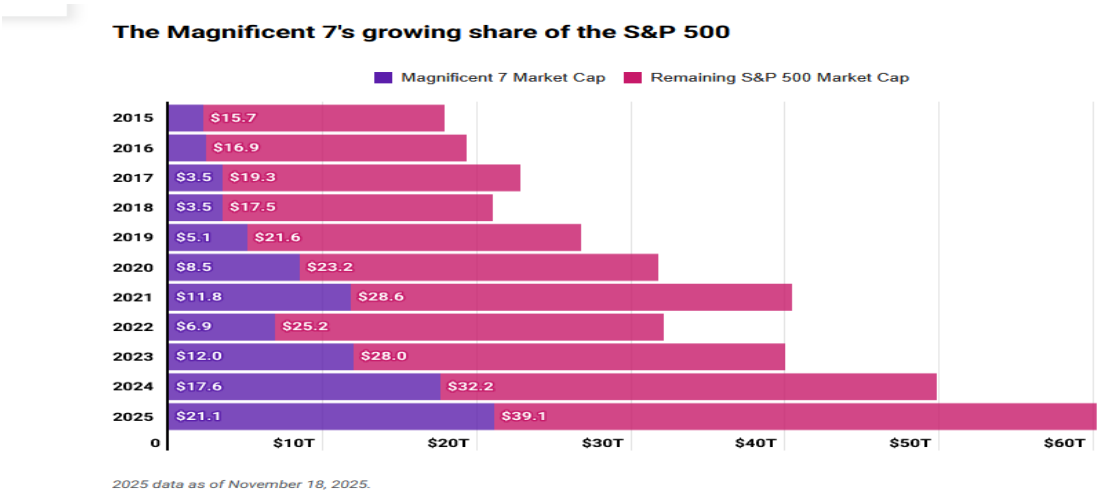
The Magnificent Seven

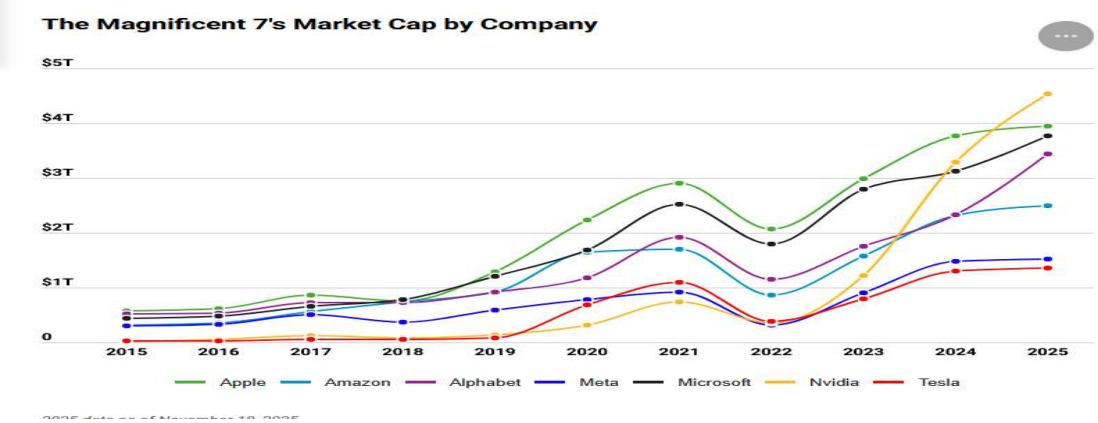
The "Magnificent Seven"—Nvidia, Microsoft, Apple, Alphabet, Amazon, Meta Platforms, and Tesla (NASDAQ: TSLA)—are a select group of businesses noted for their market dominance and industry leadership. The term "Magnificent Seven" describes a collection of seven powerful, high-performing tech-related companies. The term originated from the 1960 Western film "The Magnificent Seven" was first used in 2023 by Bank of America analyst Michael Hartnett in reference to the seven companies that are widely known for their technological influence, market dominance, and shifts in consumer behaviour and economic trends.

According to Dow Jones Market Data, the Magnificent Seven, which were once able to add more than $5 trillion in market value annually, only managed $3.1 trillion in market-cap gains in the first three quarters of 2025. They are still a significant player in the market, but this suggests that their once-unstoppable momentum may be waning. As of December 1, 2025, the Magnificent Seven make up 35.0% of the S&P 500. Compared to 2015, when they accounted for 12.3% of the S&P 500, that is almost three times more. In eight of the nine years between 2015 and 2024, the Magnificent Seven produced better returns than the S&P 500. With an overall return of 178.3%, the S&P 500 did exceptionally well from the end of 2015 and 2024. Nonetheless, it is not as impressive as to the Magnificent Seven, who had an extraordinary 697.6% aggregate return during that same period. The largest disparity occurred in 2020, when the Magnificent Seven outperformed the S&P 500 by more than three times (65.8% to 18.3%). The S&P 500 only did better in 2022, when it sank 20.4% while the Magnificent Seven fell 41.3%. The Magnificent Seven's growth has slowed, which is indicative of the group's increasing division this year. While Amazon, Apple, and Tesla have lagged behind, Nvidia, Alphabet, Microsoft, and Meta are still riding the AI wave, with their shares up 40.8%, 28.6%, 22.5%, and 24% year to date, respectively.



The S&P 500 often withstands stock market volatility better than the Magnificent Seven because it is more diversified and less dependent on a single industry. For instance, during the April stock market sell-off, the S&P 500 recovered faster than the Magnificent Seven. But since then, the Magnificent Seven have outperformed the S&P 500 in year-to-date (YTD) performance, with returns of 22.7% as opposed to S&P 500 15.8%. This is partly because artificial intelligence (AI) is driving growth in the IT industry. The Magnificent 7 are still the group to keep an eye on this earnings season because they are important contributors to profits growth and account for a sizeable portion of the S&P 500's market capitalization.

The rest of the group picked up the slack despite Tesla's (TSLA) and Meta Platforms' (META) setbacks. Amazon.com (AMZN), Microsoft (MSFT), and Alphabet (GOOGL) all maintained their support for the idea that strong growth is being driven by the need for artificial intelligence (AI).



According to Citi analyst, the days of trading the Magnificent 7 as a single, cohesive squad may be over. However, all three of those companies are projected to serve as significant benchmarks, signalling the future health and direction of the mega-cap growth trade. Nvidia and Alphabet are the only ones to have generated robust year-to-date increases, which supports the SPX's performance between the seven companies. On the other hand, the index has been negatively impacted by the moderate returns reported by Meta, Tesla, and Amazon. Nvidia NVDA, Microsoft MSFT and Apple AAPL stand out as important pillars of the "Magnificent 7," as defined by Citi's analysts, because of their market domination, AI-driven growth potential, and significant stock market influence. The other four businesses in this large-cap group within the S&P 500 (SPX) include Alphabet GOOGL Amazon AMZN, Meta Platforms META and Tesla TSLA.

Custom | Overview | TipRanks Essentials | Dividends | Earnings | Technicals | Performance | Add Columns

Name	Analyst Price Target	Analyst Consensus	Smart Score	Market Cap	P/E Ratio	Sector	YTD %
GOOGL	$312.00 (-2.55% Downside)	Strong Buy	10	$3.86T	31.58	Communicatio...	+69.14%
NVDA	$257.72 (45.60% Upside)	Strong Buy	6	$4.30T	43.84	Technology	+31.80%
MSFT	$629.98 (28.04% Upside)	Strong Buy	8	$3.66T	35.00	Technology	+16.73%
AMZN	$295.23 (26.59% Upside)	Strong Buy	10	$2.49T	32.95	Consumer Cyc...	+5.90%
META	$838.14 (29.35% Upside)	Strong Buy	7	$1.63T	28.63	Communicatio...	+10.66%
AAPL	$289.17 (3.70% Upside)	Moderate Buy	8	$4.12T	37.35	Technology	+11.35%
TSLA	$383.04 (-10.96% Downside)	Hold	9	$1.43T	287.43	Consumer Cyc...	+13.42%

Apple, driven by services growth and the introduction of its latest iPhone and diluted EPS came in at 1.85 USD, up 13% year-on-year on a non-GAAP basis, announced record September-quarter sales of $102.5bn. iPhone sales amounted about 49 billion USD, driven by the launch of the iPhone 17 line-up, while Services revenue reached a new high of 28.8 billion USD. With a $4.1 trillion market capitalization, Apple trails closely behind thanks to its extensive ecosystem, global user base, and developing AI features across

devices. However, iPhone unit sales fell short of analyst projections, as a result of supply restrictions on the new model. Appel Shares have increased by only 2.7% so far this year as AI Apple is taking its time with AI while the majority of other tech companies are rushing to provide AI features as quickly as possible. Although there are short-term obstacles, Apple's long-term potential is still strong as it incorporates AI into both new and current products and services. Apple's enormous customer base, strong brand loyalty, and shift to AI-driven services and apps provide a great platform for future expansion. Nevertheless, compared to Nvidia, Apple's price and profit growth are often less erratic.



Nvidia's shares has already increased by more than 43% in 2025. However, the stock may only slightly increase in next months despite the enormous demand for its networking solutions, software stack, and Blackwell architectural systems. With its market value already nearing $4.6 trillion and shares selling at a premium valuation of roughly 30 times forecast profits, much of the confidence is already factored in. Its chips power data centres of huge tech firms like Microsoft, Amazon, and Google, driving Nvidia's stock performance to new records. With revenue rising to $57 billion in the third quarter 2025, NVIDIA showed strong growth. The company's data centre division accounted for $51 billion, a 66% increase over the prior year. Gaming revenue also showed a remarkable growth of 30% year-over-year, hitting $4.3 billion. NVDA's recent stock surge reflects heightened excitement in AI's transformational potential. Nvidia, on the other hand, has challenges such as slower AI hardware growth due to hoarding and more competition, which may hamper future performance. The company forecasts $65 billion in the fourth quarter and remains on track to fulfill its $500 billion revenue target by fiscal year 2026.

NVIDIA QUARTERLY REVENUE TREND
REVENUE BY MARKETS

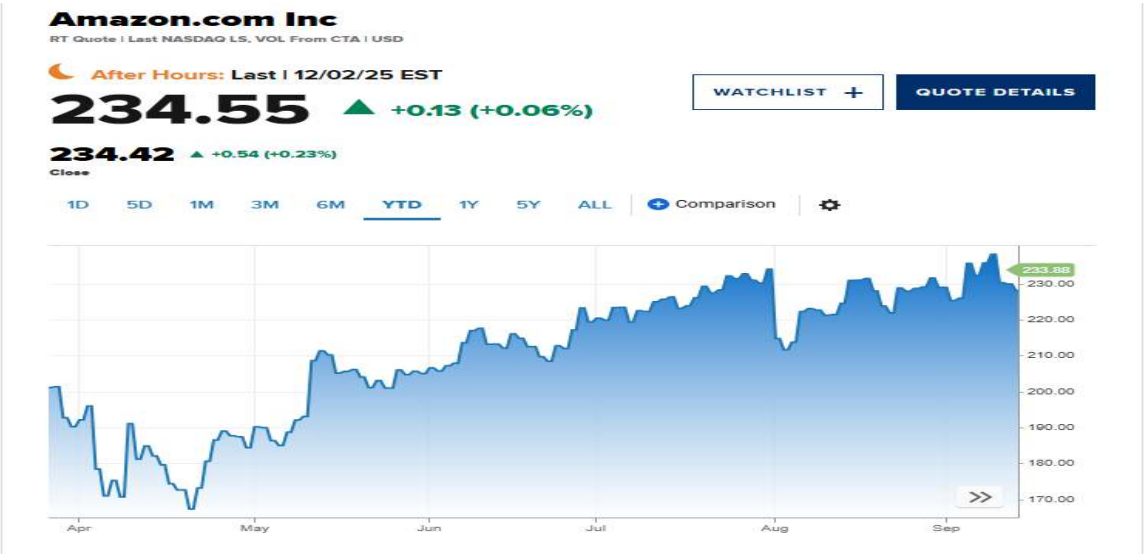
($ in millions)	Q3 FY26	Q2 FY26	Q1 FY26	Q4 FY25	Q3 FY25	Q2 FY25	Q1 FY25	Q4 FY24
Data Center	$51,215	$41,096	$39,112	$35,580	$30,771	$26,272	$22,563	$18,404
Gaming	4,265	4,287	3,763	2,544	3,279	2,880	2,647	2,865
Professional Visualization	760	601	509	511	486	454	427	463
Auto	592	586	567	570	449	346	329	281
OEM & Other	174	173	111	126	97	88	78	90
2	$57,006	$46,743	$44,062	$39,331	$35,082	$30,040	$26,044	$22,103

2025 has become known as the Year of Alphabet. With a 70% year-to-date return and more than doubling (+124%) since its April low, it is currently the top-performing mega cap. Google unveiled its latest Gemini 3 model in November, claiming that it surpassed OpenAI's ChatGPT 5.1 and Anthropic's Claude Sonnet 4.5 in specific tasks. The model is driven by Google's tensor processing units, which the company collaborates on with Nvidia rival Broadcom (AVGO). Due to positive reviews for its most current LLM model (Gemini 3), Alphabet has recently surged, and GOOGL shares have actually increased for eight consecutive months: The last six months have seen GOOGL's greatest six-month increase ever, with an 88% gain. For a business of any size, an 88% increase in just six months is remarkable, but it's even more remarkable for a corporation with a $3.8 trillion market capitalization. Google Cloud closed more billion-dollar deals in the first nine months of 2025 than in the previous two years combined, and the number of deals valued at more than $250 million doubled compared to the same period last year. Additionally, new GCP consumer additions increased by 34% year on year in Q3, with more than 70% of existing Google Cloud customers now using AI products. Furthermore, nine of the top 10 AI labs have chosen Google Cloud, with Anthropic recently committing to using up to one million TPUs.



Amazon's third-quarter earnings topped forecasts, with robust cloud growth. AWS revenue increased 20.2% to $33 billion, a rate not witnessed since 2022. After the business reported third-quarter earnings that above expectations and saw robust growth in its cloud computing division, Amazon shares surged more than 13% in extended trading at the end of October. About two-thirds of Amazon's overall operating profit came from the unit's $11.4 billion in operational income. Another growth engine, digital advertising, had a 24% increase in revenue to $17.7 billion. As reported by LSEG, total sales at Amazon increased 13% to $180.17 billion, exceeding the average analyst expectation of $177.8 billion. The $1.95 earnings per share exceeded the consensus forecast of $1.57. Amazon's cloud unit revenue increased 20% during the quarter, exceeding analysts' projections of 18.1%. The corporation has been particularly concerned about cloud growth due to growing pressure from competitors. Amazon continues to be the top supplier of cloud infrastructure technology, but it has been struggling with the idea that it is losing out on a wave of extremely profitable AI contracts for cloud services. That issue has dragged on Amazon’s stock, which is up roughly 1.6% year to date, lagging its Magnificent Seven counterparts. Amazon stated that it anticipates $206 billion to $213 billion in sales for the current quarter. As indicated by LSEG, the midpoint of the sales

prediction, $209.5 billion, exceeded projections of $208 billion. In contrast to experts' estimate of $23.8 billion, operating income is anticipated to be between $21 billion and $26 billion.

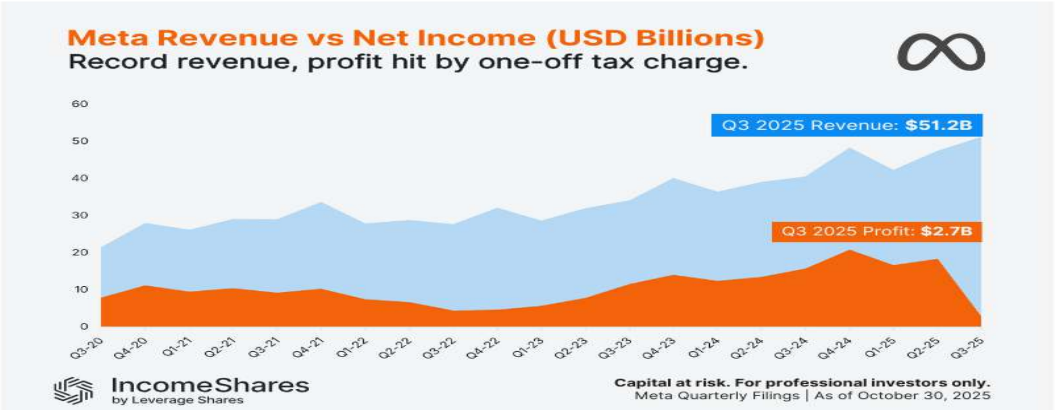


Microsoft revealed the first quarter of its fiscal year, and its performance above market expectations, with sales up 18% to $77.7 billion and Azure cloud growth of 39%. With a market capitalisation of almost $3.6 trillion, Microsoft takes third place. Its market domination is underpinned by substantial development in cloud services (Azure) and AI integrations. Because of its enormous scale, Microsoft has a disproportionate amount of influence in a market where tech stocks are acting more freely. Despite a headline beat, Microsoft's stock has decreased since its third-quarter earnings since the report prompted questions about future expenditure and profitability. The firm recorded EPS of $3.46, above of estimates, with Azure cloud growth remained robust at 34%–35%. But capital investment will continue elevated, exceeding $16.8bn in the quarter – up more than 50% year-on-year – as it doubles down on AI infrastructure. Microsoft has also proven tremendous cash profitability, powered by its lucrative business model that enables it to reinvest, return capital to investors, and stay ahead of the competition while keeping an appropriate cushion. The company’s free cash flow margin was among the greatest in the software sector, averaging 29.5% over the last five years.

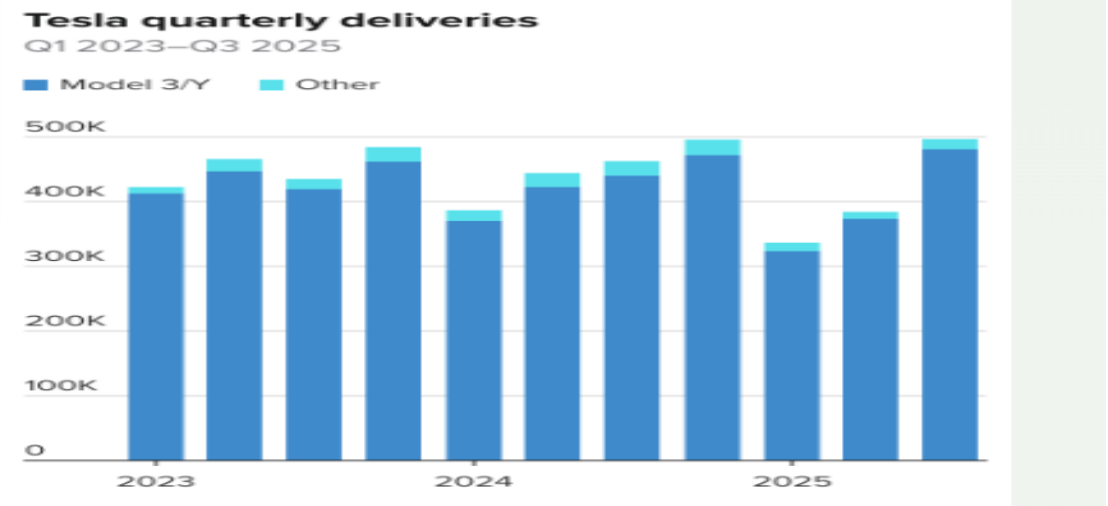


Meta exceeded earnings forecasts with $51.2 billion in revenue, up 26% year over year But net income was just $2.7 billion, the lowest since Q2 2019. However, a one-time tax penalty and recommendations for significant capital expenditures are expected to skyrocket to $71 billion in 2025 and even more in 2026. The shares saw their greatest post-earnings decline in three years on results day, plunging 11%, and have since continued to decline. Meta's shares have plummeted dramatically since its third-quarter because, despite achieving robust revenue growth and topping adjusted earnings estimates, the update triggered multiple red flags for investors. Even though the damage was non-cash, the company's $15.9 billion one-time tax penalty reduced reported net profits by 83%, resulting in bad publicity. Additionally, Meta augmented its capital expenditure guidance to $70–72bn for 2025 and cautioned that spending will be "significantly larger" in 2026, driven by AI infrastructure and data centre expansion. This vigorous investment plan, combined with increased operating costs and another significant loss at Reality Labs, has raised concerns about margin pressure and cash burn. The gloomy tone on future spending eclipsed the 26% revenue jump and encouraging user numbers, causing the stock's worst post-earnings decline in three years.

Meta chart 1 – Profit hit by one-off tax charge



In Q3 2025, Tesla, Inc. (NASDAQ: TSLA) reported record revenue of 28.1 billion USD (+12% y/y) and non-GAAP earnings per share of 0.50 USD. Although earnings came in little below projections (around 0.55 USD), sales beat analyst predictions (about 26.4 billion USD). But net income dropped 37% year-on-year to $1.37bn as aggressive price cuts, higher tariffs and soaring operational expenses – up 50% owing to AI and other R&D programs – squeezed margins. Earnings per share below projections, and automobile regulatory credit income declined substantially. Tesla shipped 497,000 vehicles and deployed 12.5 GWh of energy storage systems in the third quarter of 2025, both of which were records. Significant improvements were made to cash flow: operating cash flow hit 6.2 billion USD, while free cash flow was close to 4 billion USD. A good liquidity position was ensured by the increase in cash and short-term investments to 41.6 billion USD. The delayed development of Tesla's Full Self-Driving technology and the absence of specific advice on future profitability is alarming, as Musk's emphasis on long-term robotaxi goals provided little near-term clarity. With margins at their lowest in five years and value still stretched, the shares have continued to slid e south as markets reevaluate Tesla's growth thesis.



As 2026 approaches, Mag 7 is growing increasingly " peculiar," exhibiting individual actions rather than moving as a collective. Key IT industries like consumer technology, cloud computing, digital advertising, AI chips, e-commerce, and electric vehicles (EVs) are dominated by these businesses. Also, the fundamental contradiction is evident: the love for the AI growth story is increasingly apprehensive of its cost. Hyperscalers are involved in a capex arms race, with combined AI and datacentre spending estimated to be in excess of $350bn this year and grow higher in 2026. Given that valuations are close to all-time highs, markets are questioning if "capex at any cost" is viable. A new reality is highlighted by this quarterly results season: AI is becoming a capital challenge rather than only a growth driver.