



Concentration Concerns

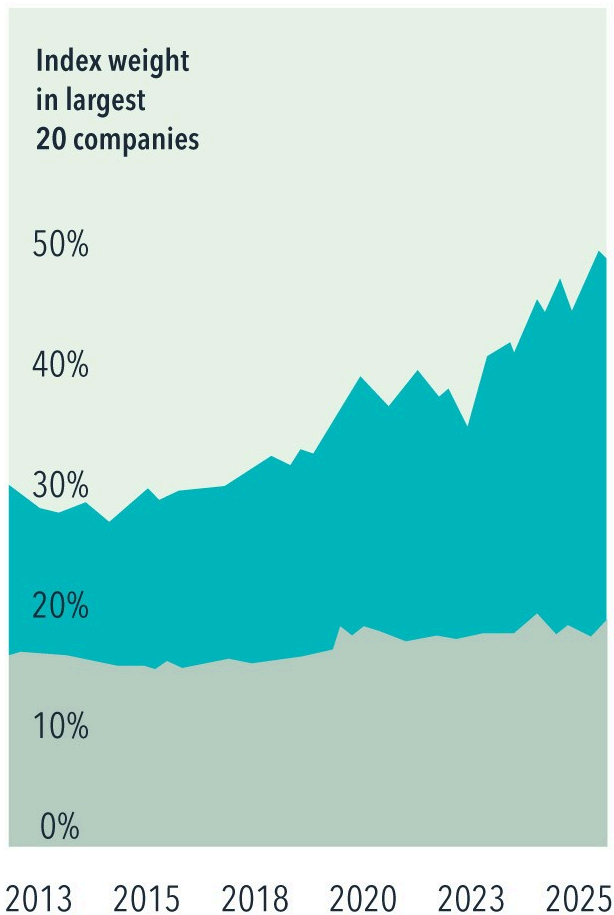
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The US stock market has become increasingly concentrated in a small group of mega-cap companies. This trend is evident in the rising weight the S&P 500 Index has in its largest 20 stocks, which made up almost half the index at the end of last year, up from less than a third in 2013. As a result, the US market has felt at times like a team that relies heavily on a few star players, with the biggest companies having an outsized influence on overall returns.

Taking a global perspective can help mitigate concentration concerns. The largest stocks represent a smaller share of markets outside the US, and that share has risen at a slower rate. At the end of 2025, the largest 20 stocks accounted for just 19% of the MSCI All Country World ex USA Index, a modest increase from approximately 16% at the start of 2013.

For investors, this difference highlights a benefit of investing globally. By expanding their opportunity set to include international markets, investors can potentially reduce portfolio concentration while maintaining broadly diversified exposure to stock markets at home and around the world.

Increasing US Market Concentration, January 1, 2013–December 31, 2025



As of December 31, 2025,
the 20 largest companies
within each respective index
accounted for:



vs.



Source: Dimensional. Weight determined by constituent percentage of each respective index at the issuer level. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. S&P data © 2026 S&P Dow Jones Indices LLC, a division of S&P Global. MSCI data © MSCI 2026, all rights reserved.

Glossary

Mega cap: Refers to stocks with the very largest market capitalizations.