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L&G expands index range with the launch of S&P 500 Equal Weight Index Fund

London, 18 October 2024 – Legal & General’s Asset Management Division has today announced the launch of the Legal & General S&P 500 US Equal Weight Index Fund (“the Fund”), offering investors the opportunity to limit the risk of over-concentration to single stocks in the primary US index. The Fund will track the S&P 500 Equal Weight Index.

Targeting investors in UK wholesale markets, the Fund provides clients with equal weight exposure to issuers in the S&P 500. It will seek to mitigate risks among the handful of stocks that have dominated the weighting of the S&P 500 in recent years, through improved diversification.

The rise of the ‘Magnificent seven’ in the S&P 500 index referring to the seven largest companies in the US by market capitalisation, (namely Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla) has resulted in concentration being at its highest level in decades with these stocks comprising almost a third of the S&P 500¹. Such dominance has come at the expense of diversification, leading some investors to be over-exposed to volatility in the mega-cap tech sector.

Ben Cherrington, Head of UK Wholesale, L&G Asset Management: “L&G has been vocal about this concentration risk for a number of years and following increasing interest from our clients and prospective investors, we are excited to launch this fund to satisfy that demand. We see this as a highly compelling proposition for investors seeking improved risk management, whilst retaining a diversified sector allocation and potentially lower volatility.”

The Fund will seek to reduce the concentration risk by taking a full replication approach to exposure and improving portfolio diversification. While an underweight to the largest names in the index is a common trait amongst active US equity managers, over the longer term actively managed US equity funds underperformed the S&P Equal Weight over 20 years².

The ‘Magnificent seven’ became so large that the Nasdaq 100 index had to implement a ‘special rebalance’³ to ensure that funds tracking the index did not breach industry-wide concentration limits set by regulators. There are early signs of a divergence in the risk characteristics between the equal weight and market-cap weighted versions of the S&P 500; which represents the primary opportunity the fund aims to capture.

Russell Jones, Head of Index Equities, L&G Asset Management: “Over the past two-and-a-half decades US benchmarks have never been as concentrated as they are today. We know that this is a growing concern as single stock momentum trends and volatility in the mega-cap tech sector continues. This launch of our equal weight strategy is in response to this, seeking to provide investors with balanced exposure to both the risk and return profile of the entire S&P 500, rather than the seven stocks that have dominated the index in recent years.”

The Fund will be managed by Russell Jones, supported by LGIM’s deeply experienced Index Fund Management team, which manages over \$100bn⁴ in Assets under Management and comprises 25 managers, with an average industry experience of 15 years.

¹[35% of the S&P 500 is Concentrated in the "Magnificent Seven." Here's What That Means for Your Portfolio.](#)

²[More Equal than Others: 20 Years of the S&P 500 Equal Weight Index.](#)

³[An Advisor's Guide to the Nasdaq-100 Rebalance.](#)

⁴As at 8 October 2024

– ENDS –

Notes to editors

About Legal & General plc

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with £1.2 trillion in total assets under management (as at FY23) of which c40% (circa £0.5 trillion) is international.

We have a highly synergistic business model, which continues to drive strong returns. We are a leading international player in Institutional Retirement, in Retail Savings and Protection, and in both public and private markets through our Asset Management division. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society.

As at 7 June 2024, we estimate the Group's Solvency II coverage ratio to be 224%.

As at 11 June 2024, Legal & General has a market capitalisation of £14.6 billion.

About our Asset Management Division

We are one of Europe's largest asset managers and a major global investor across public and private markets, with £1.122 trillion in assets under management.* Our clients include individual savers, pension scheme members and global institutions, who invest alongside L&G's own balance sheet. As a global investor, we are present where our clients most need us – from Hong Kong and Singapore, to major European financial hubs, to Chicago – operating under the Legal & General and LGIM brands. Our work is underpinned by our enduring commitment to responsible investment, dedicated to creating long-term, sustainable value for our clients and partners.

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Key Risk Warnings

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**Source: Legal & General internal data as at 30 June 2024. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong (2018-2019 only) and LGIM Singapore from July 2023. Excludes assets managed by associates (Pemberton, NTR, BTR)*