

# Market Insights



**ALTA**

CAPITAL MANAGEMENT

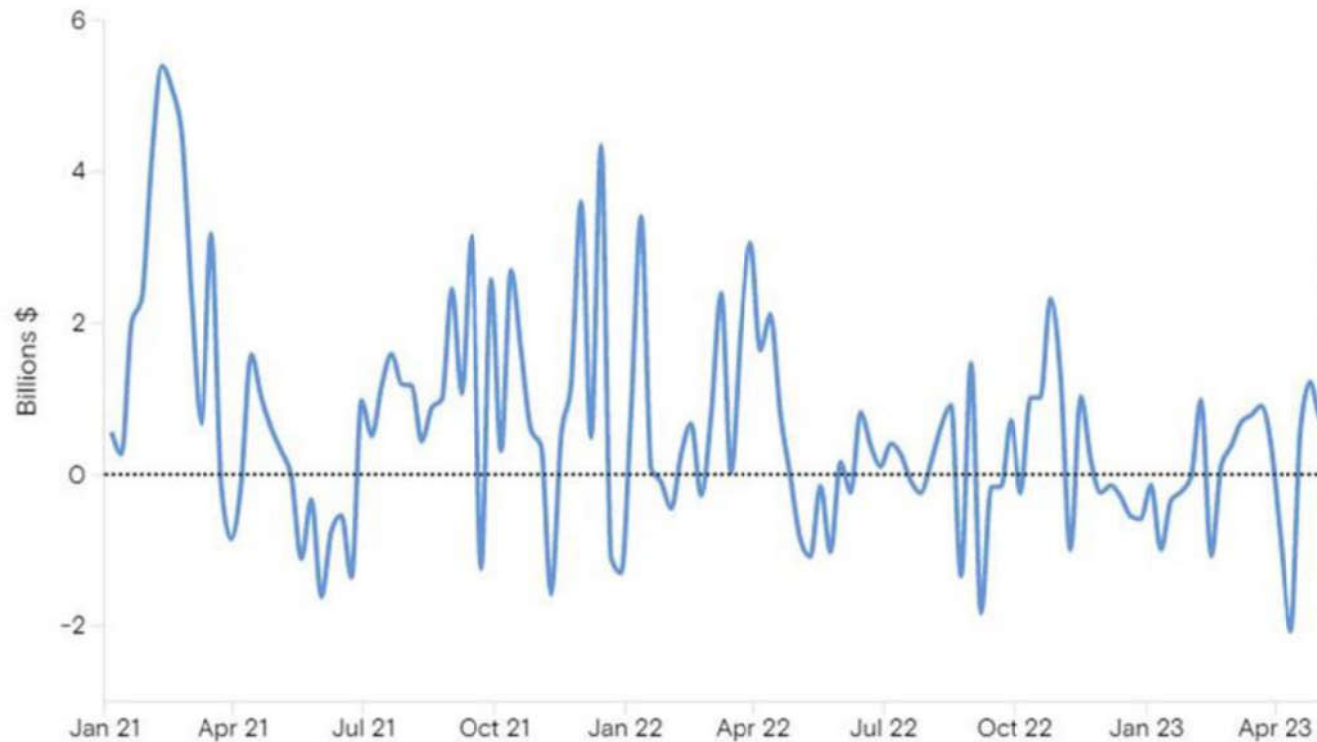
A member of Guardian Capital Group Limited

June 2023

# Tech is back

## Inflows into global technology stocks are surging

Technology sector equity fund flows



Source: EPFR, Goldman Sachs Research

**Goldman  
Sachs**

After an overall challenging year in 2022 that was largely marked by outflows for the latter half of the year, flows into technology stocks have hit their highest inflows since late 2021.



# Cap-Weighted performance

## Average return of five largest S&P 500 companies

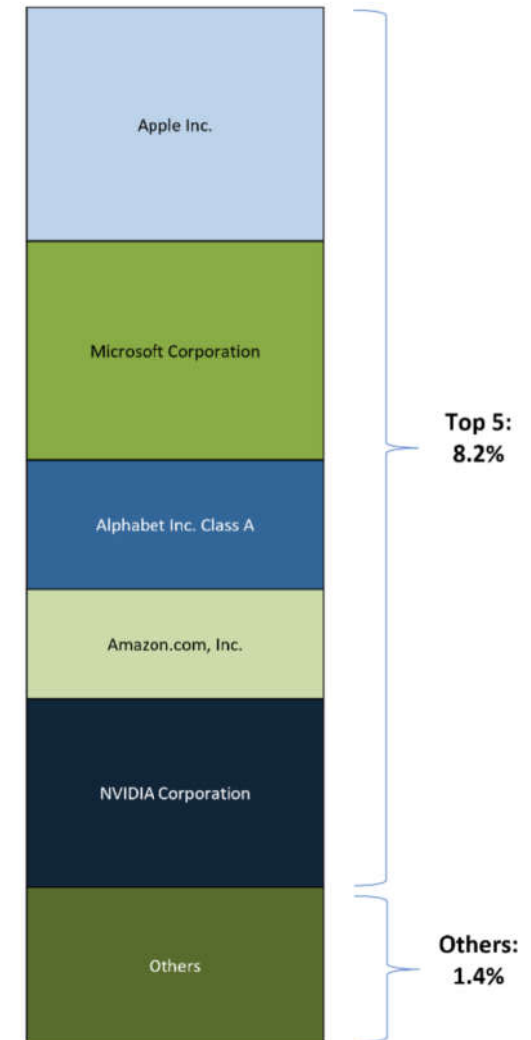
Year-to-date performance; Daily; Dec. 31, 2022, to May 31, 2023



The 2023 returns on the top 5 largest S&P 500 companies (Apple, Microsoft, Alphabet, Amazon and Nvidia) have almost entirely driven the S&P year to date performance, which was up 8.9% at the end of May. Removing these 5 stocks would reduce the return of the S&P down to 1.5% for the year. The performance of these stocks have been tied to a combination of solid earnings, and links to 'Generative AI' - related enthusiasm.

Source: Factset, Axios Visuals

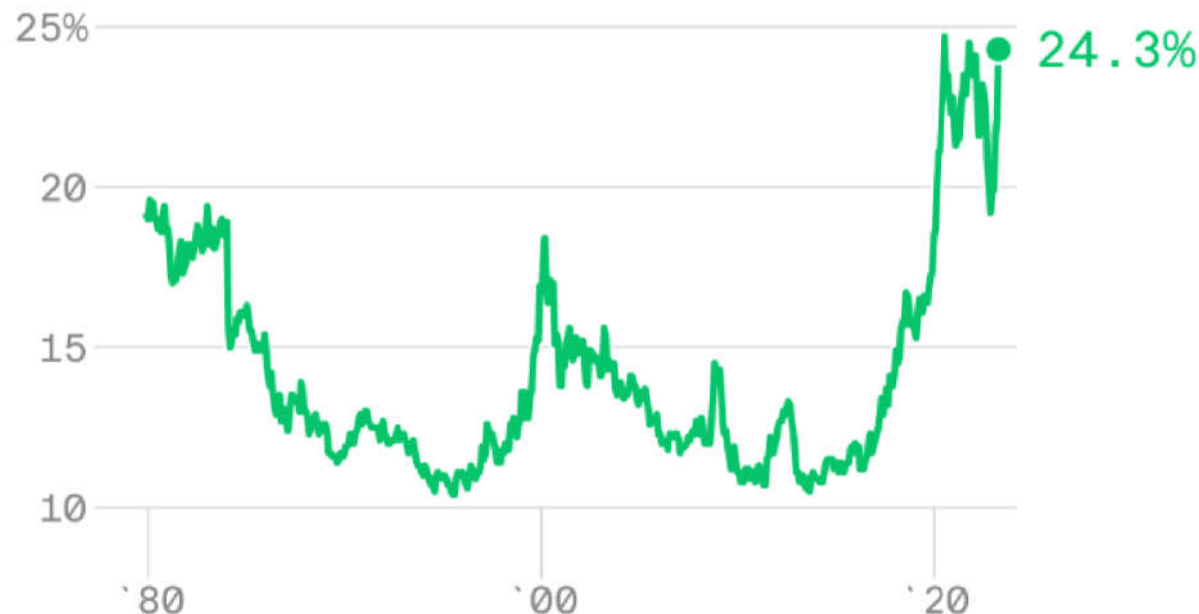
Contribution to S&P 500 YTD Return: 9.6%



# Ultra Mega Caps

## Top five firms' share of S&P 500 market capitalization

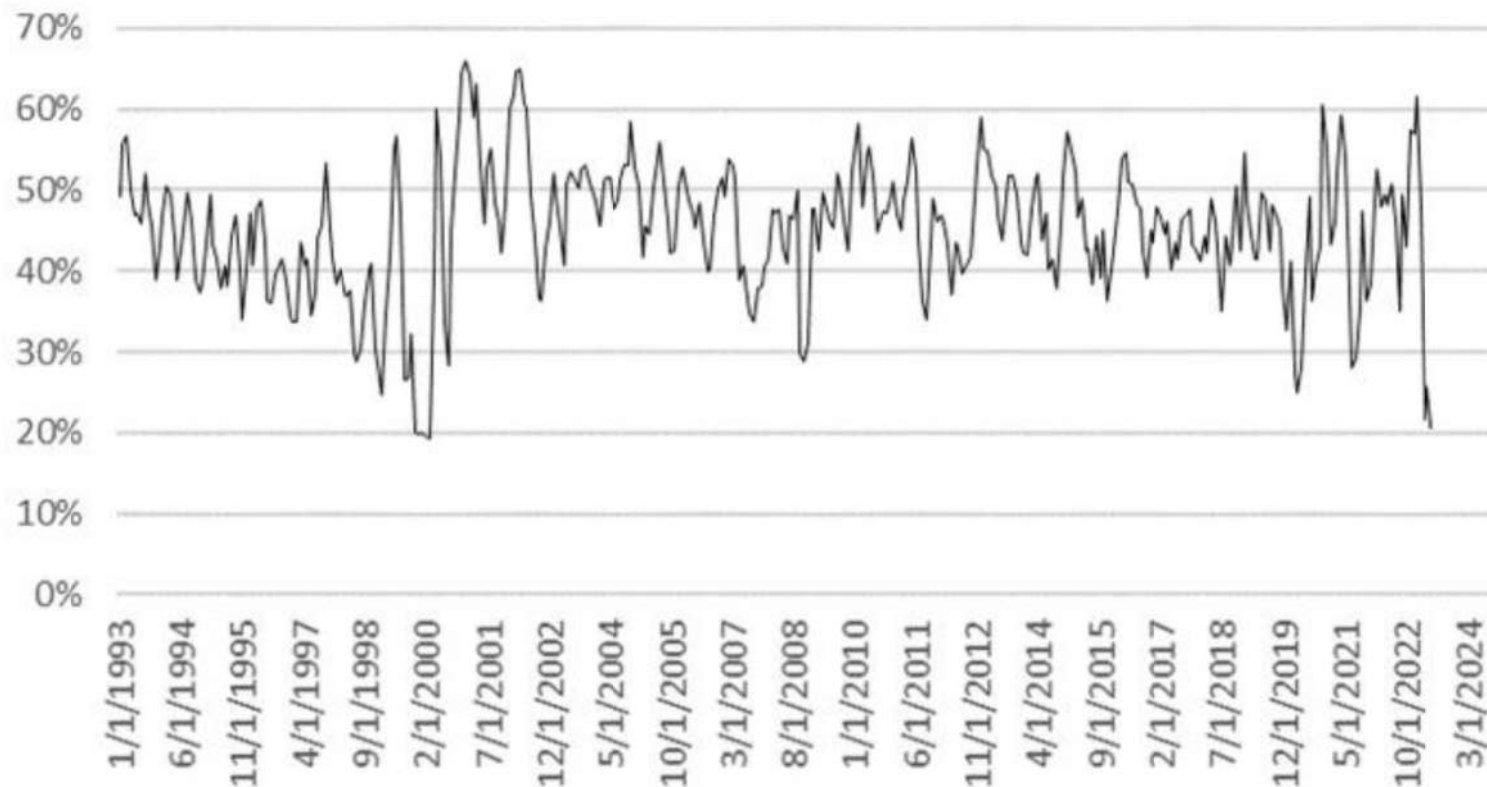
Monthly; December 1979 to May 2023



Relative to recent history, the market cap of these 5 stocks is quite high in relation to their weighting in the S&P. Conversely, it is not unusual to have a small number of companies be the outsized drivers of the stock markets gains- FAANG stocks were catalysts for the prior bull market run of the 2010's, the "Four Horseman" (Microsoft, Cisco, Oracle and Intel) of the late 1990's, as well as the "Nifty Fifty" of the late 1960's and early 1970's.

# Trailing the (small and exclusive) pack

% S&P 500 Stocks Beating The Index - Trailing 3 Months



The percentage of stocks within the S&P 500 that are lagging the index is at a generational low. This is largely to be attributed to the continuing macro environment of inflation and higher interest rates. As conditions abate over the next few quarters, history would seem to point to an increase in the percentage of stocks beating the index.

## Is Apple the biggest FinTech?

### 1. The Apple Finance Ecosystem



The days of Apple being known as a company solely famous for its colorful PC's, iPods, iPhones are long behind us. Apple continues to expand its footprint into the payments space with various financial institutional partners, as its evolution under the Tim Cook era stays cutting edge.



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