



# 1999, REPLAYED?

The **Knicks** and **Spurs** are back in the NBA Finals. Markets, too, are revisiting an old debate.

## Different Players, Similar Questions

In 1999, the **New York Knicks** and **San Antonio Spurs** met in the **NBA Finals**. That same year, investors were captivated by a technology cycle that promised to reshape the economy. Just over a quarter-century later, the **Finals** matchup has returned. So has a **familiar market debate**.



	1999	Today
<b>NBA Finals</b>	<b>Knicks vs. Spurs</b>	<b>Knicks vs. Spurs</b>
<b>Tech</b>	<ul style="list-style-type: none"> <li>• Internet adoption</li> <li>• Productivity optimism</li> <li>• Telecom/fiber buildout</li> <li>• Y2K-related IT remediation</li> </ul>	<ul style="list-style-type: none"> <li>• AI agents</li> <li>• Models and automation</li> <li>• Physical constraints: Data centers, chips, power and grid capacity</li> </ul>
<b>S&amp;P 500 Index cumulative total return<sup>1</sup></b>	Jan 1995 – Dec 1999: 251% Subsequent Drawdown: -45% (Aug 2000 – Sept 2002)	Jan 2023 – May 2026: 107%
<b>Concentration<sup>2</sup></b>	S&P 500 Top 10 Weight Peak: 26.6% (Mar 2000)	S&P 500 Top 10 Weight Peak: 41.6% (Oct 2025) Current: 40.6% (May 2026)
<b>IPOs<sup>3</sup></b>	<ul style="list-style-type: none"> <li>• 388 U.S. IPOs</li> <li>• Roughly \$57B in gross IPO proceeds</li> <li>• Many earlier-stage companies went public</li> </ul>	<ul style="list-style-type: none"> <li>• 40 IPOs year-to-date (as of May 2026)</li> <li>• Goldman Sachs forecasts \$225B of IPO proceeds (excludes potential lockup supply)</li> </ul>
<b>Question(s)</b>	<ul style="list-style-type: none"> <li>• Was the <b>internet</b> real? Yes.</li> <li>• Were the <b>winners</b> and <b>economics</b> obvious in 1999? No.</li> </ul>	<p><b>AI</b> may prove highly consequential. But...</p> <ul style="list-style-type: none"> <li>• Who <b>funds</b> it?</li> <li>• Who captures the <b>profits</b>?</li> <li>• At what per-share <b>price</b>?</li> </ul>



In 1999, the market was not wrong about the internet's importance. It was **wrong** about the **timing, valuation, capital intensity, and who** would ultimately capture the profits.

Today, **artificial intelligence** may prove similarly transformative. But as in 1999, the **central investment question** is not whether the technology will matter; it is **how much of that future has already been capitalized** into today's prices.



### SOURCES

<sup>1</sup> **Source:** eVestment and Aristotle Capital Management. S&P 500 Index cumulative total returns in USD for January 1995–December 1999 and January 2023–May 2026, calculated using monthly total returns.

<sup>2</sup> **Source:** FactSet and Aristotle Capital Management. Top-10 concentration reflects the aggregate S&P 500 Index weight of the 10 largest constituents as of March 2000.

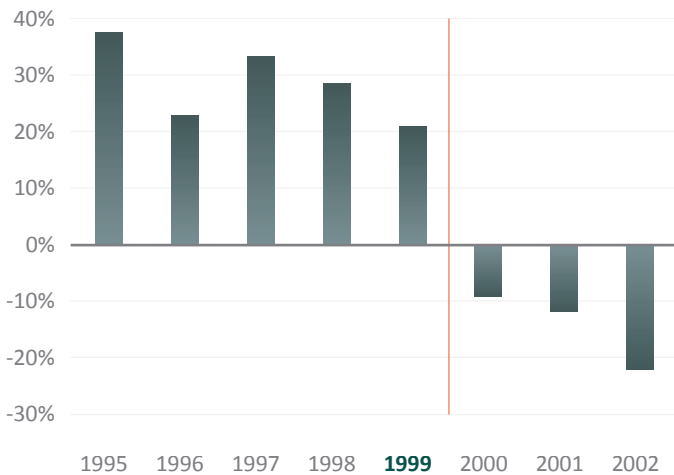
<sup>3</sup> **Source:** Goldman Sachs Global Investment Research, FactSet, as of May 2026. U.S. IPOs/deals greater than \$25 million in value; 2026 proceeds reflect Goldman Sachs forecast.

## Preceding Performance

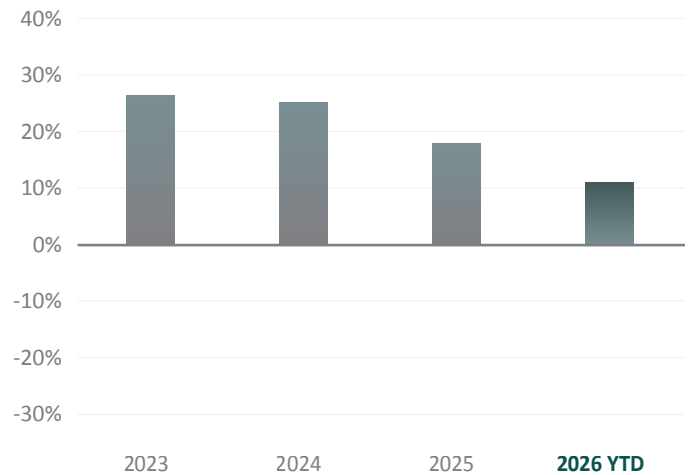


During the late 1990s, S&P 500 returns substantially outpaced the growth of underlying corporate earnings<sup>4</sup>. By contrast, the **recent cycle appears more earnings-supported**, which makes the idea of a simple dot-com replay look less likely. Still, the market can be more fundamentally supported than 1999 and remain expensive. The key question is whether earnings expectations confirm durable growth, or whether valuations are assuming too much future success.

S&P 500 Returns 1995–2002



S&P 500 Returns 2023–Present



**Source:** eVestment and Aristotle Capital Management. Annual S&P 500 Index total returns in USD. Orange line is an illustrative marker for the approximate dot-com-era market peak in early 2000 and is not a separate data series. *Past performance is not indicative of future results.*

## Concentration is Again the Market’s Defining Feature

**Concentration** is not a valuation metric, but it is a **useful measure of market vulnerability**. It shows how much of the Index’s outcome depends on a narrow set of companies and assumptions.

By 1999 and early 2000, the technology boom had moved well beyond speculative dot-com companies and into the core of the S&P 500.

Today, that concentration is even more pronounced, making the **index increasingly dependent** on a small number of **dominant companies**.

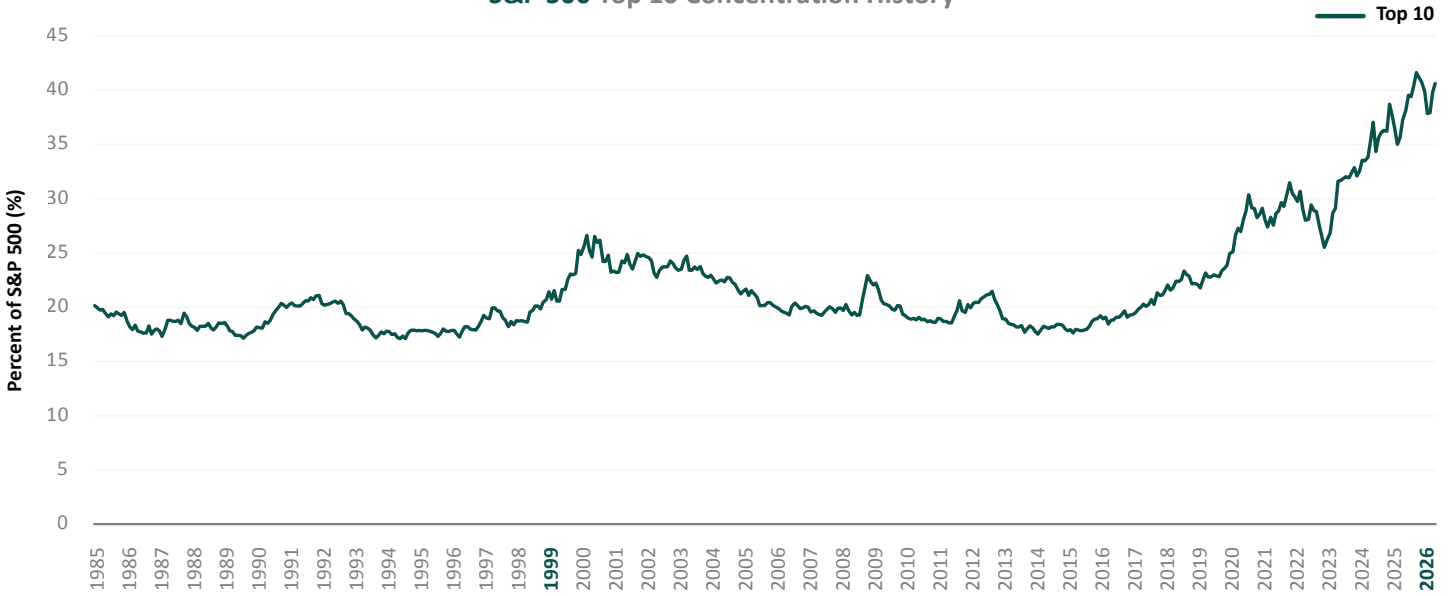
MEASURE	1999 / 2000 Dot-com Era	Today
<b>Top 10 share of S&amp;P 500 market cap<sup>5</sup></b>	26.6% (March 2000)	40.6% (May 2026)
<b>Top 10 constituents</b>	<b>March 2000:</b> <ul style="list-style-type: none"> <li>• Microsoft</li> <li>• Cisco Systems</li> <li>• General Electric</li> <li>• Intel</li> <li>• Exxon Mobil</li> <li>• Walmart</li> <li>• Oracle</li> <li>• IBM</li> <li>• Citigroup</li> <li>• Lucent Technologies</li> </ul>	<b>May 2026:</b> <ul style="list-style-type: none"> <li>• Nvidia</li> <li>• Apple</li> <li>• Alphabet</li> <li>• Microsoft</li> <li>• Amazon</li> <li>• Broadcom</li> <li>• Meta Platforms</li> <li>• Tesla</li> <li>• Micron Technology</li> <li>• Eli Lilly</li> </ul>

### SOURCES

<sup>4</sup> **Source:** Strategas Securities, Investment Strategy Viewpoint, “Not Yet Like 1999,” May 27, 2026: S&P 500 EPS growth and total return comparison for 1995-1999 and 2021-2025; margin and market-cycle context.

<sup>5</sup> **Source:** FactSet and Aristotle Capital Management. Top-10 concentration reflects the aggregate S&P 500 Index weight of the 10 largest constituents as of March 2000. Constituent names reflect the 10 largest S&P 500 Index constituents as of March 2000 and May 2026.

S&P 500 Top 10 Concentration History



The IPO Window is Open Again

The late 1990s were defined by a large number of young companies going public. Today’s cycle looks different: **fewer companies** are going public, but those that do may be **larger**, more **mature** and more likely to use receptive markets to **raise capital**, **create liquidity** for existing holders, or both.



IPO MEASURE <sup>6</sup>	1999	2026 / Current Forecast
Number of U.S. IPOs	388	40 YTD through May; far below 1999 by count
Gross IPO proceeds	\$57 billion	\$225 billion (forecast)
Character of issuance	Many smaller, earlier-stage companies	Fewer, larger, more mature companies
Market implication	Speculative breadth	Mega-cap supply and liquidity events

“History Doesn’t Repeat Itself, but It Often Rhymes”

WHAT RHYMES

- Technology optimism is dominant; semiconductor and infrastructure exposure are scarce assets.
- Leadership is narrow, with index returns dependent on a small group of technology companies.
- The IPO window is reopening, bringing equity supply and liquidity events back into focus.
- Momentum, options activity and single-stock speculation remain powerful market structure forces.

WHAT DIFFERS

- Today’s leaders are generally larger, more profitable and better capitalized.
- Recent returns appear more consistent with earnings growth than in 1995-1999.
- IPO activity is lower by count, but today’s deals are larger and more mature.
- Sentiment is not uniformly euphoric, and corporate buybacks/M&A remain meaningful sources of equity demand.

SOURCES

<sup>6</sup> Source: Goldman Sachs Global Investment Research, FactSet, as of May 2026. U.S. IPOs/deals greater than \$25 million in value; 2026 proceeds reflect Goldman Sachs forecast.

## Considerations for the Prudent Investor

History suggests that genuine **technological progress can coexist with disappointing subsequent returns** when market leadership becomes too concentrated, expectations are extrapolated, or valuations leave little room for error.



### PER-SHARE VALUE

Is growth funded through retained cash flow, or through dilution and rising share counts?



### ROIC ON AI CAPEX

Does incremental spending earn attractive returns, or simply keep the company in the race?



### PROFIT CAPTURE

Who owns the scarce bottleneck: model, chip, power, distribution or customer relationship?



The prudent response is **not to declare that 2026 is 1999 all over again**. It is to study what the late 1990s market looked like, before the risks became clear. **The uniforms may be familiar. The outcome is still undecided.**

### SOURCES

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- Deutsche Bank Research Institute, “ChatIPO: Quick take on OpenAI’s record-breaking IPO plans,” May 21, 2026: potential OpenAI IPO size, possible valuation, and comparison with historical IPO proceeds.
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