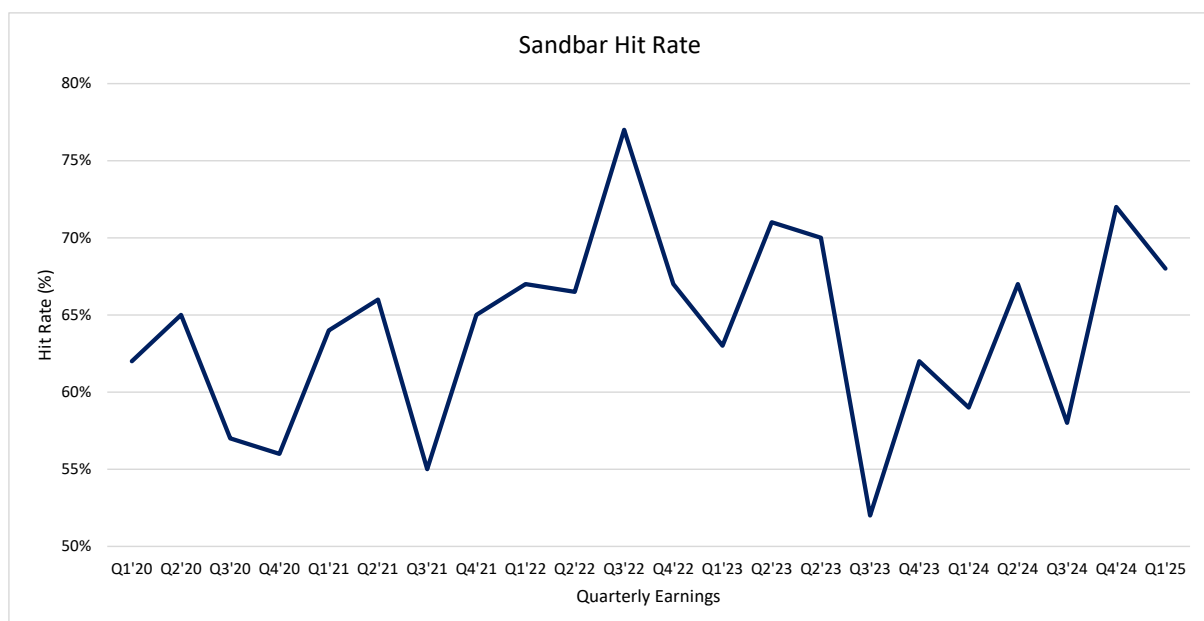


## Alpha Insights: Everything is (NOT) Awesome!!! May MTD performance of strategy (+1.13%, YTD +10.47%)

"Everything is Awesome!!!" from The Lego Movie is a team favourite at Sandbar, often quoted, blasted, or sung (on special occasions). While the song and movie are undeniably awesome (if you haven't seen them, you're missing out), we typically deploy this anthem with a sarcastic, quintessentially British twist when discussing equity markets. It's our tongue-in-cheek response to those suggesting "everything is awesome" when the reality is far from it.

This sentiment has been particularly relevant during Q1 2025 earnings season. What we've observed and heard has driven us to create a rare remix: "Everything is (NOT) Awesome!!!" Unlike the usual bullish rhetoric from corporates, our tracking of forward sentiment indicators from Q1 earnings communications shows the lowest forward-looking sentiment in our universe of companies since the COVID-19 pandemic in 2020. This stark shift has coincided with a notable reduction in sell-side estimates following Q1 reports.

Ahead of Q1, we noted a higher-than-average negative delta between our profit expectations for Q1/FY 2025 and street expectations. This divergence significantly boosted our alpha generation and performance month-to-date (+1.13%), as reflected in our internal earnings hit ratio for Q1 (see updated chart below).



Source: Sandbar Risk Team

If you have any questions, feel free to reach out to the team.

The Sandbar Team

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PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

ADDITIONAL RIDERS

Indices:

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