



Champion Advisors LLC
Wealth Management



ABOVE THE FRAY

Magnificent 7 Outperformance May Not Continue

Wes Crill, PhD
Senior Investment Director and Vice President

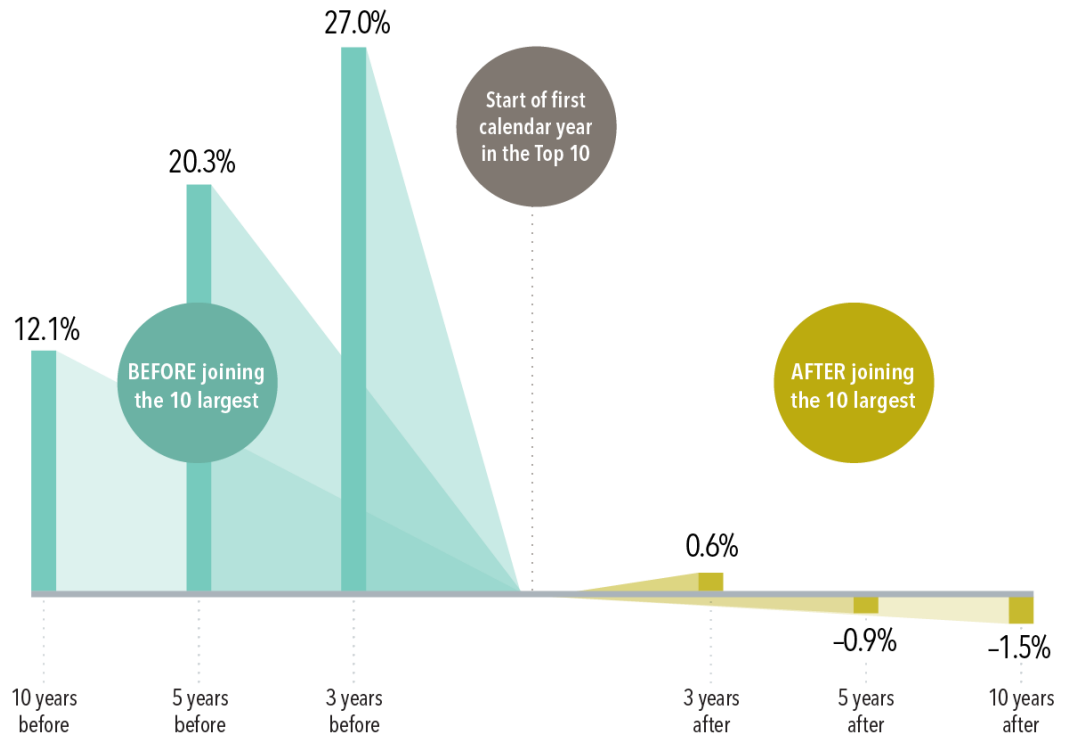
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The Magnificent 7 stocks¹ continue to capture the focus of investors as these large growth names have outpaced the bulk of global equities. Their outperformance is notable because eye-popping returns for top stocks tend to occur before they reach the top of the market. Once there, subsequent returns tend to lag the market.

This is a cautionary tale for investors expecting continued outperformance from the Magnificent 7. In fact, rather than seeking additional exposure to these mega cap stocks, investors should ensure their portfolios are broadly diversified to capture the returns of whatever companies ascend to the top in the future.

Exhibit 1**View from the Top**

Annualized returns in excess of the US market before and after joining the top 10 largest US stocks, January 1927–December 2022

**Past performance is not a guarantee of future results.**

In USD. Data from CRSP and Compustat. Companies are sorted every January by beginning-of-month market capitalization to identify first-time entrants into the top 10.

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