

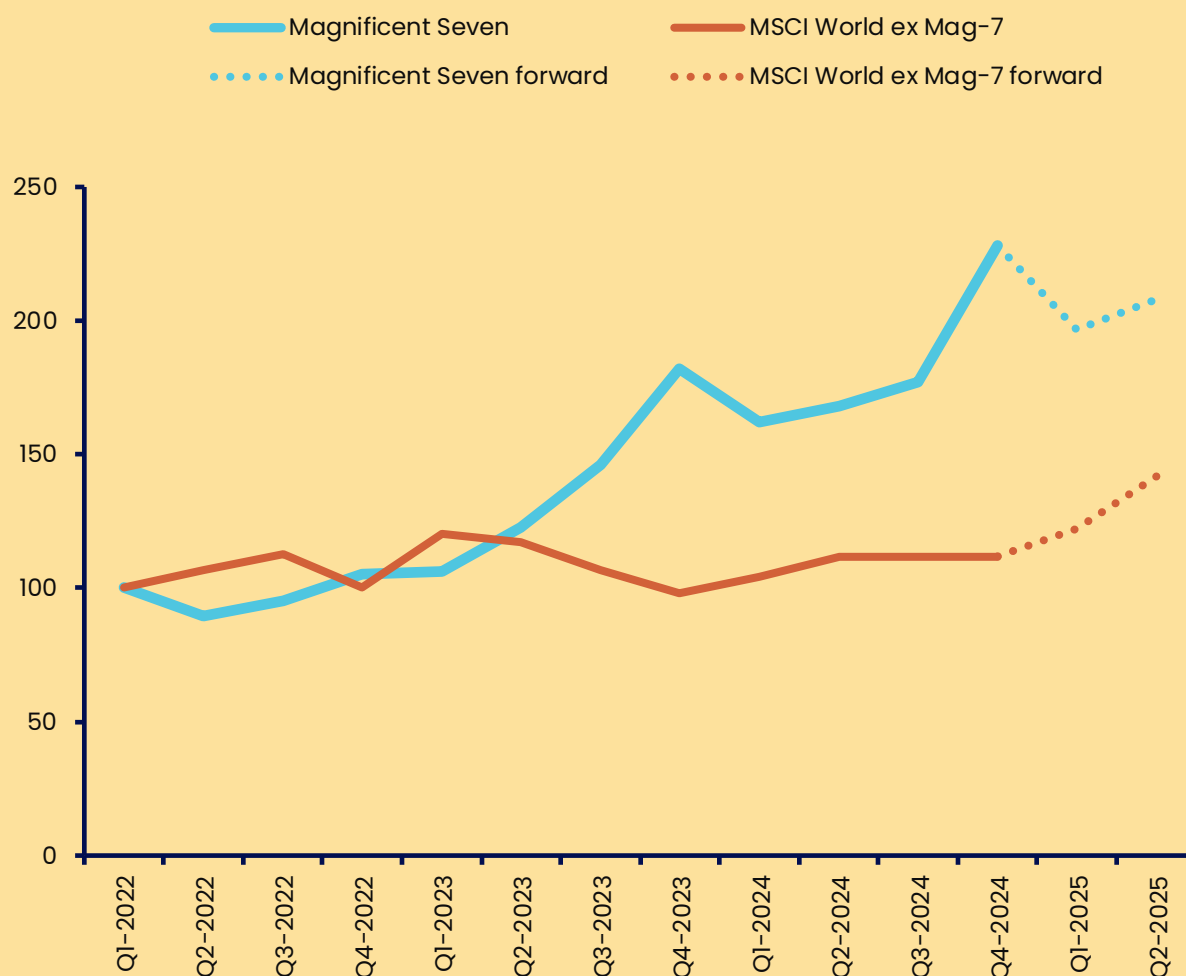
A good curator selects only the best

24 March 2025

Image in Focus: An earnings recession has been disguised in plain sight

What if the global stock market's success hides a vulnerability? While the 'Magnificent Seven' drives earnings, the broader market needs to be scrutinised. This week, Evenlode Investment Management, the manager of the **Curate Global Quality Equity Fund**, shares how it positions the portfolio to offer resilience in a divided landscape.

Total Earnings: Magnificent Seven (Mag -7) vs the MSCI World Index constituents (ex Mag-7)



Source: Evenlode Investment, Bloomberg, 13 March 2025. 2025 and 2026 figures are forward consensus estimates from Visible Alpha.

Summary of chart

This chart shows quarterly net earnings growth reported by the MSCI World Index starting at the beginning of 2022 and also including forward analyst estimates for the next five quarters, and broken out to show how this is split between the 'Magnificent Seven' (MAG7 - Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) and the rest of the index.

How does this link to the positioning of the Curate Global Quality Equity Fund?

The broader index has relied on a narrow group for growth—seven members have doubled earnings in two years, while the remaining 1,298 have declined. This creates a hidden earnings recession, where market strength appears intact but is concentrated in a few shares or sectors, masking broader weakness. Evenlode, manager of the Curate Global Quality Equity Fund, identified the divergence and focused on diversified exposure to resilient companies to achieve less volatile earnings growth.

Key takeaways from the chart

- ✓ Earnings growth is the fuel that powers share prices higher, and Magnificent Seven earnings in the last two years have been far ahead of the market
- ✓ Broker analyst estimates suggest that broader market earnings growth should turn positive in 2025 after two years of recession
- ✓ Closer alignment in earnings across the market will support more stable earnings growth, benefiting the Curate Global Quality Equity Fund

Curate Global Quality Equity Fund

Managed by Evenlode Investment Management



Fund overview

A specialist portfolio investing only in high-quality global companies in developed markets. Its performance can be variable in the short term, but it has the potential for high returns over longer periods. Click [here](#) for more information about the fund.

News and insights

Working out of a converted barn in West Oxfordshire, Evenlode is a fund management company that has always done things differently.

Click [here](#) to read how Evenlode identifies exceptional companies with strong competitive advantages which will persist into the future.

For more information, visit our website [here](#).

Kind regards

The Curate Team

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