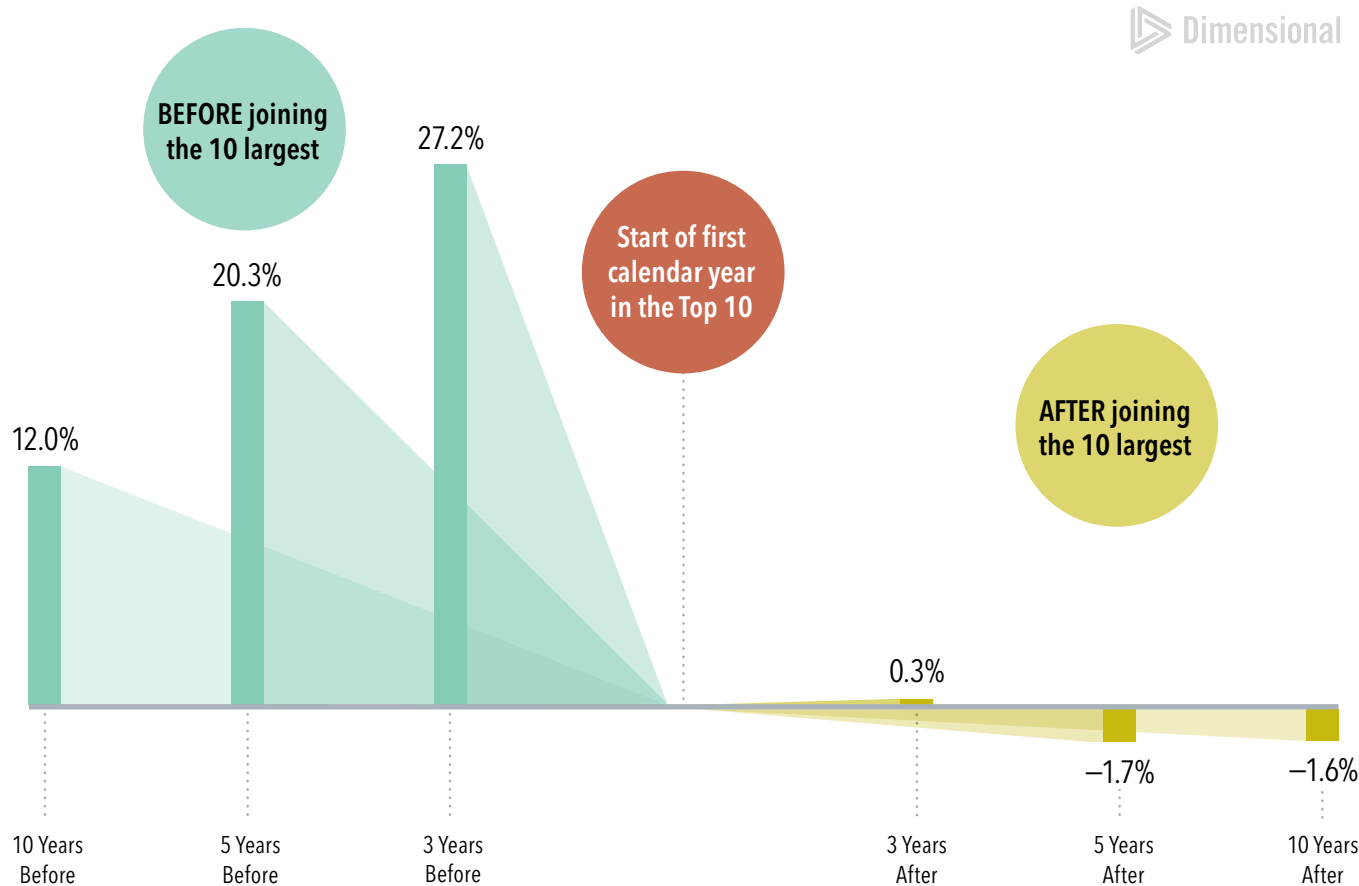


Think Twice About Chasing the Biggest Stocks

AVERAGE ANNUALISED OUTPERFORMANCE OF COMPANIES BEFORE AND AFTER THE FIRST YEAR THEY BECAME ONE OF THE 10 LARGEST IN THE US COMPARED TO S&P 500 INDEX, 1927–2025



As companies grow to become some of the largest on the US stock market, their returns can be impressive. But not long after joining the Top 10 largest by market cap, these stocks, on average, have lagged behind the market.

- From 1927 to 2025, the average annualised return for these stocks over the three years prior to joining the Top 10 was more than 25% higher than the market.
- Five years after joining the Top 10, these stocks were, on average, underperforming the market—a stark turnaround from before.

Expectations about a firm's prospects are reflected in its current stock price. Positive news might push prices higher, but those changes are not predictable.

Past performance is not a guarantee of future results.

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In USD. Source: Dimensional using data from CRSP. Includes all US common stocks excluding REITs. Largest stocks identified at the end of each calendar year by sorting eligible US stocks on market capitalisation. Excess return for each stock is the difference in annualised compound returns between the stock and the S&P 500 Index, computed from the first month following initial classification in the top 10. Annualised returns are computed for companies with return data available for the entire period. NYSE American and NASDAQ common stocks included in CRSP starting in 1962 and 1972 respectively. The number of firms included in measuring excess returns prior (subsequent) to becoming a Top 10 stock consists of 44 (58) for the three-year period, 43 (56) for the five-year period and 34 (50) for the 10-year period. CRSP data provided by the Center for Research in Security Prices, University of Chicago. S&P data © 2026, S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

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