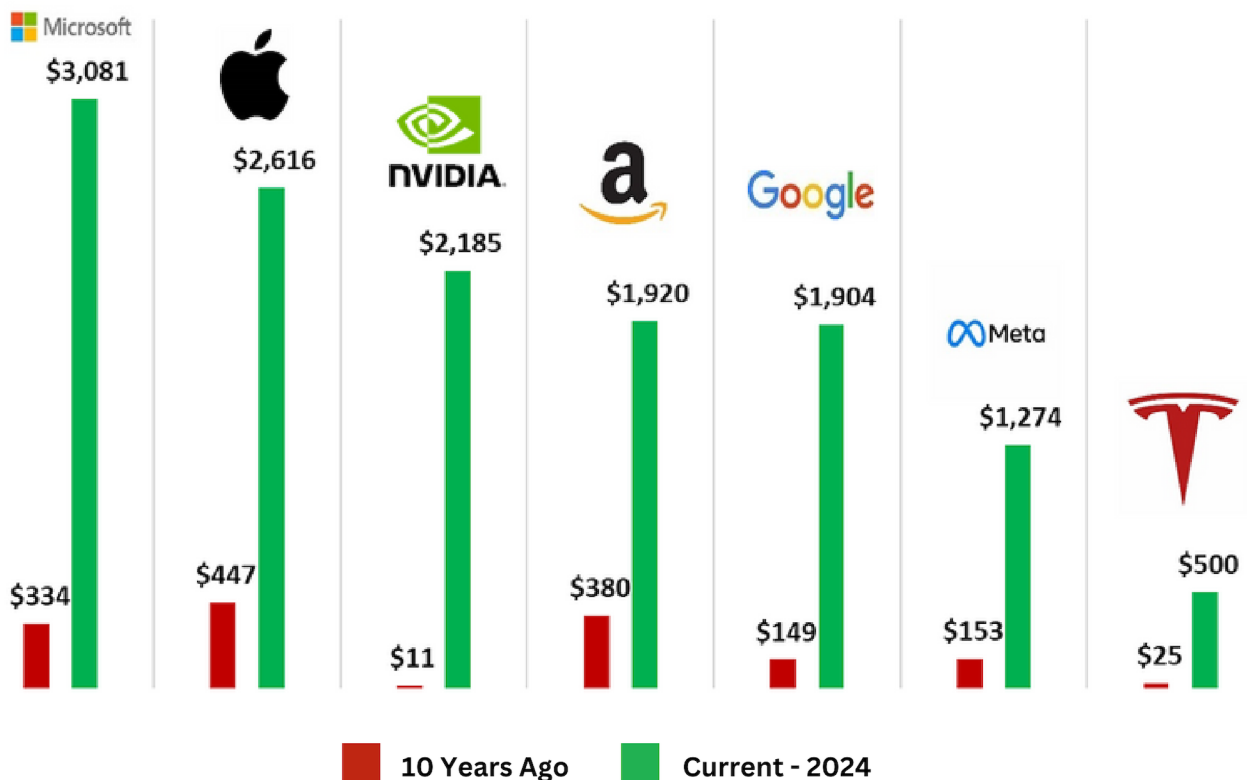


## Market Cap Explosion – The Growth of the Mag 7

The term Magnificent 7, or “Mag7” has become common place among financial markets over the past year. The term describes the 7 large cap companies who have outperformed the wider market in recent times, with individual market caps now measuring in the trillions of dollars. These are Microsoft, Apple, NVIDIA, Amazon, Google, Meta, and Tesla. However, there was once a time in recent memory when these mega caps were like every other large corporation. In fact, back in 2009 during the Global Financial Crisis, only one of the companies mentioned above was in the top 10 largest market cap companies in the world, and that was Microsoft. ExxonMobil, the Texas oil giant, had a larger market cap in 2009 than Google, NVIDIA, Tesla, and Meta combined. However, in the past 10 years we have seen the emergence of big tech, and the impact this has had on market capitalisation figures. In the below chart we can see that 6 of the 7 companies now have a market capitalisation in excess of \$1tn dollars, with Tesla’s market cap now standing around \$500bn. Combined, the total market capitalisation of the Magnificent 7 is **\$13.48tn** dollars, which, if measured in pure GDP terms, means the Mag 7 would be the third largest country in the world, surpassed by China and the United States, the home of all 7 companies.

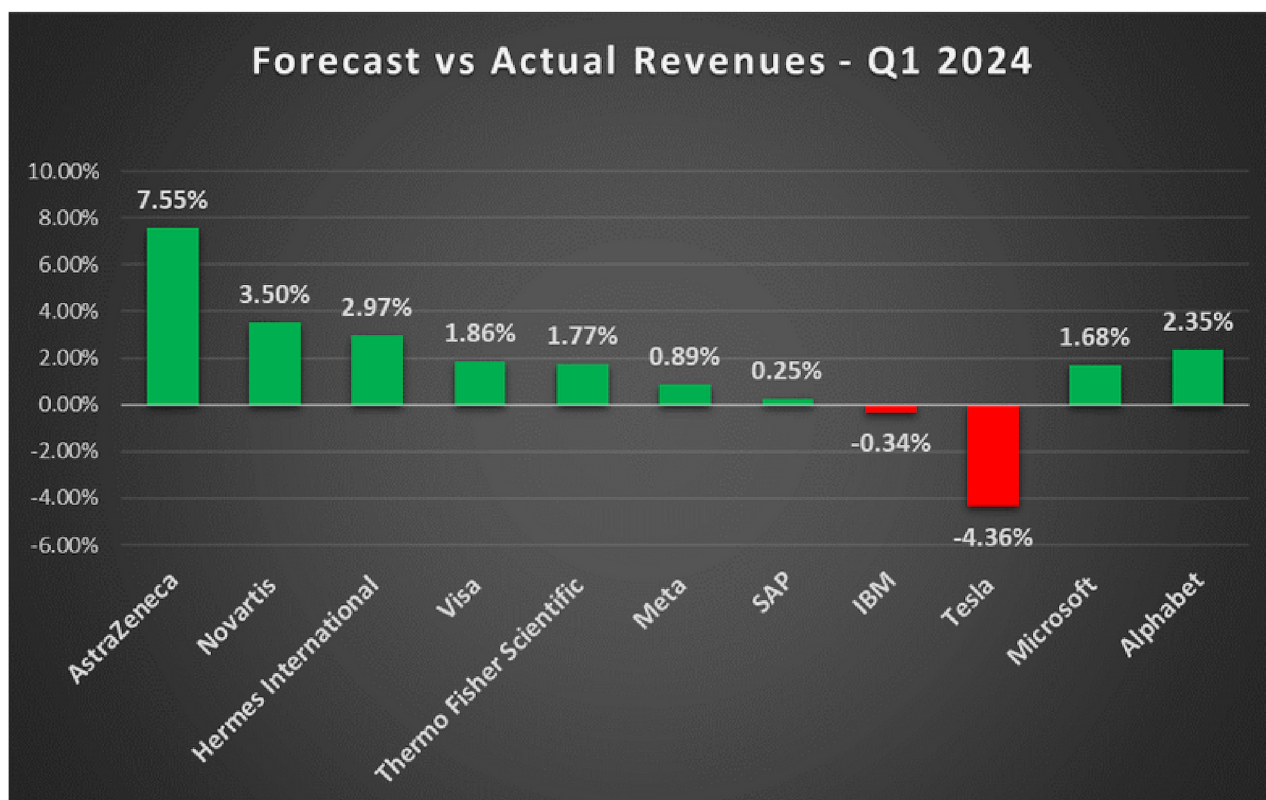
### MARKET CAP CHANGE OF THE MAGNIFICENT 7 (\$ BILLIONS)



Source – Seaspray Private – Goldman Sachs

## Corporate Earnings - Week Two

Earnings season continued this week, with more heavyweights from both sides of the Atlantic announcing earnings. From the US, Meta, Alphabet, Microsoft, and Tesla all announced Q1 earnings this week. Tesla, as was expected by analysts, missed forecast revenues by 4.36%, however shares in the automaker jumped 13% for the week after the company announced it would be producing more cost-effective cars going forward. Meta, the parent company of Facebook, beat its forecast by 0.89%, with Q1 revenues reaching \$36.5bn. However, shares plummeted more than 13% after market as investors focused more on the companies spending on artificial intelligence projects. The big performers this week were in the pharmaceutical sector, with UK based AstraZeneca beating estimates by 7.55%, boosted by sales of new drugs in the cancer and diabetes sector and continued steady sales of partnered medicines. Swiss based Novartis also beat its earnings forecasted, aided by positive sales of Entresto, a heart drug which helps reduce the risk of cardiovascular disease and Cosentyx, used to treat psoriasis. Finally, yesterday we had Microsoft and Alphabet, with both outperforming forecasts. Alphabet announced its first ever dividend, with its market cap expected to breach the \$2tn figure. Microsoft's stated that AI helped boost the company's cloud sales, and Microsoft's CEO stated that nearly 60% of Fortune 500 companies are now using the Copilot AI tool.



Source: Seaspray Private