THREE ON THURSDAY

FIRST TRUST ECONOMICS

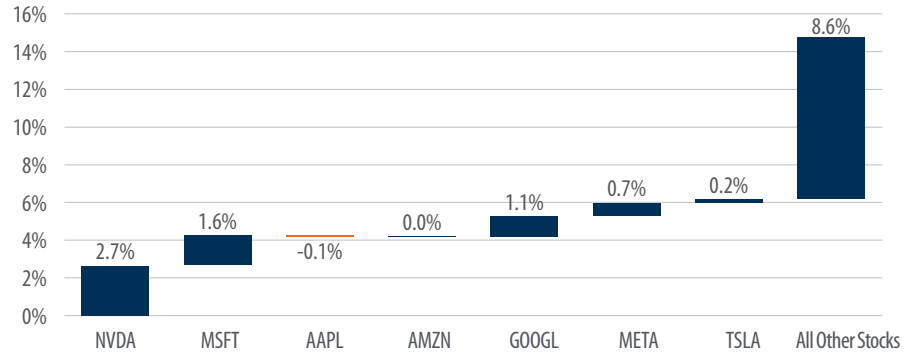
First Trust

October 9, 2025

S&P 500 Index Performance Check: Q3 2025

This week's edition of "Three on Thursday" focuses on the S&P 500 Index's performance over the first three quarters of 2025. As a widely respected barometer for the overall stock market, the S&P 500 Index tracks the performance of 500 of the largest companies listed on U.S. stock exchanges. The Index uses a market-cap weighting approach, giving a higher percentage allocation to companies with larger market capitalizations, adjusted for the number of publicly traded shares. In the third quarter alone, the S&P 500 Index achieved a total return of 8.1%, bringing the year to date gains up to 14.8%. So far this year through Q3, the S&P 500 Index has hit all-time highs 28 times, with a maximum drawdown of 18.9%. Below are three charts that provide a deeper understanding of the events that shaped the first three quarters.

S&P 500 Index YTD Attribution Through Q3 2025



Source: Capital IQ, First Trust Advisors. Data from 12/31/24 – 9/30/25.

The "Magnificent 7" companies – Apple, NVIDIA, Microsoft, Amazon, Tesla, Alphabet, and Meta – which currently hold a combined 32.2% weighting in the S&P 500 Index, accounted for 41.8% of the Index's 14.8% total return in the first three quarters of 2025. NVIDIA stood out with an impressive 39.0% increase, leading the group in contribution. Not all of the Mag 7 are still the largest seven companies in the S&P 500 index. Broadcom Inc. is now larger than Tesla taking the seventh slot. If Broadcom Inc. replaced Tesla in the Magnificent 7, the new group's contribution to the overall market return for the first three quarters of 2025 increases to 55.5%.

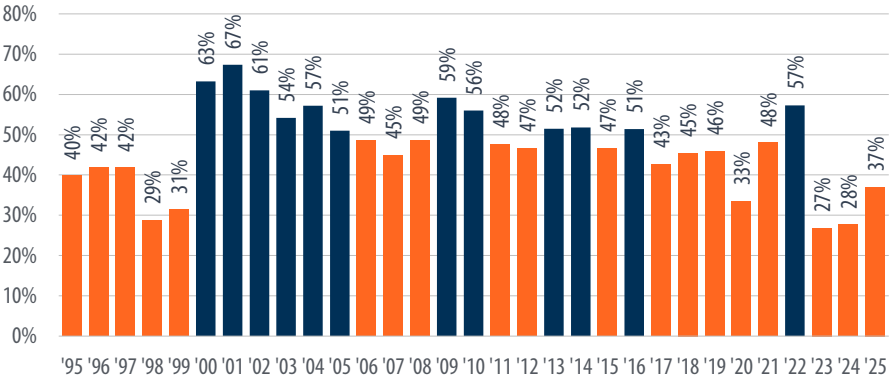
The Magnificent 7's Impact on the S&P 500 Index

Company Name	Share of S&P 500 Index Earnings Growth (Last 12M)	Share of S&P 500 Index Price Gain (Last 12M)
NVIDIA Corporation	14.3%	19.5%
Amazon.com, Inc.	10.6%	3.9%
Meta Platforms, Inc.	7.4%	4.4%
Alphabet Inc.	10.2%	9.4%
Microsoft Corporation	5.6%	8.4%
Apple, Inc.	-1.4%	2.6%
Tesla, Inc.	-2.5%	5.9%
Mag 7 Total	**44.1%**	**54.0%**
Rest of S&P 500 Index	**55.9%**	**46.0%**
Total	**100%**	**100%**

Source: Capital IQ, First Trust Advisors. Data as of 9/30/25.

Although the S&P 500 Index gains have been significantly driven by the Magnificent 7, it is essential to also consider earnings. Over the past year, the Magnificent 7 have contributed 44.1% to the S&P 500 Index's earnings growth and 54.0% to its price gain. In the past year, three of the seven companies have contributed more to the overall Index's earnings growth than to price growth, while four have contributed more to price growth than earnings growth. For example, Amazon accounted for 10.6% of the S&P 500 Index's earnings growth over the past year but only 3.9% of its price gain. On the flip side NVIDIA, while making up 19.5% of the price gain in the past year has made up a smaller 14.3% share of earnings growth for the S&P 500 Index.

Percentage of S&P 500 Index Members Outperforming the Index in 2025



Source: Capital IQ, First Trust Advisors. Data from 12/30/95 - 9/30/25.

In 2023, only 27% of stocks outperformed the S&P 500 Index, making it the narrowest market since at least 1995. The trend continued in 2024, with just 28% of stocks beating the index— marking the second narrowest year in nearly three decades. Such extreme concentration hasn't been seen since 1998 and 1999. However, after that period in the late '90s, the market broadened out significantly over the following years. Through the first three quarters of 2025, 37% of members outperformed the overall Index. Led by Seagate Technology Holdings, which soared 178.0% over the period. All said, a total of 315 members posted positive gains during the period.

Past performance is no guarantee of future results. The **S&P 500 Index** is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Index data is for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. These returns were the result of certain market factors and events which may not be repeated in the future. References to specific securities should not be construed as a recommendation to buy or sell and should not be assumed profitable.

This report was prepared by First Trust Advisors L. P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.