

# What's Hot: Strong earnings further fuel the Magnificent 7 rally

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## Key Takeaways

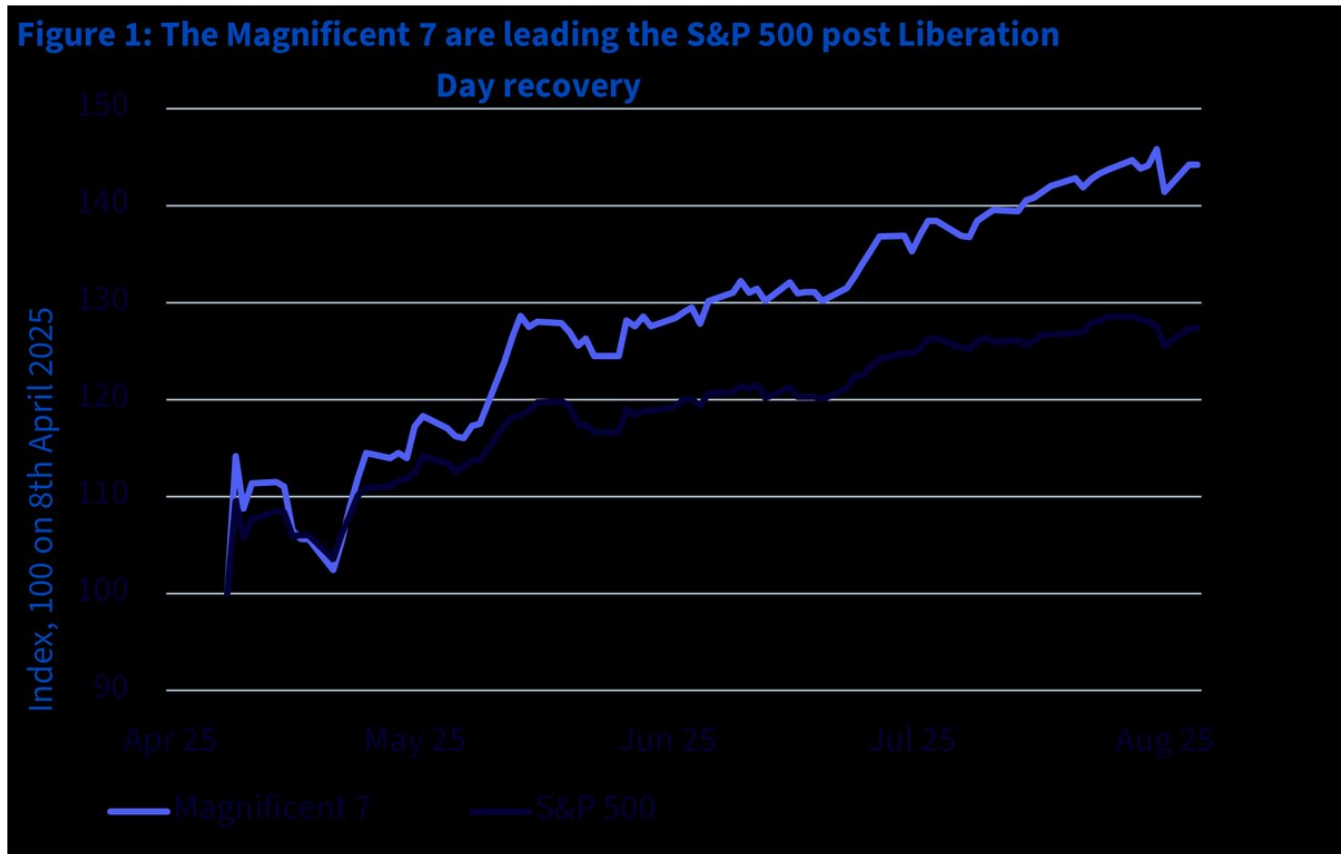
- The Magnificent Seven have powered nearly half of the S&P 500's gains since early April.
- Strong earnings continue to set them apart from the broader market.
- AI investment is high – but returns will be the real test.
- Related Products WisdomTree Magnificent 7 3x Daily Leveraged, WisdomTree Magnificent 7 3x Daily Short Find out more

For now, it seems that markets are focusing on what really matters: fundamentals. For stocks, this means earnings above all. A business, at the end of the day, ought to be judged based on the money it is making. Sometimes, attention shifts to other things – seemingly unrelated but potentially consequential. But as companies release their second-quarter earnings, markets appear to be paying attention. And they like what the Magnificent 7 are revealing – for the most part.

## Performance tells the story

President Trump's so-called 'Liberation Day' – April 2nd – when he announced sweeping tariffs on nations across the globe, was an inflection point for US stocks this year. Markets edged lower in the lead-up, fell sharply on the day, but have since mounted a robust recovery despite tariff developments that have been both good and bad.

The lowest point came on April 8th. The chart below rebases the performance of the Magnificent 7 against the S&P 500 on that day to show how these stocks have outpaced the broader US market in the rally since.

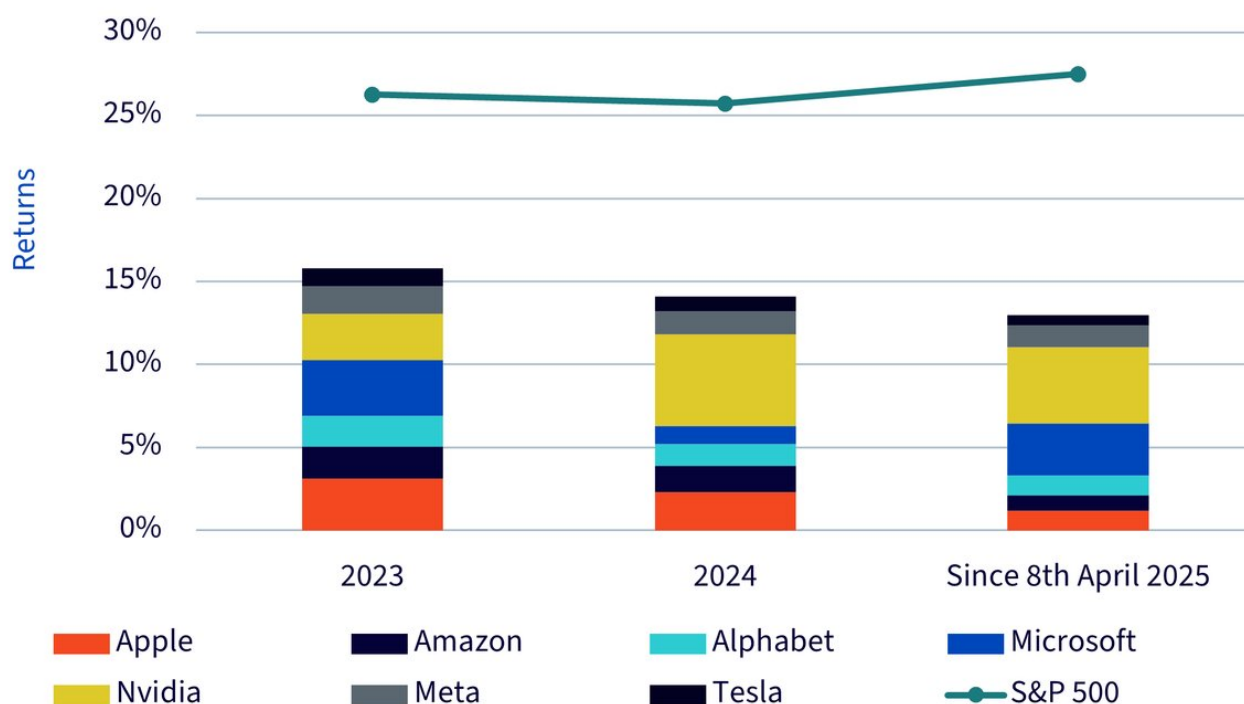


Source: WisdomTree, Bloomberg. Data as of 05 August 2025 using net total return indices for WisdomTree US Bluechip Select Index and S&P 500 Index. Index is rebased to 100 on 8th April when markets bottomed out following the Liberation Day (2nd April) tariff announcement. **Historical performance is not an indication of future performance and any investments may go down in value.**

## The strong contributions continue

In a recent blog post, [Why the Magnificent 7 are still magnificent](#), we highlighted how the magnificent 7 had made significant contributions to the returns of the S&P 500 in 2023 and 2024 – two strong years for US equity markets. If we analyse their contribution to the S&P 500 in the post-Liberation Day rally (i.e. since April 8th), we see the same pattern as in the last two calendar years – the Magnificent 7 have contributed nearly half of the total gain in the broader market.

**Figure 2: The Magnificent 7 remain meaningful contributors to S&P 500's returns**



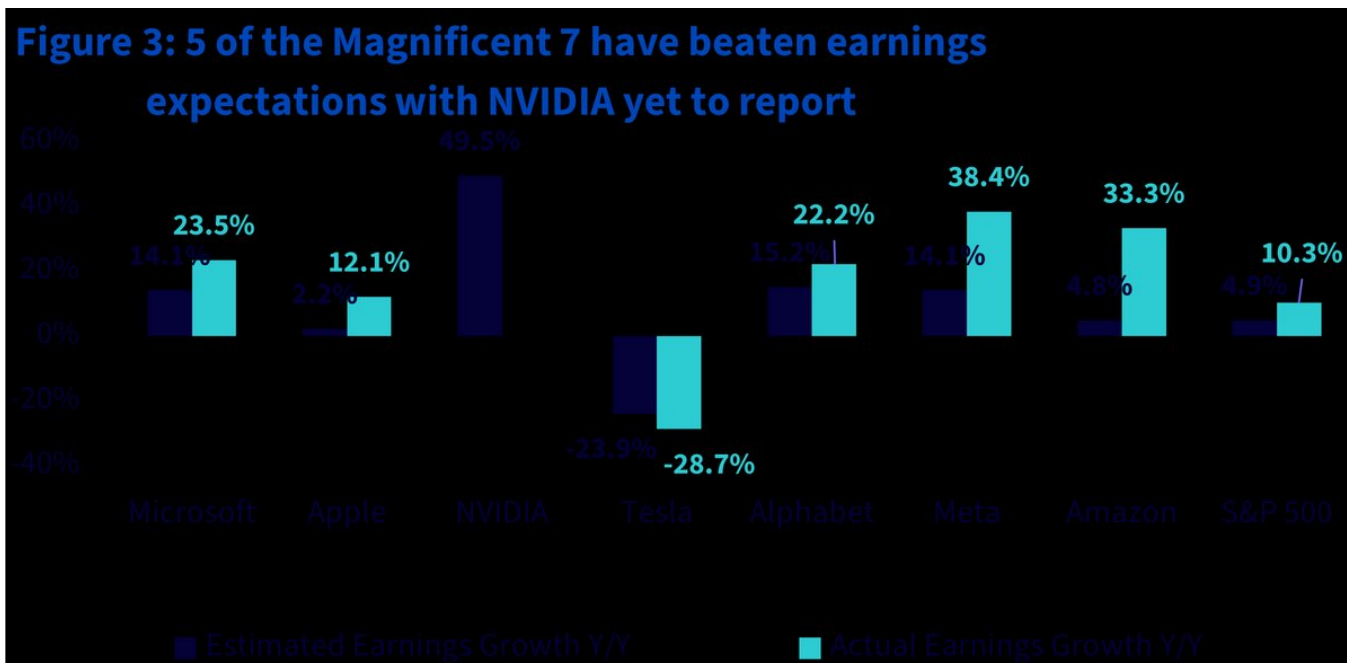
Source: Bloomberg, as of 05 Aug 2025. The return for each stock is its contribution to return in the S&P 500 Index as proxied by the SPDR S&P 500 ETF Trust. Contribution from individual stocks is compared to the total return of the S&P 500. **Historical performance is not an indication of future performance and any investments may go down in value.**

## Earnings explain the results

With 66% of companies in the S&P 500 Index having reported their earnings as of August 3rd, according to FactSet, 82% of them have announced earnings above estimates. This clearly highlights that the second quarter has been a very good one for US companies fundamentally.

Of the Magnificent 7, six have already reported earnings (Nvidia is expected to announce on August 27th). Five have beaten estimates, with Tesla being the only exception. Moreover, the actual year-on-year earnings growth for all five is higher than that of the S&P 500. This is true even for Apple, which had a relatively modest earnings growth estimate for the second quarter.

Nvidia still stands out with a very high estimated earnings growth and, therefore, a very high bar to clear. But if the last two years are anything to go by, the company has consistently managed to beat very high expectations – and has been, by far, the biggest contributor to the S&P 500's performance (as shown in Figure 2).



Source: Forbes, Glenview Trust, Bloomberg, as of 03 August 2025. **Historical performance is not an indication of future performance and any investments may go down in value.**

## What to look for going forward

The impact of artificial intelligence (AI) on the Magnificent Seven has been a central theme over the last two years. Naturally, Nvidia has been seen as one of the biggest winners – a pure-play AI stock thanks to its chips. But for the others, there were questions about how they would adapt and benefit from the technology.

Alphabet's CEO, Sundar Pichai, when announcing the group's second-quarter earnings, said: "We had a standout quarter, with robust growth across the company. We are leading at the frontier of AI and shipping at an incredible pace." The company cited growth across several business lines, including Google Search – which many had concerns about given the rise of ChatGPT. But it appears that Alphabet, along with many of the others, has found a way to thrive despite this disruptive technology.

Looking ahead, the return on investment in AI is likely to be the key metric to watch. With big tech companies not holding back on capital expenditure in AI, their ability to monetise these investments will probably determine how favourably markets continue to view them.

## WisdomTree's New Magnificent 7 Products

WisdomTree has just launched the following exchange-traded products (ETPs) to allow investors to tactically trade the Magnificent 7. The ETPs now available are:

- [WisdomTree Magnificent 7 3x Daily Leveraged \(3MG7\)](#)

WisdomTree Magnificent 7 3x Daily Leveraged is a fully collateralised, UCITS eligible Exchange Traded Product (ETP) designed to provide investors with a leveraged exposure to the Magnificent 7. The ETP provides a total return comprised of 3 times the daily performance of the WisdomTree US Bluechip Select Index (NTR) Index (WTUSBLUN), adjusted to reflect fees and costs inherent to maintaining a leveraged position in stocks. For example, if the WisdomTree US Bluechip Select Index (NTR) Index rises by 1% over a day, then the ETP will rise by 3%, excluding fees. However, if the WisdomTree US Bluechip Select Index (NTR) Index falls by 1% over a day, then the ETP will fall by 3%, excluding fees.

WisdomTree Magnificent 7 3x Daily Short is a fully collateralised, UCITS eligible Exchange-Traded Product (ETP) designed to provide investors with a leveraged short exposure to the Magnificent 7. The ETP provides a total return comprised of -3 times the daily performance of the WisdomTree US Bluechip Select Index (GTR) Index (WTUSBLUT), adjusted to reflect fees as well as the costs and revenues inherent to shorting stocks. For example, if the WisdomTree US Bluechip Select Index (GTR) Index rises by 1% over a day, then the ETP will fall by 3%, excluding fees. However, if the WisdomTree US Bluechip Select Index (GTR) Index falls by 1% over a day, then the ETP will rise by 3%, excluding fees.

Short and Leveraged (S&L) ETPs amplify both the positive and negative returns of an investment. A leveraged position's potential returns and losses will be greater than the equivalent unleveraged position and due to the daily leverage and its compounding effect, short and leveraged ETPs are unsuitable for investors employing a traditional buy-and-hold strategy. S&L ETPs have a recommended holding period of one day and are designed for tactical and short-term trading. It is essential for investors to understand the product attributes and all the associated risks before investing in S&L ETPs. Investors seeking education about the opportunities and the risks presented by short and leveraged ETPs can access a wide range of educational material around S&L ETPs on the dedicated section of the WisdomTree [website](#).

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