

GLOBAL EQUITIES ON A HIGH LED BY MAG-7 BUT DO GRANOLAS DESERVE A LOOK

- Fuelled by expectations of rate cuts by central banks particularly in the US & Europe, global equity markets witnessed strong gains since late 2023 with some of the indices currently at or close to the all-time highs
- Granolas consist of Europe's high-quality growth compounders, accounting for about a quarter of Stoxx 600 market capitalisation and representing a broader cross-section of the economy with names from the healthcare, consumer defensive, and consumer cyclical sectors as against the Magnificent 7 of the US which consists of only tech stocks.

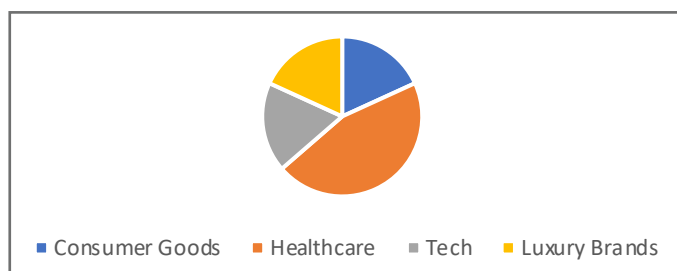
Granolas still look attractive after the impressive run

- Despite contributing 50% of the gains of the European equities over the last one year Granolas are an attractive investment option considering these companies have solid earnings growth, low volatility, high and stable margins, strong balance sheets, and durable dividends.
- The 11 stocks in Granolas includes names such as Novo Nordisk, Nestle, ASML, SAP etc which are global leaders in their respective fields
- Granolas are one of the least correlated index with S&P 500, the key benchmark index in US.
- Most of the Magnificent 7 of the US are trillion dollar stocks, whereas the most valuable of the Granolas is drugmaker Novo Nordisk, which is valued at US\$568Bn.
- Granolas are re-investing at a high rate allowing them to compound earnings over time. The past five years growth investment ratio of 55% for the group is comparable to the Magnificent 7 of the US.
- Granolas outperformance is even more impressive on a risk-adjusted basis.

Some stars of Granolas

- **Novo Nordisk:** Ozempic and Wegovy, the two breakthrough drugs to combat obesity have the potential to produce many years of strong earnings for the firm. Trades at a Trailing P/E of ~44x.
- **ASML:** The company which manufactures some of the world's most advanced extreme ultraviolet (EUV) lithography machines used in AI chips stands to benefit from AI boom. Trades at a Trailing P/E of ~44x.
- **LVMH:** Home to luxury brands like Louis Vuitton and Dom Perignon LVMH looks set to ride on accelerating demand for luxury goods. Trades at a Trailing P/E of ~27x.

Exhibit: Granolas Companies Sector-wise composition



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