Newsletter Q1 - 2025

EVOVEST

The Comeback of Equal-Weighted Indexes?

The first quarter of 2025 presented a favorable environment for equal-weighted indexes. The pullback in prominent stocks, such as the "Magnificent Seven," significantly impacted the performance of market capitalization-weighted indexes.

The S&P 500 Equal Weight Index returned -0.61%, while the S&P 500 Index returned -4.27%. We observed a similar trend between the MSCI World Equal Weighted Index and the MSCI World, where the equal-weighted index outperformed its market capitalization-weighted counterpart by 4.47%. Key drivers behind this outperformance include country allocation differences, with approximately a 30% variance in US exposure being distributed across other geographies like Europe and APAC. This provides more than just size diversification compared to the equal-weighted construction. Currently, equal-weighted indexes appear more attractively valued on several valuation metrics.

Our first global equity strategy, launched in January 2019, utilizes the MSCI World Equal Weighted Index. If you would like to learn more about this strategy, please feel free to reach out. As of March 31, 2025, the annualized gross alpha is over 5%.

Refreshed Look for our website

We have recently implemented our new design, featuring improved ergonomics, to enhance the accessibility of our content. A big thank you to the team at Genie for their excellent execution and understanding of our needs.

A key area of the refresh focused on the "Responsibility" tab of our website. Users can now easily access information about our ESG policy. As a systematic equity manager, we integrate ESG by applying exclusions, filtering out specific companies and industries from our investment universe, rather than conducting separate fundamental analyses.

Furthermore, our exclusion list is published alongside a proxy voting summary to enhance our transparency on this matter.

The corporate practices we adopt are also highlighted under that section. We are a proud B Corp certified company and are committed to continuing to apply the framework to evolve with the community. Lastly, we highlight our involvement in two philanthropic contributions and community engagement initiatives.

Evovest on Castle Hall's DiligenceExchange

We are pleased to announce that the Evovest Market Neutral Fund is now DXC Verified, with our Gold Report available on Castle Hall's DiligenceExchange platform.

For our allocator partners, this provides free access to an independently verified report about our fund, streamlining the due diligence process and offering transparent insights into our operations.

This verification underscores our commitment to maintaining the highest standards in fund management and operational excellence.

Æquo Adherence

Furthering our commitment to the Quebec Emerging Manager Program and the UN PRI, we are delighted to announce our partnership with Æquo, Quebec's shareholder engagement leader. This partnership makes shareholder engagement practices accessible to us and our peers in the program.

The objective is to leverage Æquo's expertise to engage in constructive dialogues with the companies we have chosen to represent. Our initial engagement will focus on two Canadian companies that are currently part of our exclusion list. We believe that adopting this approach aligns with the coherent nature of our systematic investment process.

We are pleased to be part of this initiative because shareholder engagement, traditionally the domain of mature institutional investors with substantial resources, is now available to emerging managers. This provides us with the opportunity to have a meaningful impact on companies' practices.

ABOUT EVOVEST

Evovest is an innovative equity portfolio manager. Our systematic investment process follows a scientific approach by combining fundamental analysis expertise and a deep knowledge of machine learning. Its mission is to bring diversification in equity strategies through an innovative investment process. The firm is employee-owned with a streamlined structure that ensures the alignment of interests. Evovest is B-Corp certified and strives to create a strong sense of community by promoting diversity and inclusivity throughout the firm.

Certified B Corporation