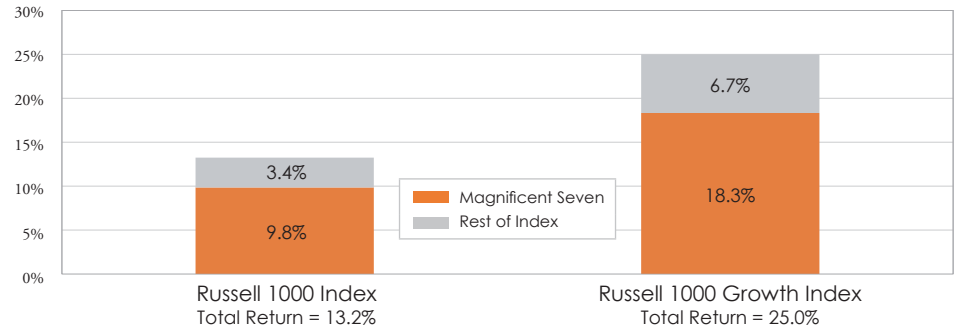


Wall Street has a seemingly endless capacity for creating catchy nicknames for stock market leaders. The late 60s and early 70s saw the “Nifty Fifty”<sup>(a)</sup>, the late 1990s saw the “Four Horsemen”<sup>(b)</sup>, the mid-2000s saw the “BRICs”<sup>(c)</sup>, and in recent years, the “FAANGs”<sup>(d)</sup> have drawn an inordinate amount of investor attention. Thus far in 2023, though, it’s been the “Magnificent Seven” that have dominated financial headlines.

The “Magnificent Seven” (Apple, Microsoft, Amazon.com, Alphabet, Tesla, NVIDIA, and Meta Platforms) have accounted for the lion’s share of returns across several key market indices this year as a result of their strong performance and large market capitalization, as most market indices are capitalization weighted. The returns of these seven stocks have contributed more than two-thirds of the total returns for both the Russell 1000 and the Russell 1000 Growth indices over the first three quarters of this year.

## “Magnificent Seven” Contribution to YTD Returns<sup>(1)</sup>

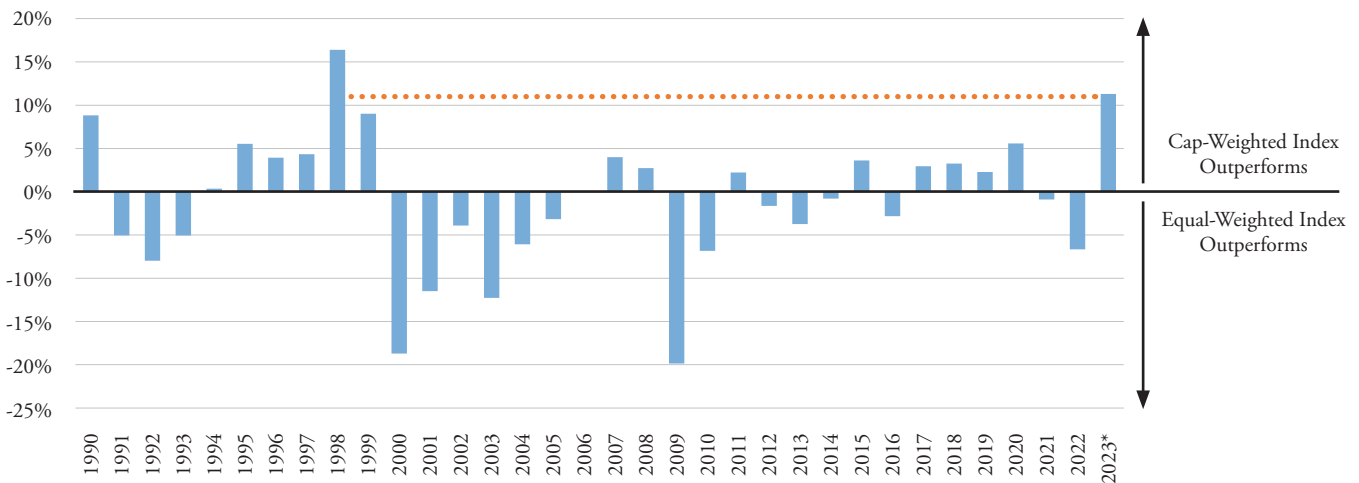


Data as of 9/30/2023  
<sup>(1)</sup> The “Magnificent Seven” includes Apple, Microsoft, Amazon.com, Alphabet, NVIDIA, Tesla, and Meta Platforms.  
 Source: FactSet

The impact of mega-cap stocks on market indices is evident by the outperformance of the cap-weighted S&P 500 Index compared to the same index calculated on an equal-weighted basis. The cap-weighted index is beating the equal-weighted index by over 11% this year. If this margin holds through year end, it will be the biggest margin in favor of the cap-weighted index since 1998.

However, it is worth noting that following 1998, the equal-weighted index outperformed the cap-weighted index in four of the subsequent five years. In fact, while the annualized return of the cap-weighted S&P 500 was negative (-0.6%) from 1998 through 2003, the equal-weighted S&P 500 posted a positive return of +7.1% over the same period.

## Annual Percent Change S&P 500 Cap-Weighted vs Equal-Weighted Index



Data from 12/31/1990–9/30/2023 using benchmark total returns.  
 \*Nine-months ending 9/30/2023.  
 Source: FactSet

We continue to believe that there are attractive long-term investment opportunities in today’s markets, particularly if investors are willing to look beyond the largest and most currently popular stocks.

<sup>(a)</sup> A group of seemingly indestructible stocks, including Polaroid, Sears, and Eastman Kodak.  
<sup>(b)</sup> Microsoft, Cisco, Oracle, and Intel.

<sup>(c)</sup> The emerging markets of Brazil, Russia, India, and China.  
<sup>(d)</sup> Facebook (now Meta Platforms), Apple, Amazon, Netflix, and Google (now Alphabet).

## DISCLOSURES

This Market Update reflects the thoughts of Renaissance as of September 30, 2023. This information has been provided by Renaissance Investment Management. All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be construed as an offer to buy or sell any financial instruments and should not be relied upon as the sole factor in an investment making decision, nor should it be considered a recommendation. The views and opinions expressed are those of the Chief Investment Officer at the time of publication and are subject to change. There is no guarantee that these views will come to pass. As with all investments, there are associated inherent risks. Please obtain and review all financial material carefully before investing.

## PERFORMANCE

If Renaissance or benchmark performance is shown, it represents historically achieved results, and is no guarantee of future performance. Future investments may be made under materially different economic conditions, in different securities and using different investment strategies and these differences may have a significant effect on the results portrayed. Each of these material market or economic conditions may or may not be repeated. Therefore, there may be sharp differences between the benchmark or Renaissance performance shown and the actual performance results achieved by any particular client. Benchmark results are shown for comparison purposes only. The benchmark presented represents unmanaged portfolios whose characteristics differ from the composite portfolios; however, they tend to represent the investment environment existing during the time periods shown. The benchmark cannot be invested in directly. The returns of the benchmark do not include any transaction costs, management fees or other costs. The holdings of the client portfolios in our composites may differ significantly from the securities that comprise the benchmark shown. The benchmark has been selected to represent what Renaissance believes is an appropriate benchmark with which to compare the composite performance.

The value of an investment may fall as well as rise. Please note that different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will either be appropriate or profitable for a client or prospective client's investment portfolio. Investor principal is not guaranteed and investors may not receive the full amount of their investment at the time of sale if asset values have fallen. No assurance can be given that an investor will not lose invested capital. Consultants supplied with these performance results are advised to use this data in accordance with SEC guidelines. The actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, durations and timing of participation as a RIM client, and a client portfolio's risk tolerance, investment objectives, and investment time horizon. All investments carry a certain degree of risk, including the loss of principal and are not guaranteed by the U.S. government.

## REFERENCED INDICES

*(Indices are unmanaged and are not available for direct investment.)*

**Russell 1000 Growth Index**—The Russell 1000<sup>®</sup> Growth Index is a market capitalization weighted index that measures the performance of those Russell 1000<sup>®</sup> companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Index**—The Russell 1000<sup>®</sup> Index is a market capitalization-weighted index of the approximately 1,000 largest companies in the U.S. equity market.

**S&P 500 Index**—The S&P 500 Stock Index is a market capitalization weighted index and consists of 500 stocks chosen for market size, liquidity and industry group representation.

## RUSSELL DATA

FTSE Russell is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell<sup>®</sup> is a trademark of FTSE Russell. This presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of Renaissance Investment Management. FTSE Russell is not responsible for the formatting or configuration of this material or for any inaccuracy in Renaissance's presentation thereof.

## S&P DATA

S&P Dow Jones is the source and owner of the trademarks, service marks and copyrights related to the S&P Indexes. S&P<sup>®</sup> is a trademark of S&P Dow Jones. This presentation may contain proprietary S&P data and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of Renaissance Investment Management. S&P Dow Jones is not responsible for the formatting or configuration of this material or for any inaccuracy in Renaissance's presentation thereof. This data is to be used for the recipient's internal use only.

## STOCK REFERENCES

Any securities referenced should not be considered a recommendation to purchase or sell a particular security. These securities represent a portion of the companies held in a representative account in this strategy as of the date stated and are intended for informational purposes only. Nonperformance-based criteria have been used to select the securities listed unless otherwise stated. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. The past performance of these securities is no guarantee of future results. The specific securities identified and described may not represent all of the securities purchased, sold, or recommended for this strategy. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at [compliance@reninv.com](mailto:compliance@reninv.com).