

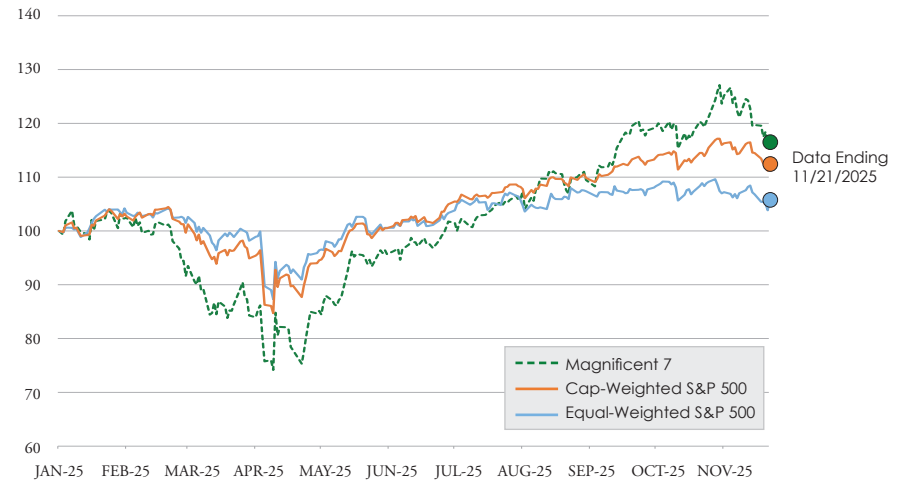
**Finding Strength Beyond the Market Leaders in a Changing Environment**

The week ending November 21 was volatile, with the S&P 500 falling almost 2%. Concerns about loose lending standards in the private credit market and deepening losses in cryptocurrencies, along with fears of a possible bubble in stocks tied to the growth of Artificial Intelligence (AI), contributed to the market decline.

After declining almost 25% over the first four months of the year, an index of the so-called “Magnificent 7” stocks has soared since April, far outpacing the S&P 500 as a whole. However, even the Mag 7 is not immune to price weakness, as AI bellwether Nvidia declined last week, even after reporting exceptionally strong earnings.

**YEAR-TO-DATE PERFORMANCE**

Cap-Weighted S&P 500, Equal-Weighted S&P 500, Magnificent 7  
12/31/2024 = 100



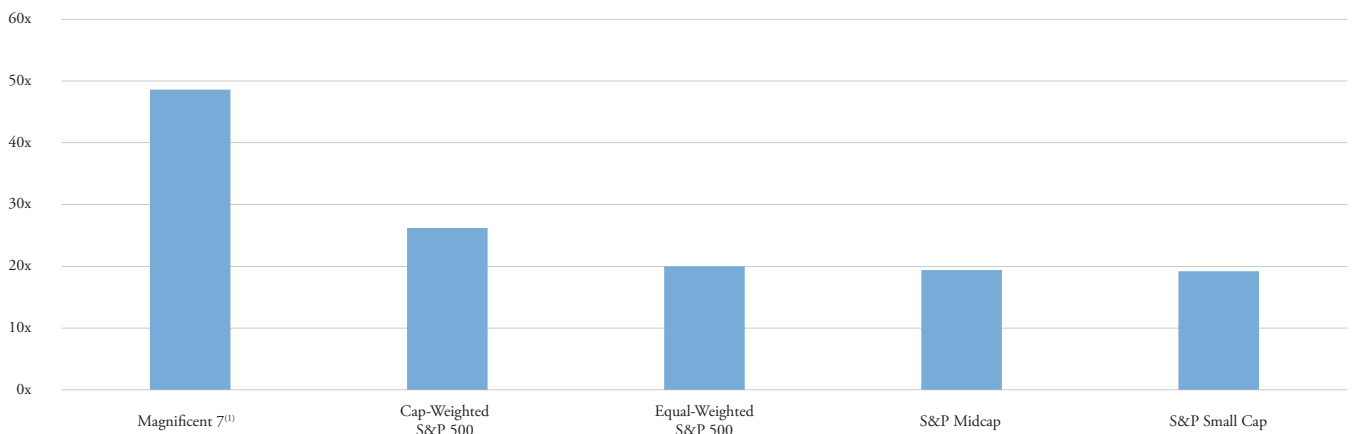
Data from 1/1/2025–11/21/2025  
Source: FactSet, Renaissance Research

While we remain positive on many stocks that have exposure to AI, we continue to find good investment opportunities among other high-quality stocks in a variety of economic sectors. Concerns about stock market valuation are well founded given the strong price gains seen over the past three years, but it is worth noting that an equal-weighted index of S&P 500 issues is up less than 6% for the year compared to the capitalization-weighted index gain of just over 12%. Since the end of 2022, the equal-weighted index is up just 31% compared to 72% for the cap-weighted index (figures are unannualized).

In fact, valuations tend to become more attractive the further one moves away from the largest capitalization stocks. The P/E ratio of the equal-weighted S&P 500 is 24% lower than the same measure calculated on a capitalization-weighted basis, with even lower valuations available in mid- and small-cap stocks.

We continue to believe that broad diversification among high-quality growth stocks, along with a disciplined consideration of stock valuations, will provide good risk-adjusted returns going forward.

**TRAILING PRICE/EARNINGS RATIOS**



Data from 1/1/2025–11/21/2025  
(1) Excluding Tesla, the average P/E of the other MAG 7 stocks is 37.8x.  
Source: FactSet, Renaissance Research

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## DISCLOSURES

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## PERFORMANCE

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## REFERENCED INDICES

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

**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.

**S&P Midcap Index**—The S&P Midcap Index (S&P Midcap 400) tracks the stock performance of approximately 400 mid-sized publicly traded companies in the United States.

**S&P Small Cap Index**—The S&P Small Cap Index (S&P 600) tracks the stock performance of approximately 600 smaller sized publicly traded companies in the United States.

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