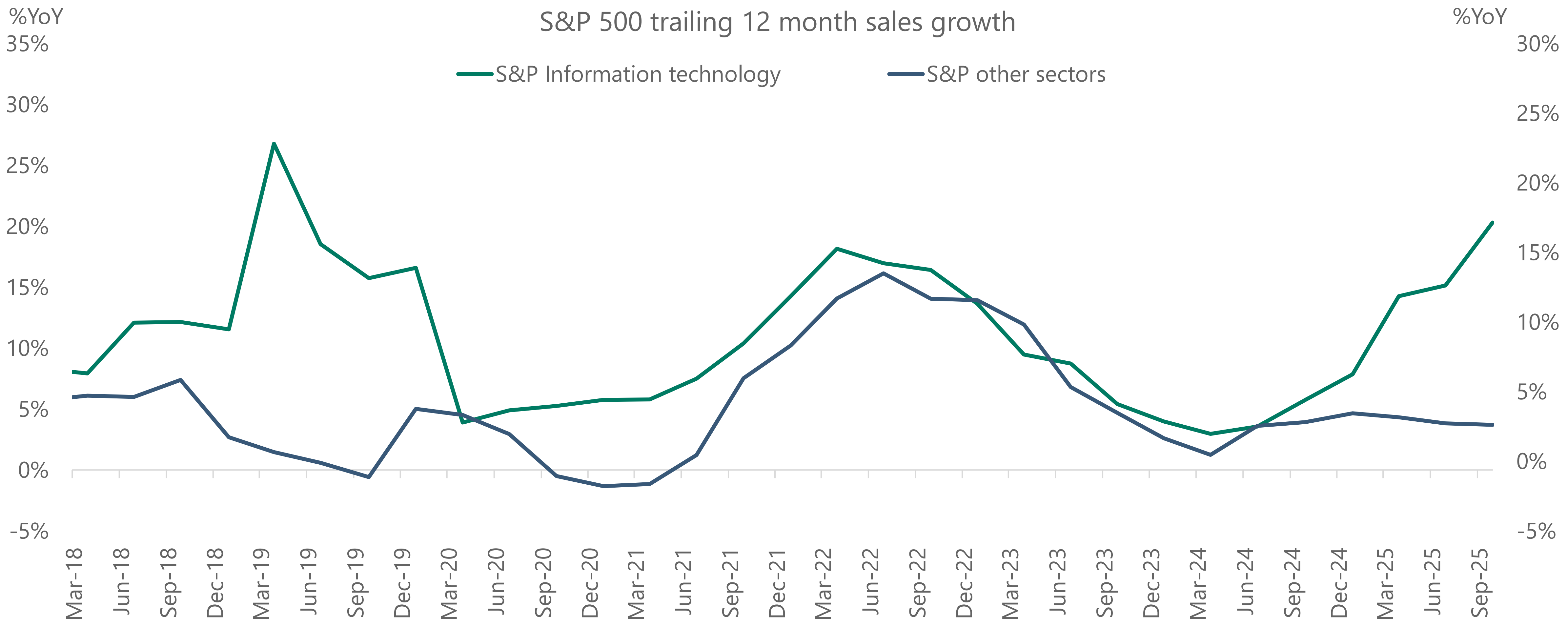
Source: Bloomberg, Apollo Chief Economist

Price to sales ratio at new highs for the S&P 500



Source: Bloomberg, Macrobond, Apollo Chief Economist

Sales growth in technology higher than in other sectors

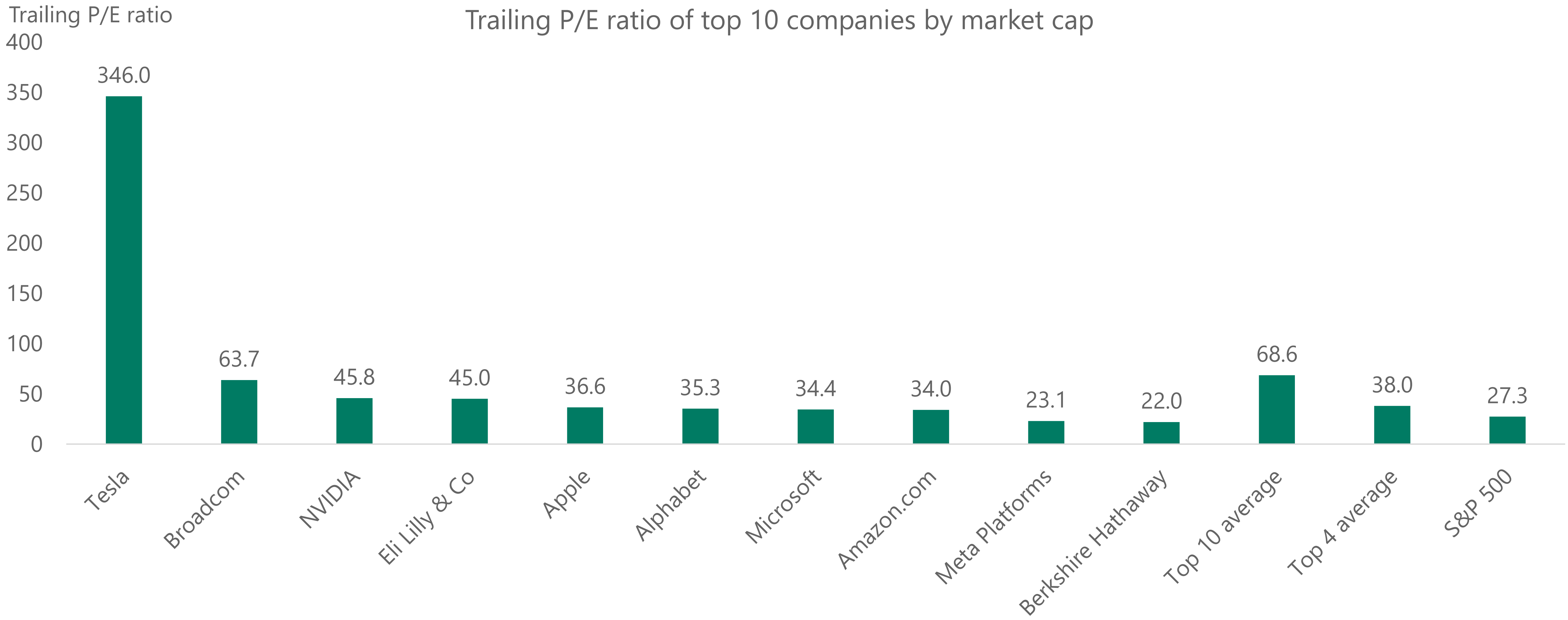


Source: Bloomberg, Apollo Chief Economist

The AI bubble today is bigger than the IT bubble in the 1990s

Note: Data as of December 23rd 2025. Top 4 and top 10 companies are by market cap. Source: Bloomberg, Apollo Chief Economist.

The average P/E ratio of the top 10 companies in the S&P 500 is around 50



Note: Data as of December 2025. Top 4 and top 10 companies are by market cap. Source: Bloomberg, Apollo Chief Economist.

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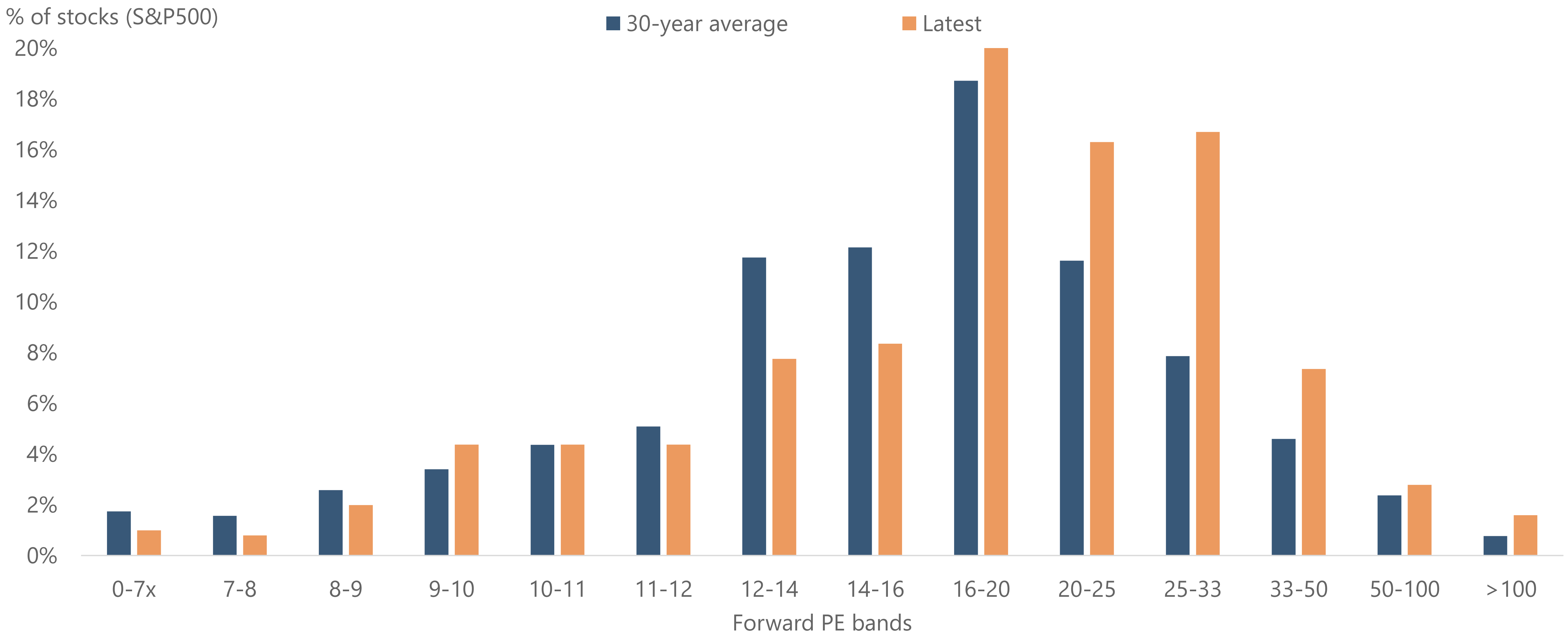
S&P 500 is overvalued compared to history



Source: Bloomberg, Apollo Chief Economist

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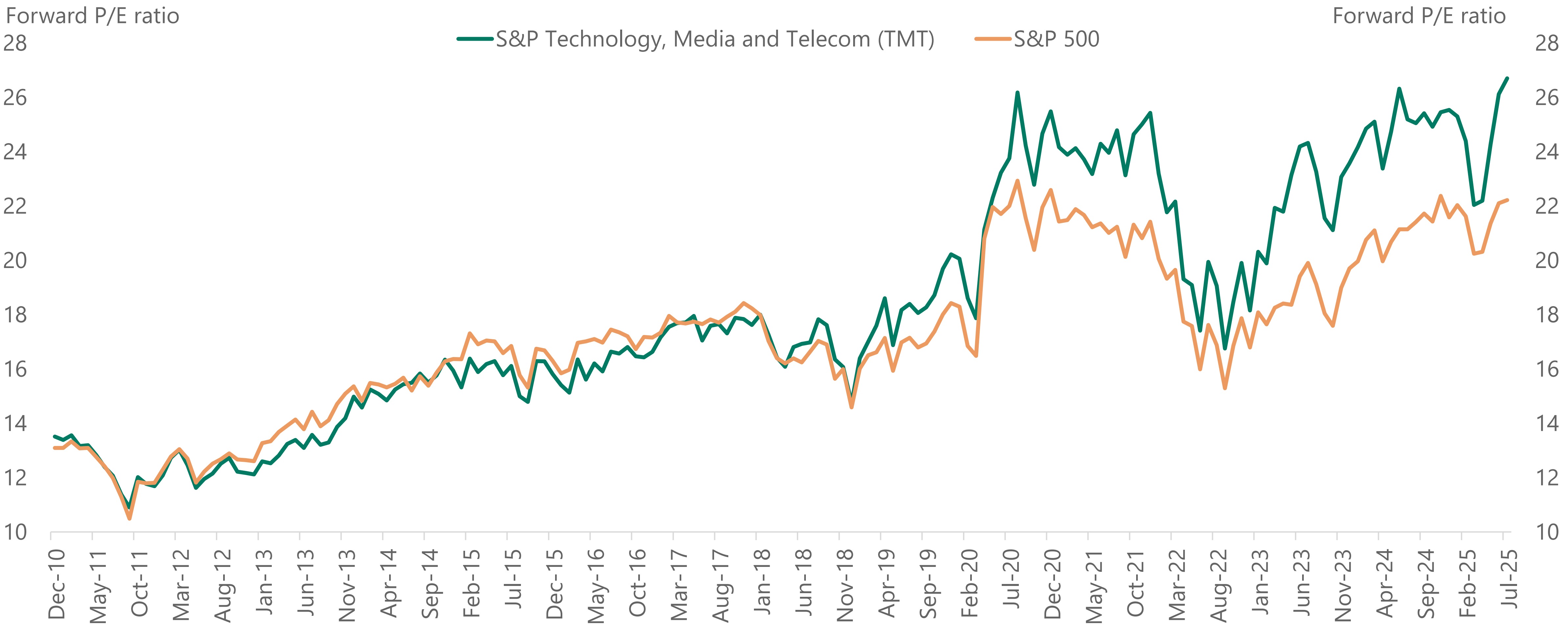
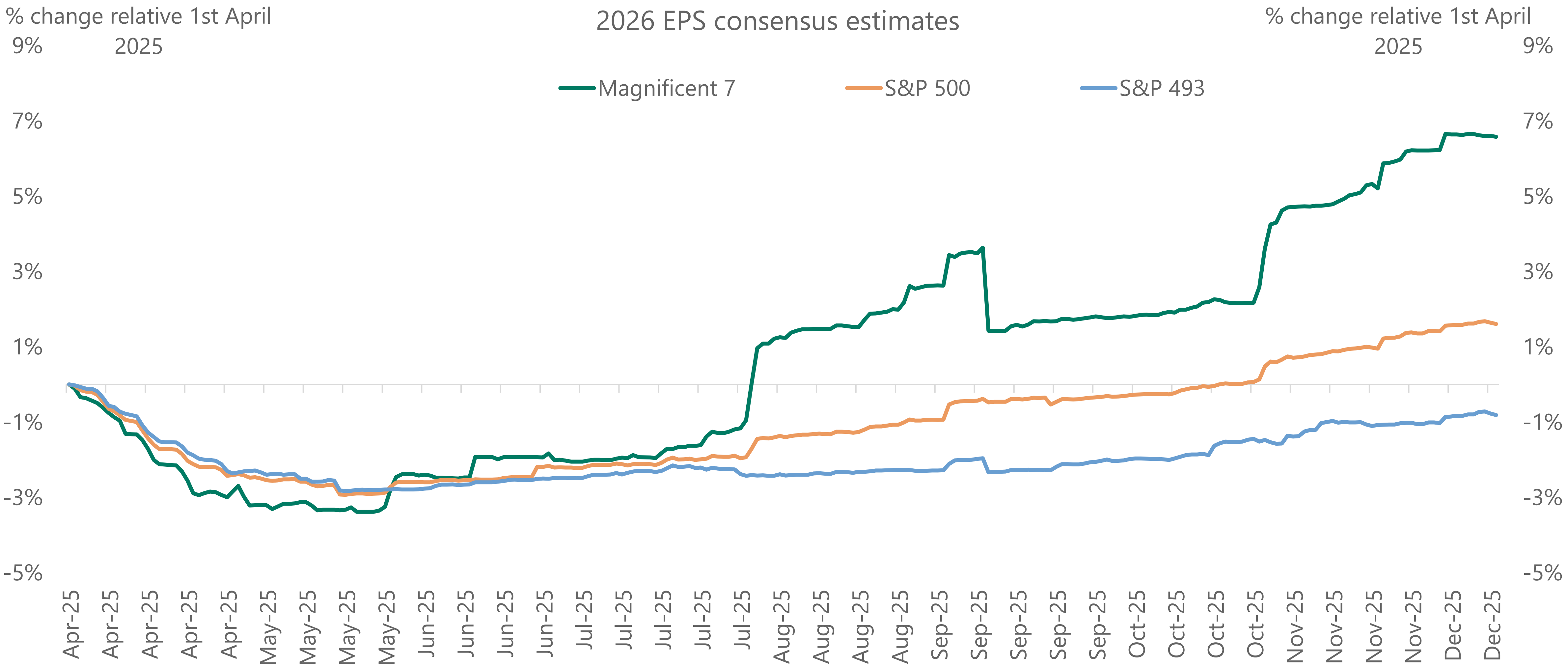
Forward P/E ratio higher for technology, media and communication relative to S&P 500



Source: Bloomberg, Apollo Chief Economist

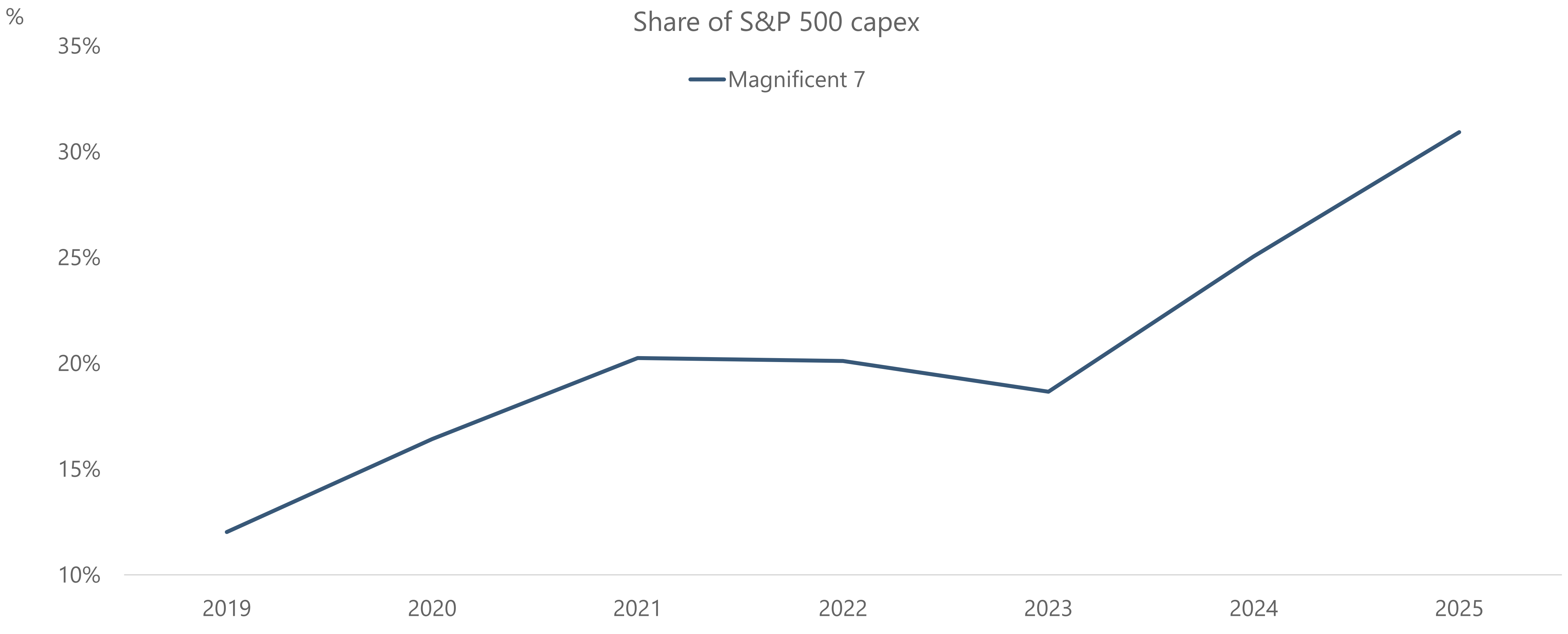
Upward 2026 EPS revisions for Magnificent 7



Source: Bloomberg, Apollo Chief Economist

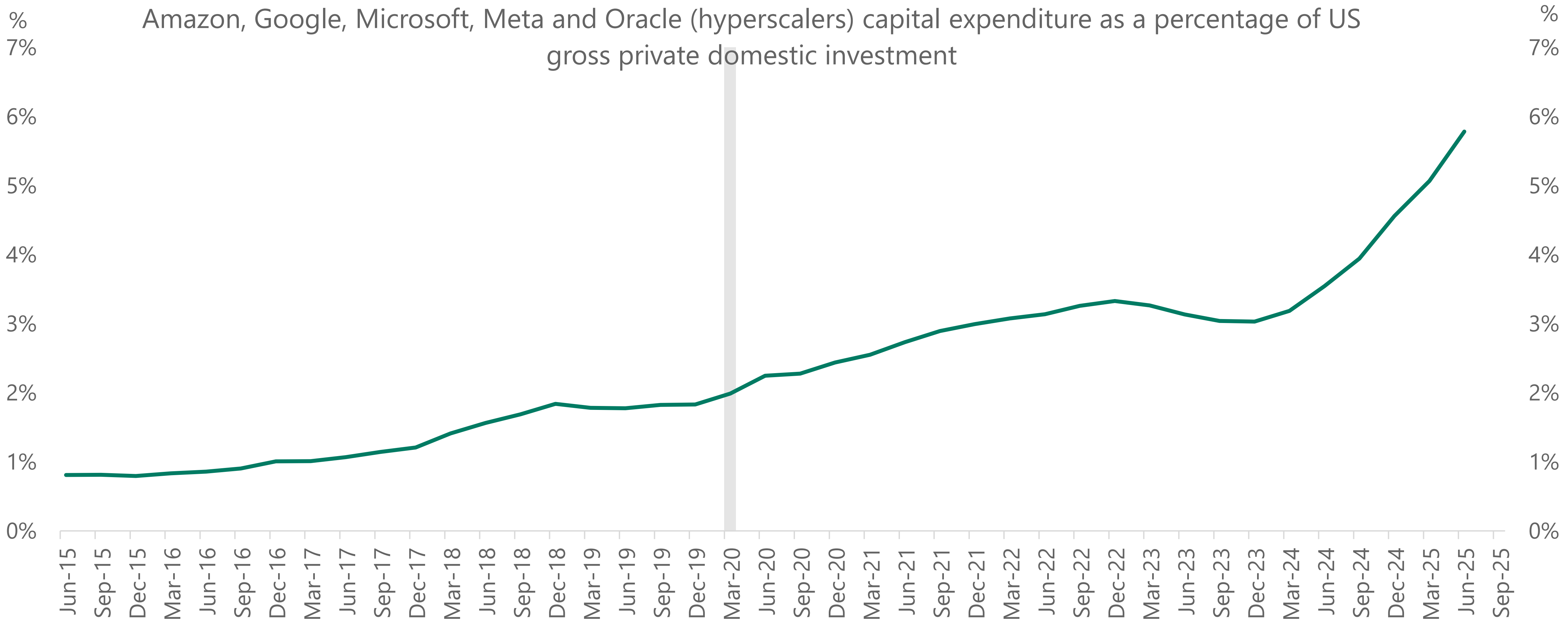
S&P 500 capex concentration

Capex spending concentrated in the Magnificent 7



Source: Factset, Apollo Chief Economist

Hyperscalers capital expenditure share of US private domestic investment has doubled since 2023



Source: Bloomberg, Apollo Chief Economist

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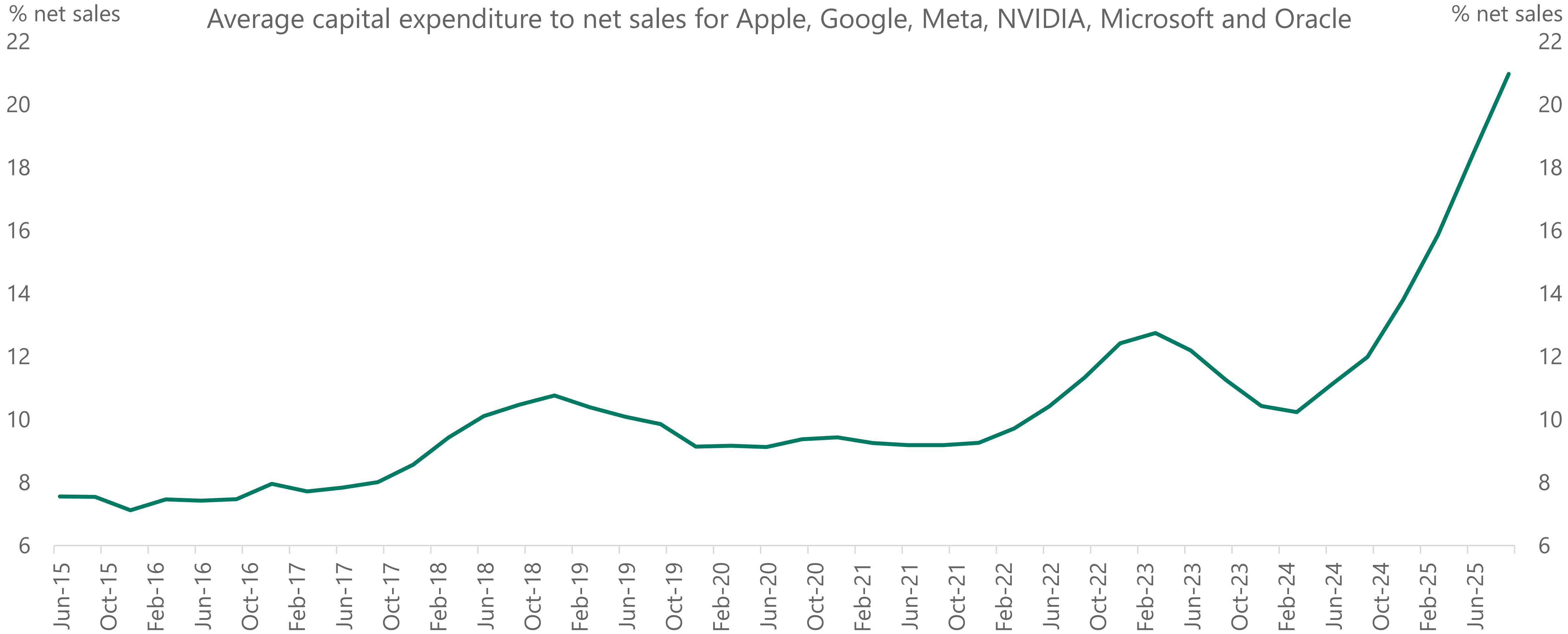
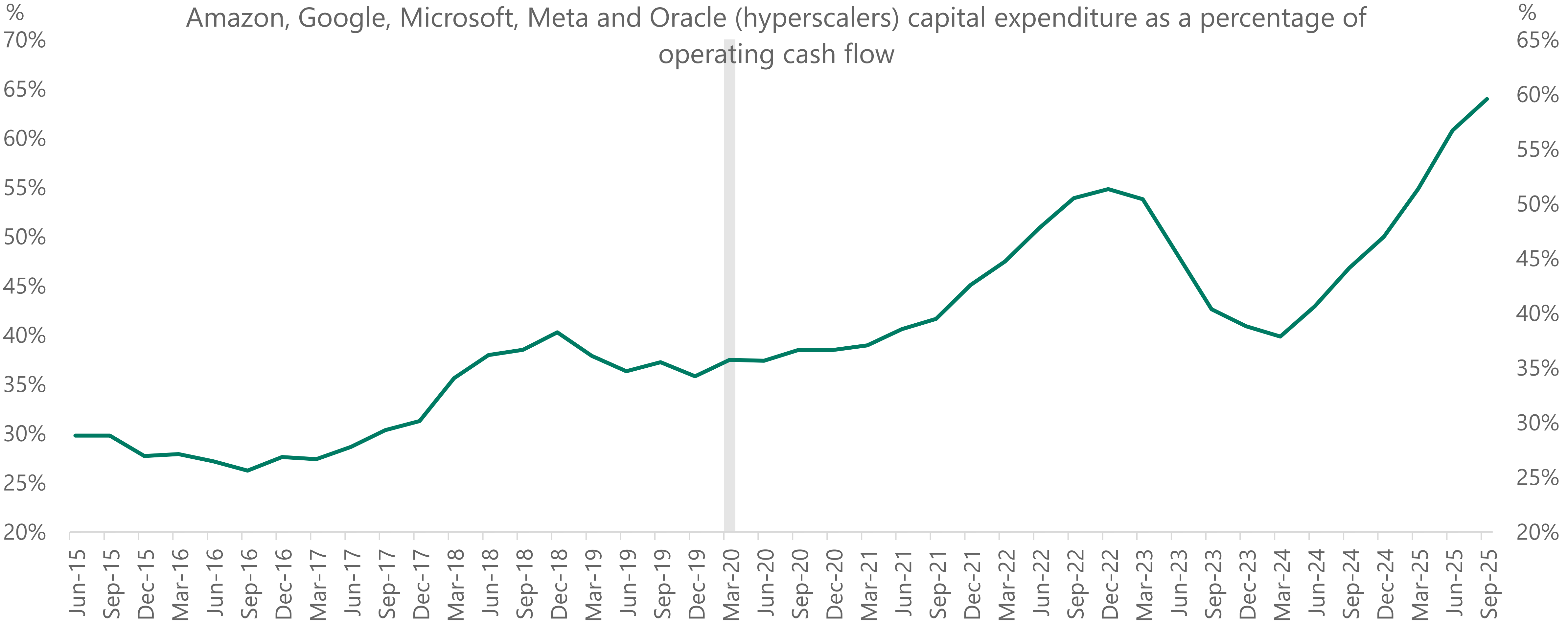
Capex share of net sales for hyperscalers approaching 22%



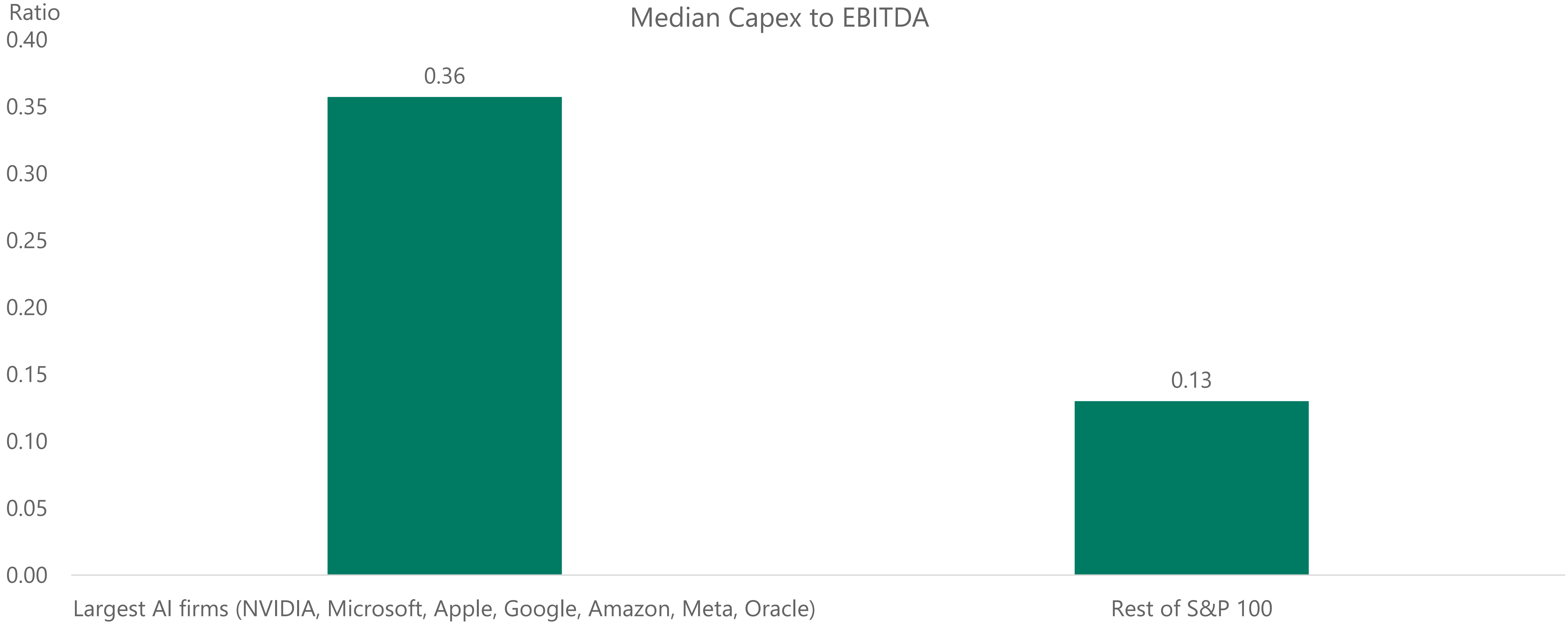
Source: Bloomberg, Apollo Chief Economist

Capex share of operating cash flow for hyperscalers: 60%



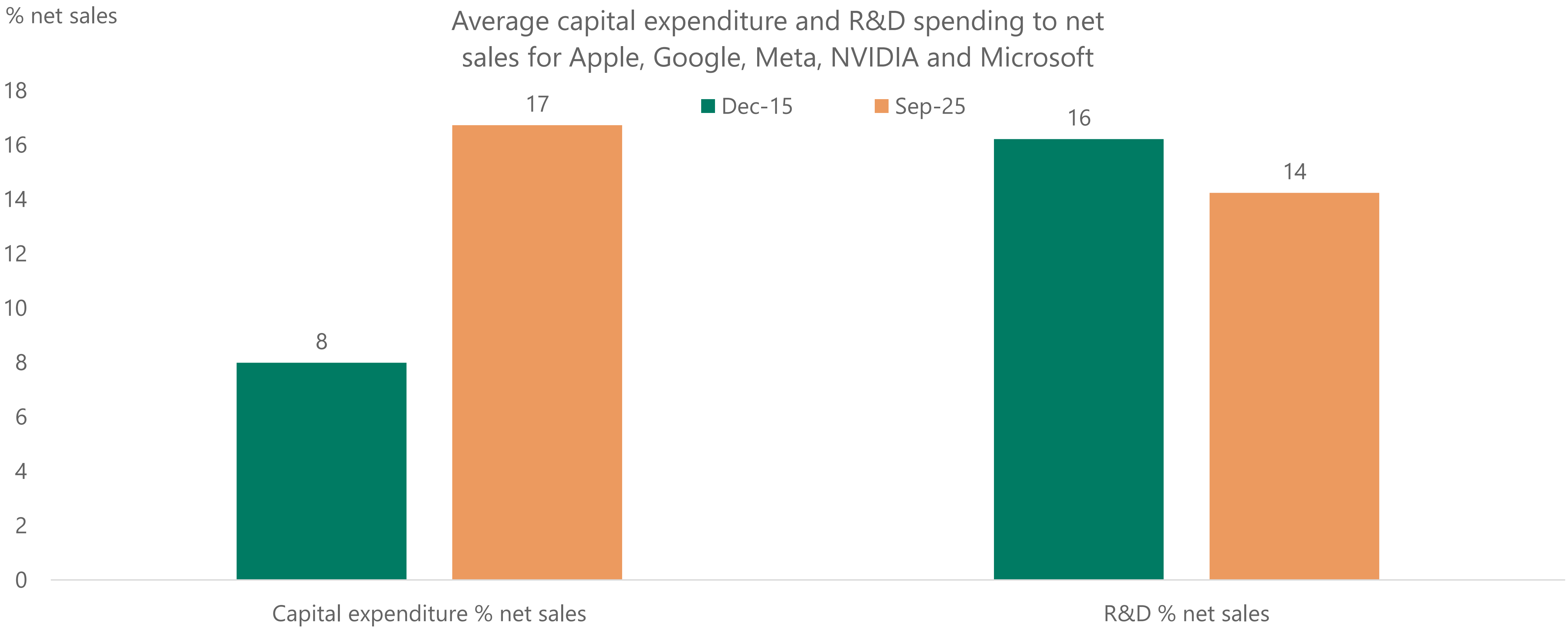
Source: Bloomberg, Apollo Chief Economist

Capex to EBITDA ratio for largest AI firms is more than 2 times rest of S&P 100



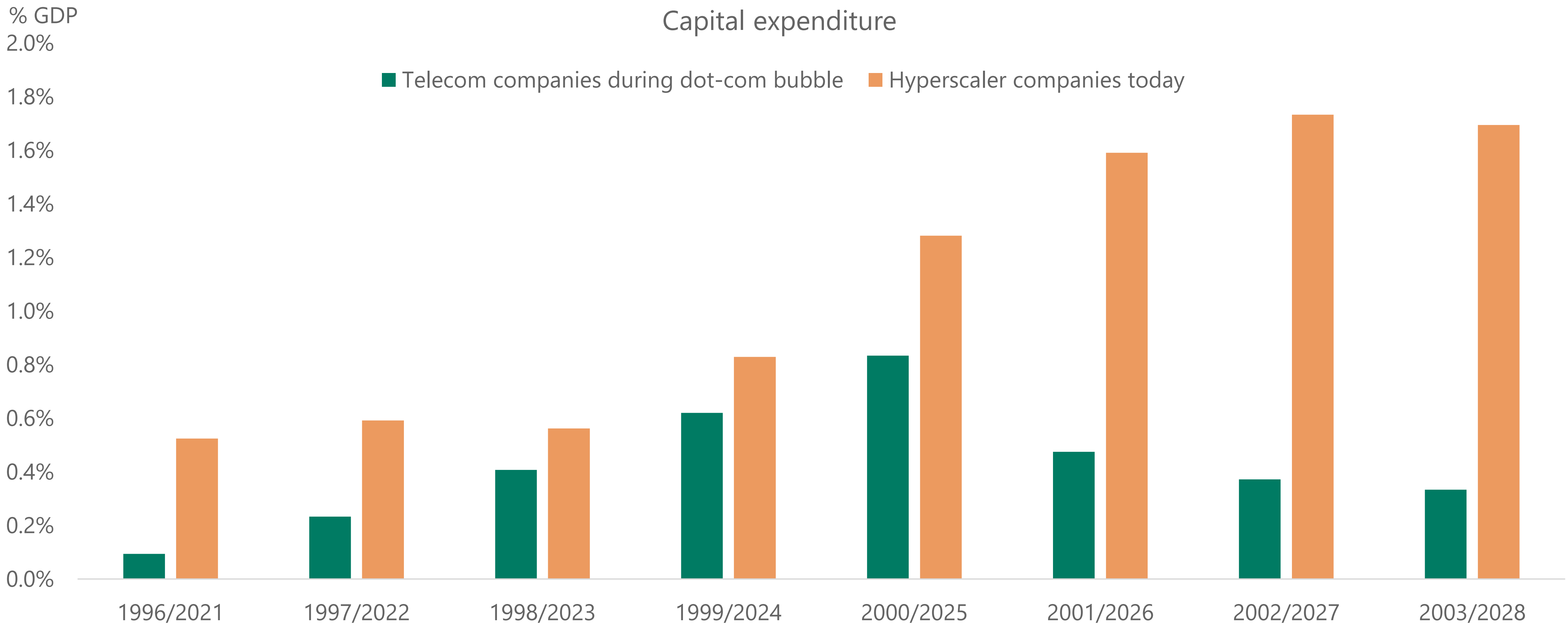
Source: Bloomberg, Apollo Chief Economist

Capex in largest AI firms is rising while R&D spending is declining



Source: Bloomberg, Apollo Chief Economist

Capital expenditure share of GDP much higher for hyperscalers today vs telecom companies during dot-com bubble



Note: Hyperscaler companies include Oracle, Microsoft, Meta, Amazon, Google, and Telecom companies include Level 3 Communications, WorldCom, Global Crossing, Nortel Networks, Verizon, AT&T, Nokia, Cisco Systems, Williams Companies and XO Communications. Source: Bloomberg, Factset, Apollo Chief Economist

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Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D. in Economics and has studied at the University of Copenhagen and Princeton University.