
Morningstar's US Active/Passive Barometer

Year-End 2025

Morningstar Manager Research

Bryan Armour
Director, Passive Strategies, North America
bryan.armour@morningstar.com

Eugene Gorbaticov
Analyst, Passive Strategies,
EMEA
eugene.gorbaticov@morningstar.com

Maciej Kowara
Principal, US Fixed Income Strategies
maciej.kowara@morningstar.com

Executive Summary

The Morningstar Active/Passive Barometer is a semiannual report that measures the performance of active funds against passive peers in their respective Morningstar Categories. The US Active/Passive Barometer spans nearly 9,248 unique funds that accounted for approximately USD 26 trillion in assets, or about 67% of the US fund market, at the end of 2025.

The Active/Passive Barometer measures active managers' success in several unique ways:

- ▶ It evaluates active funds against a composite of passive funds. In this way, the “benchmark” reflects the actual, net-of-fees performance of investable passive funds.
- ▶ It considers how the average dollar invested in active funds has fared versus the average dollar invested in passive funds.
- ▶ It examines trends in active-fund success by fee level.
- ▶ It shows the distribution of surviving active funds' excess returns versus their average passive peer to help investors understand not just the odds of picking a successful manager but also the prospective payout or penalty.

The Active/Passive Barometer is a useful measuring stick that helps investors calibrate the odds of succeeding with active funds in different categories.

Key Takeaways

- ▶ Actively managed mutual funds and exchange-traded funds struggled to outperform their average passive peer in 2025. Just 38% survived and beat their asset-weighted average passive composite, down 4 percentage points from a year earlier.
- ▶ US stock-pickers also trended slightly lower with a 37% success rate for 2025, a 1-percentage-point drop from 2024. The effects were consistent across the Morningstar Style Box, with the strongest performance from small-cap managers (38% success rate), followed by mid- and large-cap managers (37%).
- ▶ International-stock managers fared relatively well in 2025. Active funds in five foreign-only Morningstar Categories saw their collective success rate increase to 48%, up 8 percentage points from the year prior. Diversified emerging-market funds were to thank after posting the top success rate among all categories in this study at 64%, a 42-percentage-point increase from 2024. Woes continued for active global large-blend funds, which combine foreign and domestic stocks, despite a small uptick in success rates. Nearly 26% of global large-blend managers beat the passive benchmark in 2025, up 6 percentage points from 2024.
- ▶ Active bond managers' fortunes reversed in 2025. Across the three fixed-income categories included in the study, success rates plummeted 24 percentage points to 40%. Active intermediate-core bond managers led the cohort with a 55% success rate, while a paltry 4% of active corporate-bond managers beat the passive benchmark. Still, the fixed-income category cohort's 42% 10-year success rate paced all category groups tracked in this report.
- ▶ Active real estate fund success rates fell 54 percentage points to 12% in 2025, reflecting the challenges in US real estate and the weakness of the US dollar.
- ▶ Actively managed funds' long-term record against their passive peers remained relatively flat compared with 2024. Just 21% of active strategies survived and beat their passive counterparts over the 10 years through 2025. Long-term success rates were highest among bond and real estate funds and lowest among US large-cap strategies.
- ▶ The distribution of 10-year excess returns for surviving active funds versus the average of their passive peers varied across categories. US large-cap funds had a negative skew, indicating that the performance penalty for picking an unsuccessful manager outweighed the reward for finding a winner. The inverse tends to be true of the real estate and intermediate core bond categories, where excess returns skewed positively over the past decade.
- ▶ Investors have chosen active funds wisely. Over the past 10 years, the average dollar invested in active funds outperformed the average active fund in 17 of the 20 categories examined. That implies investors favor cheaper, higher-quality strategies.
- ▶ The cheapest active funds succeeded more often than the priciest ones. Over the 10 years through 2025, 31% of active funds in the cheapest quintile of their respective categories beat their average passive peer, compared with 17% for the priciest funds.

Exhibit 1 Active Funds' Success Rate by Category (%)

Category	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year	10-Year (Lowest Cost) *	10-Year (Highest Cost)
US Large Blend	32.1	24.4	23.8	8.1	4.3	6.4	17.1	5.3
US Large Value	60.3	49.4	35.4	20.3	10.0	10.0	31.4	14.3
US Large Growth	17.2	19.8	10.2	3.6	1.1	1.5	6.0	1.2
US Mid Blend	33.9	32.5	52.9	15.4	14.0	11.4	20.8	8.3
US Mid Value	51.2	59.3	41.0	21.7	15.1	23.3	29.2	20.8
US Mid Growth	24.5	21.1	26.7	26.9	21.2	18.4	26.8	32.5
US Small Blend	37.2	32.6	53.6	15.8	11.9	5.6	20.5	13.6
US Small Value	36.9	32.8	41.4	19.4	11.5	16.3	23.1	16.7
US Small Growth	38.7	29.1	39.1	37.0	24.8	20.1	44.2	35.7
Foreign Large Blend	37.4	38.6	31.8	22.8	27.7	17.8	41.0	20.5
Foreign Large Value	34.3	38.5	23.7	24.3	33.6	—	36.4	14.3
Foreign Small/Mid Blend	40.7	45.2	44.4	22.6	23.8	—	33.3	16.7
Global Large Blend	25.9	14.9	22.4	11.1	8.9	—	26.7	7.1
Diversified Emerging Markets	64.1	53.3	34.4	29.1	35.2	32.4	47.9	21.3
Europe Stock	33.3	23.5	26.7	9.5	11.1	25.0	40.0	0.0
US Real Estate	14.0	38.1	51.8	31.3	24.3	23.6	42.9	28.6
Global Real Estate	9.5	22.2	49.0	46.2	44.9	—	42.9	23.1
Intermediate Core Bond	54.7	66.4	55.3	41.7	26.4	17.3	59.3	20.8
Corporate Bond	4.4	27.5	34.8	52.2	47.2	—	60.0	44.4
High-Yield Bond	37.7	35.9	46.2	39.1	44.4	—	47.5	28.2

Source: Morningstar. Data and Calculations as of Dec. 31, 2025. *Green/red shading indicates that active funds in this fee quintile had above/below-average success rates.

Exhibit 2 Year-Over-Year Change in Active Funds' One-Year Success Rate by Category (%)

	2025	2024	Year-Over-Year Change
US Large Blend	32.1	28.8	3.3
US Large Value	60.3	43.9	16.4
US Large Growth	17.2	40.2	-23.0
US Mid Blend	33.9	38.7	-4.8
US Mid Value	51.2	40.9	10.3
US Mid Growth	24.5	32.7	-8.2
US Small Blend	37.2	40.4	-3.2
US Small Value	36.9	49.3	-12.4
US Small Growth	38.7	42.2	-3.5
Foreign Large Blend	37.4	54.0	-16.6
Foreign Large Value	34.3	50.5	-16.2
Foreign Small/Mid Blend	40.7	58.6	-17.9
Global Large Blend	25.9	20.2	5.8
Diversified Emerging Markets	64.1	21.8	42.3
Europe Stock	33.3	46.7	-13.3
US Real Estate	14.0	65.1	-51.0
Global Real Estate	9.5	67.4	-57.9
Intermediate Core Bond	54.7	80.9	-26.2
Corporate Bond	4.4	67.3	-62.9
High-Yield Bond	37.7	51.3	-13.6

Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 3 Trends in Active Funds' One-Year Success Rates by Category (%)

	2019		2020		2021		2022		2023		2024		2025		Trend
	June	Dec													
US Large Blend	28.6	28.0	22.9	23.4	40.6	35.5	50.3	58.5	27.1	26.1	37.0	28.8	24.7	32.1	
US Large Value	23.0	39.5	39.5	46.7	54.6	44.6	32.5	37.6	58.0	56.9	54.5	43.9	46.7	60.3	
US Large Growth	42.7	18.1	15.7	26.6	35.7	14.8	35.8	51.1	22.0	20.1	40.8	40.2	27.9	17.2	
US Mid Blend	37.8	37.3	14.8	10.6	30.4	76.5	64.8	64.0	41.6	47.0	46.2	38.7	23.7	33.9	
US Mid Value	21.9	46.8	56.8	64.0	59.6	51.4	40.2	48.6	62.3	75.9	59.8	40.9	38.2	51.2	
US Mid Growth	72.0	60.3	51.1	52.5	45.1	41.7	55.2	41.1	59.1	23.0	24.8	32.7	24.8	24.5	
US Small Blend	29.0	34.4	22.1	24.7	40.2	78.2	78.2	65.7	62.1	45.3	53.1	40.4	32.0	37.2	
US Small Value	17.2	35.0	40.5	38.3	48.3	57.8	74.2	53.5	52.6	53.3	54.0	49.3	31.5	36.9	
US Small Growth	54.5	39.4	47.7	55.8	64.4	63.2	52.3	43.8	37.8	25.1	38.3	42.2	28.4	38.7	
Foreign Large Blend	30.9	48.9	49.5	40.4	42.1	51.0	42.5	44.4	63.0	51.0	44.8	54.0	50.5	37.4	
Foreign Large Value	15.7	36.7	65.2	68.1	45.2	30.1	29.7	26.9	59.6	57.3	36.7	50.5	53.5	34.3	
Foreign Small/Mid Blend	36.7	53.1	39.4	36.4	55.2	55.6	50.0	59.3	69.2	58.1	63.3	58.6	65.5	40.7	
Global Large Blend	37.3	41.9	29.7	35.1	57.7	45.9	43.6	47.2	40.9	22.8	25.4	20.2	23.5	25.9	
Diversified Emerging Markets	35.4	58.6	50.2	55.8	63.4	41.1	22.5	28.3	72.0	58.5	48.2	21.8	34.6	64.1	
Europe Stock	20.0	52.6	72.2	76.5	66.7	53.3	37.5	25.0	31.3	11.8	41.2	46.7	46.7	33.3	
US Real Estate	29.2	51.7	54.1	65.0	54.4	69.6	72.4	50.8	58.7	49.2	66.7	65.1	33.9	14.0	
Global Real Estate	75.4	72.2	77.8	69.8	76.0	83.7	85.1	13.0	84.4	77.8	56.5	67.4	15.2	9.5	
Intermediate Core Bond	20.5	35.0	27.6	56.6	84.5	65.8	35.0	36.2	62.6	61.6	74.6	80.9	50.0	54.7	
Corporate Bond	9.1	19.0	19.2	56.0	81.3	82.6	29.2	26.0	40.4	35.3	64.2	67.3	3.9	4.4	
High-Yield Bond	31.4	59.7	59.7	67.0	66.7	61.0	48.6	50.8	56.9	42.7	54.1	51.3	22.7	37.7	

Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 4 Comparison of Asset- and Equal-Weighted 10-Year Returns %

Category	Active Funds			Passive Funds			Difference Between Passive and Active Returns	
	Asset- Weighted	Equal- Weighted	Difference	Asset- Weighted	Equal- Weighted	Difference	Asset- Weighted	Equal- Weighted
US Large Blend	13.2	12.2	1.0	14.5	13.9	0.6	1.3	1.6
US Large Value	11.3	10.6	0.6	11.2	11.1	0.1	-0.1	0.5
US Large Growth	15.7	14.5	1.2	17.9	16.0	1.9	2.2	1.5
US Mid Blend	10.3	9.5	0.8	10.8	10.5	0.3	0.5	1.0
US Mid Value	10.2	9.3	0.9	10.1	10.1	0.0	-0.1	0.8
US Mid Growth	11.0	11.0	0.0	11.3	10.9	0.3	0.3	-0.1
US Small Blend	9.3	8.9	0.4	10.0	9.7	0.3	0.7	0.7
US Small Value	9.6	9.1	0.5	9.7	9.0	0.6	0.1	-0.1
US Small Growth	10.2	10.2	0.1	10.0	9.7	0.3	-0.3	-0.5
Foreign Large Blend	8.3	7.8	0.5	8.5	8.2	0.3	0.2	0.4
Foreign Large Value	8.7	8.5	0.3	8.9	9.0	0.0	0.2	0.5
Foreign Small/Mid Blend	7.3	6.7	0.6	7.5	8.0	-0.6	0.2	1.4
Global Large Blend	10.8	10.2	0.6	11.8	11.6	0.2	1.0	1.4
Diversified Emerging Markets	8.1	7.8	0.3	8.0	7.7	0.3	-0.1	-0.1
Europe Stock	8.0	7.8	0.2	9.2	8.6	0.6	1.2	0.8
US Real Estate	5.3	4.9	0.4	5.0	4.5	0.6	-0.3	-0.4
Global Real Estate	3.8	4.0	-0.2	2.7	2.4	0.3	-1.1	-1.6
Intermediate Core Bond	2.3	2.3	0.0	2.0	1.9	0.1	-0.4	-0.5
Corporate Bond	3.2	3.3	-0.1	3.2	3.1	0.1	0.0	-0.3
High-Yield Bond	5.9	5.6	0.4	5.5	5.5	0.0	-0.4	-0.1

Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Results by Category

US Large-Cap Funds

- ▶ The US large-cap equity market has been a difficult place for active funds to succeed in the long run. Just 10% of them survived and beat their average passive rival over the decade through 2025. That fell well short of the 22% and 25% success rates for active mid- and small-cap managers, respectively.
- ▶ Active large-growth strategies have had a particularly hard time delivering value for investors. Of the active funds that existed in this category two decades ago, nearly 66% closed, and just 1% managed to outperform their average indexed peer.
- ▶ Active US large-cap managers added to their woes in 2025. Their 36% success rate marked a 1-percentage-point decrease from 2024. Active large-value managers led the pack with a 60% one-year success rate, while large-blend and large-growth funds struggled to 32% and 17% success rates, respectively. Large-growth managers' 23 percentage-point decline from 2024's success rate marked the biggest drop among equity categories.
- ▶ Expensive active large-cap funds must overcome long odds to succeed: Less than 7% of them beat a composite of their passive peers over the decade through 2025, compared with 17% of cheaper active large-cap strategies. Investors mostly favor cheaper, better-performing active large-cap funds: The average asset-weighted active return exceeded the average equal-weighted active return across all large-cap categories and periods.
- ▶ Over the decade through 2025, passive large-growth funds beat their active peers by 2.2 percentage points annualized by asset-weighted average—the widest performance margin across all categories. Passive large-blend posted the second-highest advantage at 1.3 percentage points, and active large-value funds eked out a 0.1-percentage-point annual advantage over passives during the same span.

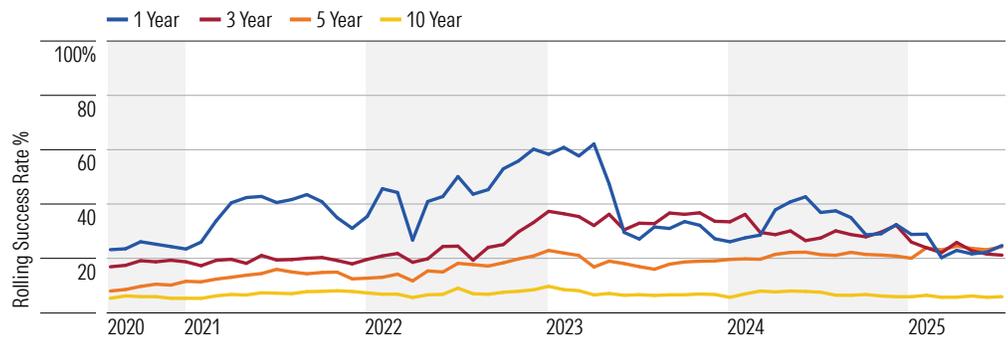
Surviving active funds' median 10-year excess returns were negative across all three US large-cap categories, and the distributions of excess returns had a negative skew. Not only was the likelihood of picking a successful active fund low, but the penalty for poor manager selection far outstripped the reward for choosing a winner.

Exhibit 5 US Large Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	439	95.2	210	97.6	18.1	17.3	15.6	16.1	32.1
3-Year	406	86.9	213	92.5	20.5	22.3	19.2	20.2	24.4
5-Year	400	77.0	223	84.3	13.4	13.7	12.0	12.5	23.8
10-Year	383	62.4	138	80.4	13.2	14.5	12.2	13.9	8.1
15-Year	464	47.6	119	68.1	12.3	13.8	11.5	13.5	4.3
20-Year	485	36.5	110	59.1	9.6	10.9	9.4	10.6	6.4
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	76	63.2	138	80.4	14.0	14.5	13.5	13.9	17.1
40th Percentile	75	69.3	138	80.4	12.8	14.5	12.5	13.9	5.3
60th Percentile	76	64.5	138	80.4	12.5	14.5	12.2	13.9	7.9
80th Percentile	75	64.0	138	80.4	11.7	14.5	12.1	13.9	4.0
100th Percentile	76	51.3	138	80.4	11.3	14.5	10.6	13.9	5.3

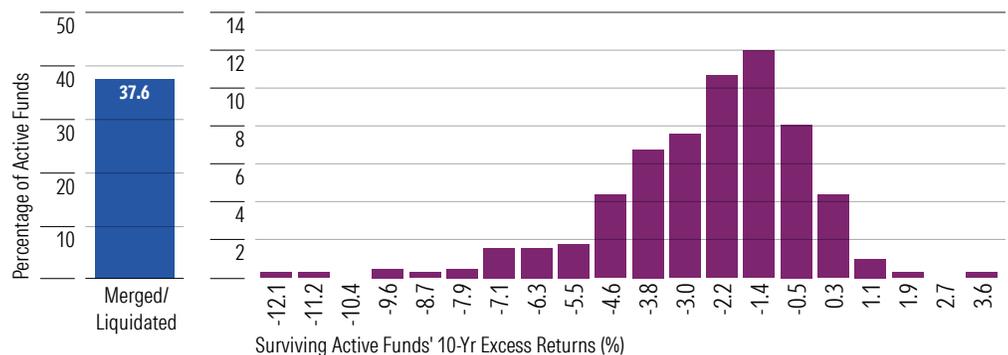
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 6 Rolling Success Rates for Surviving Active US Large-Blend Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 7 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Large-Blend Funds



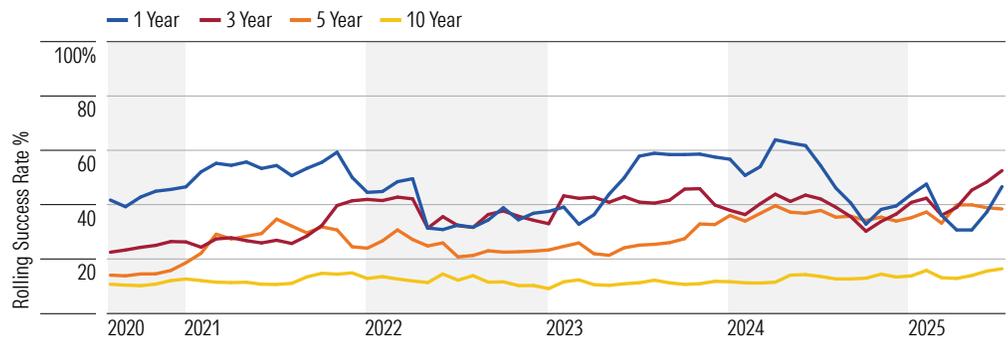
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 8 US Large Value

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	340	95.6	102	98.0	15.7	14.0	15.1	14.4	60.3
3-Year	334	88.6	104	95.2	13.9	12.9	13.8	13.6	49.4
5-Year	316	80.7	98	87.8	11.8	11.9	11.4	12.1	35.4
10-Year	350	61.1	67	94.0	11.3	11.2	10.6	11.1	20.3
15-Year	319	53.3	36	97.2	11.0	11.4	10.3	11.3	10.0
20-Year	380	40.8	22	81.8	9.1	9.1	8.1	8.4	10.0
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	70	57.1	67	94.0	12.0	11.2	11.1	11.1	31.4
40th Percentile	70	70.0	67	94.0	10.6	11.2	10.6	11.1	12.9
60th Percentile	69	68.1	67	94.0	10.8	11.2	11.0	11.1	26.1
80th Percentile	69	65.2	67	94.0	9.9	11.2	10.2	11.1	17.4
100th Percentile	70	47.1	67	94.0	9.6	11.2	10.3	11.1	14.3

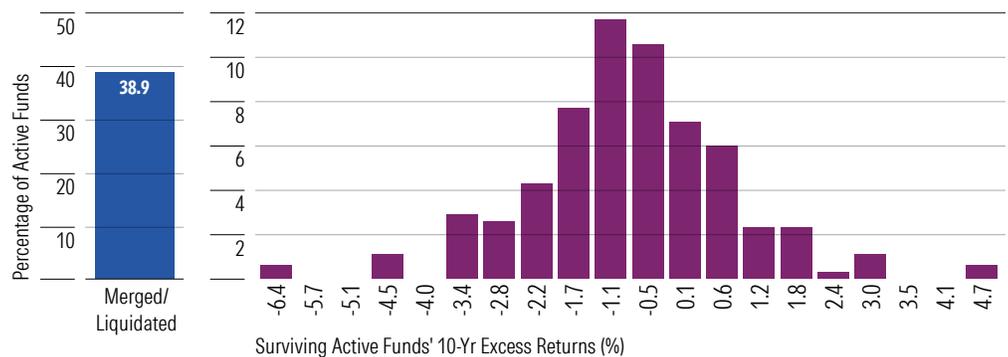
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 9 Rolling Success Rates for Surviving Active US Large-Value Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 10 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Large-Value Funds



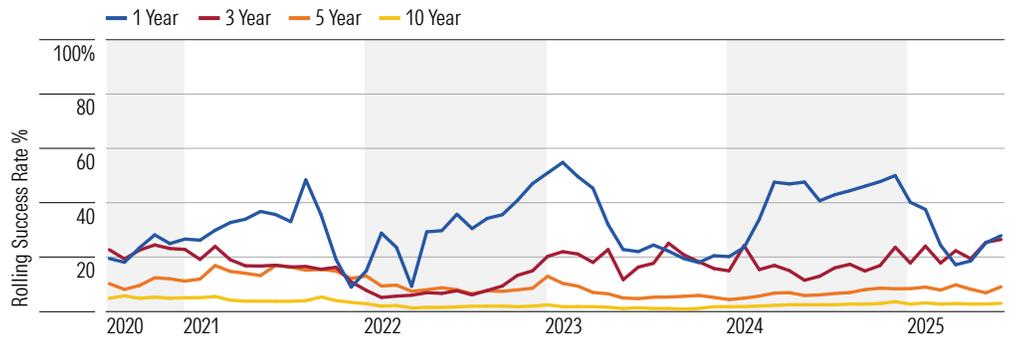
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 11 US Large Growth

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	326	96.0	76	98.7	17.4	19.8	15.6	17.6	17.2
3-Year	373	86.1	83	96.4	28.7	31.3	26.3	27.3	19.8
5-Year	364	81.6	68	91.2	11.9	14.7	10.9	12.6	10.2
10-Year	417	63.3	52	80.8	15.7	17.9	14.5	16.0	3.6
15-Year	450	50.9	36	91.7	14.6	17.0	13.5	15.9	1.1
20-Year	472	34.1	29	79.3	11.8	14.1	10.9	12.8	1.5
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	84	66.7	52	80.8	15.9	17.9	15.5	16.0	6.0
40th Percentile	83	61.4	52	80.8	16.1	17.9	14.9	16.0	3.6
60th Percentile	83	66.3	52	80.8	14.9	17.9	14.4	16.0	2.4
80th Percentile	84	69.0	52	80.8	13.8	17.9	14.1	16.0	4.8
100th Percentile	83	53.0	52	80.8	14.3	17.9	13.2	16.0	1.2

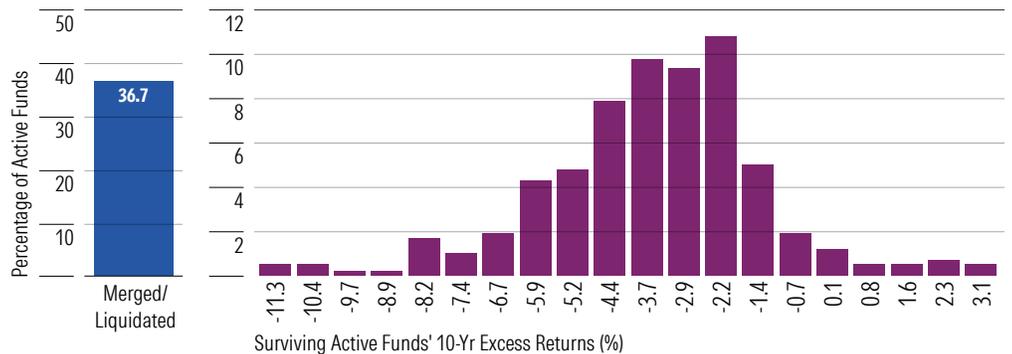
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 12 Rolling Success Rates for Surviving Active US Large-Growth Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 13 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Large-Growth Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

US Mid-Cap Funds

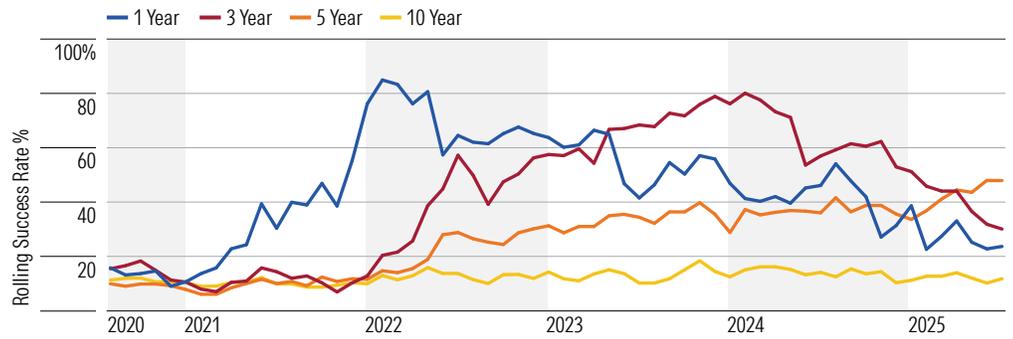
- ▶ Of the active mid-cap funds, 36% survived and outpaced their average passive peer in 2025, a decline of 1 percentage point from a year earlier.
- ▶ Active funds in the mid-cap growth and mid-cap blend categories saw their already shaky success rates fall to 25% and 34%, respectively. Mid-cap value funds were a bright spot for active managers with a 51% success rate—a 10-percentage-point increase from 2024.
- ▶ Mid-cap funds hunt at the “crossroads” of large- and small-cap companies, which leads to portfolios that bleed into other market-cap segments and oscillating success rates. Indeed, success rates for active mid-cap strategies tended to be more volatile than large- or small-cap categories in recent years.

Exhibit 14 US Mid-Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	121	93.4	84	97.6	6.5	10.2	8.1	10.0	33.9
3-Year	117	87.2	70	91.4	13.3	13.5	12.7	12.7	32.5
5-Year	102	84.3	67	89.6	8.8	8.0	9.1	8.7	52.9
10-Year	117	54.7	56	80.4	10.3	10.8	9.5	10.5	15.4
15-Year	136	52.2	37	78.4	10.3	10.8	9.7	10.5	14.0
20-Year	149	46.3	31	64.5	8.7	9.3	8.2	9.1	11.4
Performance by Fee Quartile									
(Trailing 10 Years)									
20th Percentile	24	45.8	56	80.4	11.0	10.8	10.2	10.5	20.8
40th Percentile	23	65.2	56	80.4	9.4	10.8	9.2	10.5	8.7
60th Percentile	23	65.2	56	80.4	9.3	10.8	9.3	10.5	17.4
80th Percentile	23	47.8	56	80.4	9.4	10.8	10.2	10.5	21.7
100th Percentile	24	50.0	56	80.4	11.0	10.8	8.8	10.5	8.3

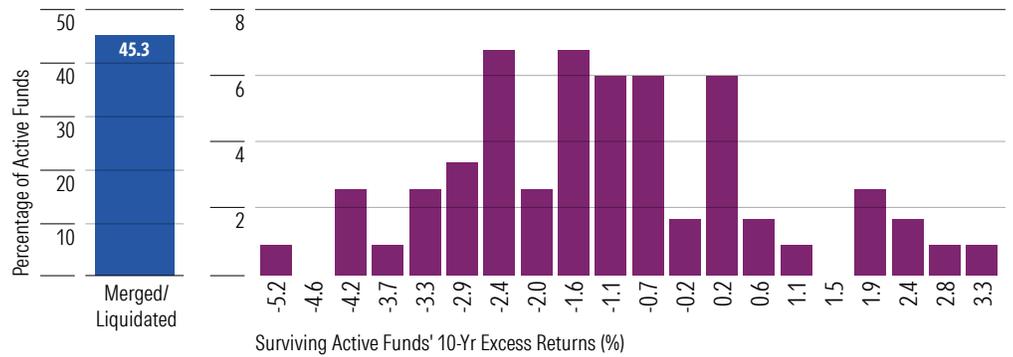
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 15 Rolling Success Rates for Surviving Active US Mid-Blend Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 16 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Mid-Blend Funds



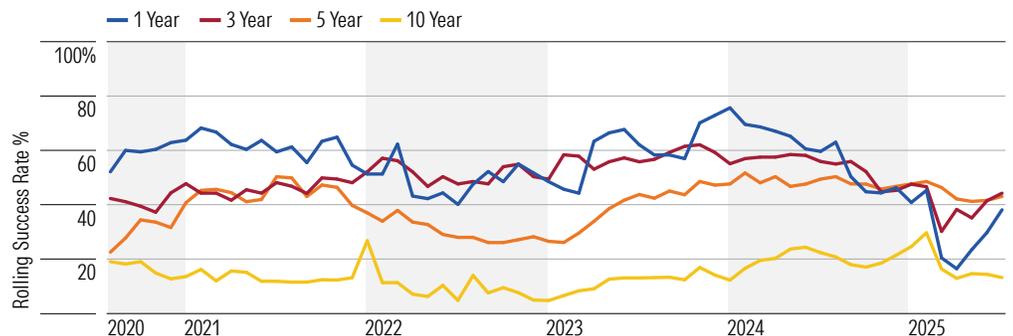
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 17 US Mid-Value

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	125	96.8	45	95.6	9.3	9.6	9.7	10.6	51.2
3-Year	108	91.7	35	85.7	11.4	10.4	11.5	11.5	59.3
5-Year	105	82.9	28	89.3	10.6	10.4	10.3	10.8	41.0
10-Year	120	65.0	23	82.6	10.2	10.1	9.3	10.1	21.7
15-Year	119	46.2	16	93.8	9.6	10.3	9.5	10.4	15.1
20-Year	116	49.1	10	90.0	8.0	8.3	8.1	8.1	23.3
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	24	62.5	23	82.6	10.6	10.1	9.8	10.1	29.2
40th Percentile	23	73.9	23	82.6	10.4	10.1	9.2	10.1	26.1
60th Percentile	24	87.5	23	82.6	9.1	10.1	9.2	10.1	16.7
80th Percentile	23	65.2	23	82.6	9.4	10.1	9.1	10.1	17.4
100th Percentile	24	37.5	23	82.6	8.8	10.1	9.2	10.1	20.8

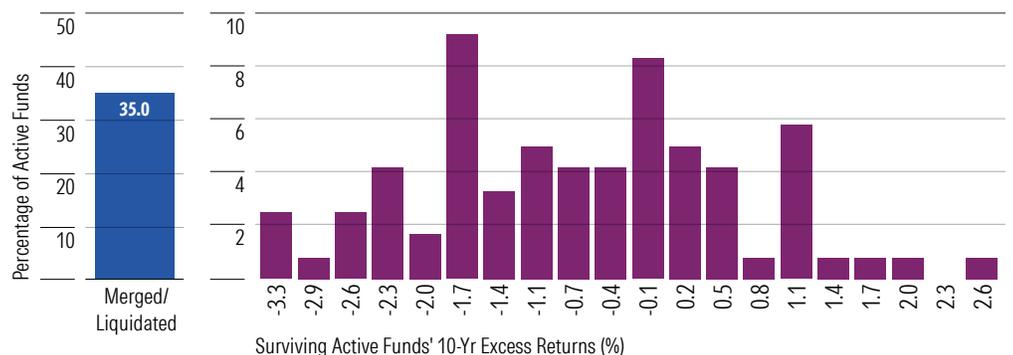
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 18 Rolling Success Rates for Surviving Active US Mid-Value Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 19 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Mid-Value Funds



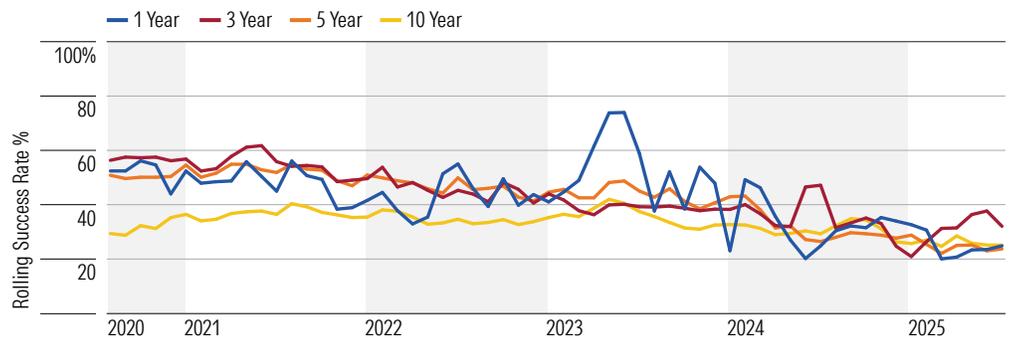
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 20 US Mid-Growth

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	143	94.4	26	96.2	5.8	9.9	6.7	10.7	24.5
3-Year	152	88.2	35	82.9	13.2	17.4	14.3	16.7	21.1
5-Year	180	81.7	28	92.9	3.1	6.3	4.7	6.2	26.7
10-Year	201	67.2	25	76.0	11.0	11.3	11.0	10.9	26.9
15-Year	222	53.6	20	75.0	10.4	11.2	10.4	11.1	21.2
20-Year	294	38.1	10	80.0	9.5	9.4	9.2	9.4	18.4
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	41	75.6	25	76.0	11.0	11.3	10.6	10.9	26.8
40th Percentile	39	69.2	25	76.0	10.3	11.3	10.2	10.9	20.5
60th Percentile	40	57.5	25	76.0	10.5	11.3	11.0	10.9	25.0
80th Percentile	40	65.0	25	76.0	12.1	11.3	11.3	10.9	27.5
100th Percentile	40	67.5	25	76.0	11.2	11.3	12.0	10.9	32.5

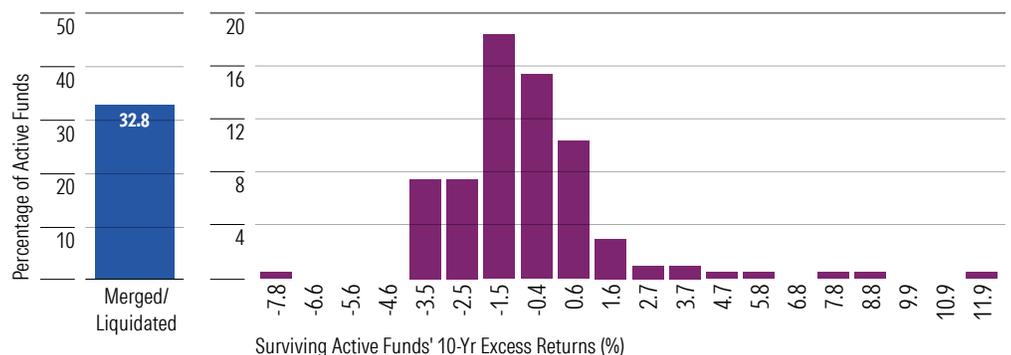
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 21 Rolling Success Rates for Surviving Active US Mid-Growth Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 22 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Mid-Growth Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

US Small-Cap Funds

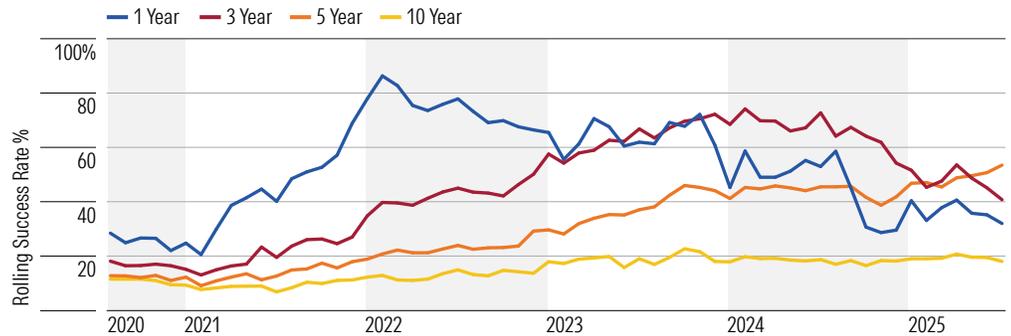
- ▶ Active small-cap strategies saw down-trending success rates in 2025. Less than 38% survived and outpaced their average passive rival, a 6-percentage-point drop from the year earlier.
- ▶ Long-term active success rates have been higher in the small-cap arena than those among large-cap funds. One reason is that the small-cap market is priced less efficiently.
- ▶ Relative success versus large caps hasn't amounted to much for active small-cap managers. Just 25% survived and outperformed their average passive peer over the decade through 2025. Still, active small-growth managers had the best success rates (39%) among US equity categories over the past 10 years.

Exhibit 23 US Small Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	188	96.8	75	96.0	7.9	9.3	7.5	8.8	37.2
3-Year	172	86.6	76	86.8	11.9	12.6	11.3	11.7	32.6
5-Year	179	81.0	72	81.9	8.1	7.0	7.8	7.3	53.6
10-Year	222	58.6	54	72.2	9.3	10.0	8.9	9.7	15.8
15-Year	185	54.1	37	75.7	8.9	10.0	8.6	9.5	11.9
20-Year	180	43.9	33	60.6	7.7	8.7	7.3	8.1	5.6
Performance by Fee Quartile									
(Trailing 10 Years)									
20th Percentile	44	63.6	54	72.2	9.9	10.0	9.3	9.7	20.5
40th Percentile	44	63.6	54	72.2	9.0	10.0	8.6	9.7	9.1
60th Percentile	44	68.2	54	72.2	8.9	10.0	9.2	9.7	22.7
80th Percentile	44	54.5	54	72.2	8.7	10.0	8.7	9.7	13.6
100th Percentile	44	43.2	54	72.2	9.2	10.0	9.0	9.7	13.6

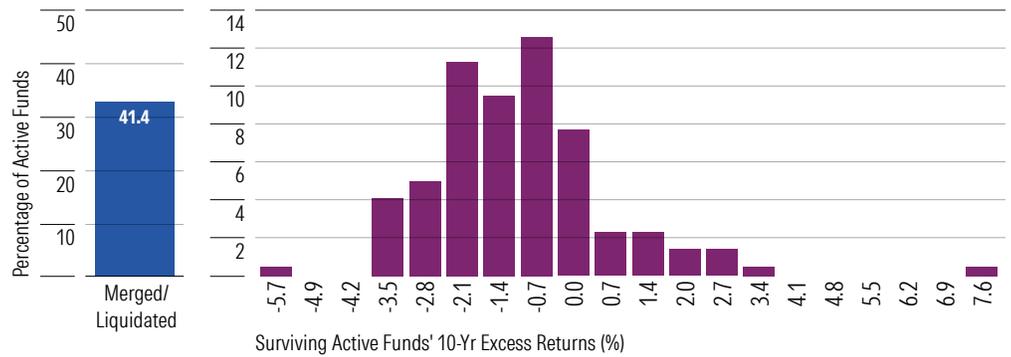
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 24 Rolling Success Rates for Surviving Active US Small-Blend Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 25 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Small-Blend Funds



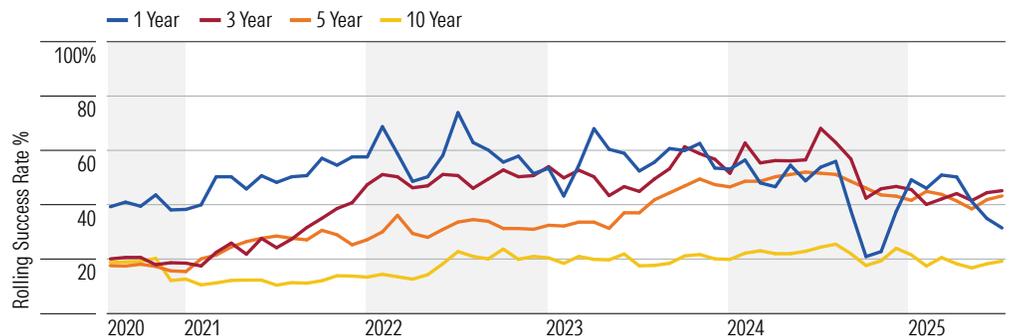
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 26 US Small Value

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	141	95.7	40	100.0	7.1	8.4	7.4	7.2	36.9
3-Year	137	88.3	29	96.6	10.7	11.7	10.9	10.4	32.8
5-Year	116	80.2	24	100.0	10.6	9.8	10.3	9.7	41.4
10-Year	124	62.9	22	90.9	9.6	9.7	9.1	9.0	19.4
15-Year	104	60.6	18	88.9	8.8	9.5	8.7	9.1	11.5
20-Year	129	51.2	9	88.9	7.6	8.1	7.6	7.7	16.3
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	26	57.7	22	90.9	9.8	9.7	9.4	9.0	23.1
40th Percentile	23	87.0	22	90.9	9.4	9.7	9.2	9.0	13.0
60th Percentile	24	70.8	22	90.9	9.3	9.7	8.8	9.0	20.8
80th Percentile	24	50.0	22	90.9	9.5	9.7	8.6	9.0	20.8
100th Percentile	24	54.2	22	90.9	9.3	9.7	9.5	9.0	16.7

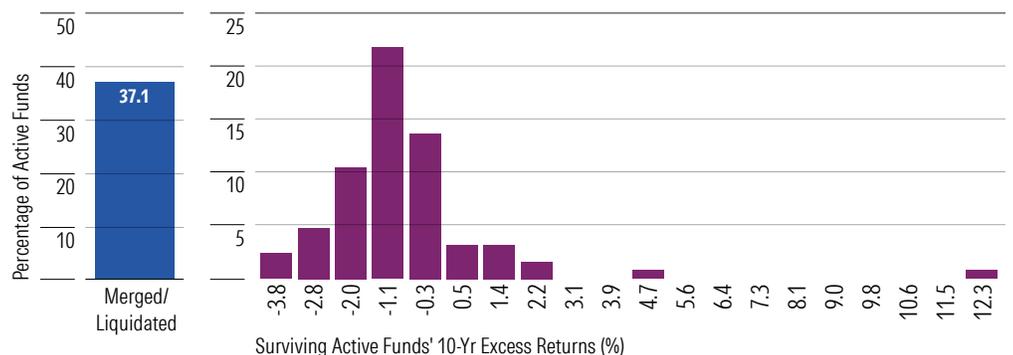
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 27 Rolling Success Rates for Surviving Active US Small-Value Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 28 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Small-Value Funds



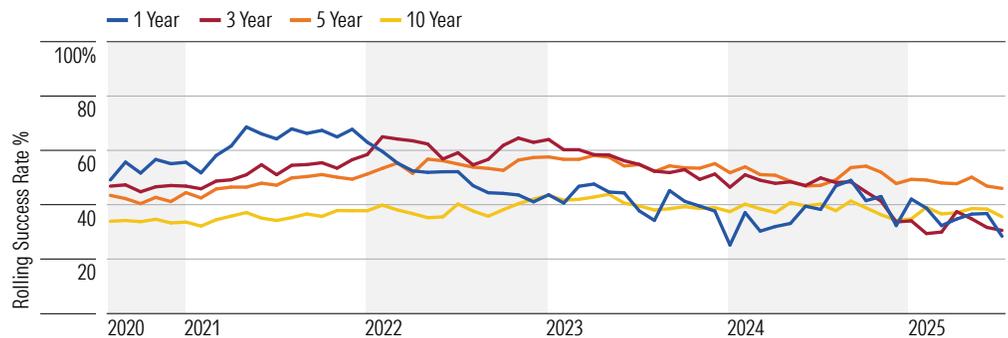
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 29 US Small Growth

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	155	93.5	13	100.0	6.5	9.3	7.5	13.3	38.7
3-Year	175	84.6	14	100.0	12.0	14.6	13.1	13.7	29.1
5-Year	174	82.8	16	93.8	2.1	3.4	3.4	4.5	39.1
10-Year	211	66.8	14	100.0	10.2	10.0	10.2	9.7	37.0
15-Year	226	54.0	12	100.0	10.2	10.2	9.8	9.8	24.8
20-Year	279	41.6	9	88.9	8.7	9.0	8.3	8.6	20.1
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	43	72.1	14	100.0	10.4	10.0	9.9	9.7	44.2
40th Percentile	44	70.5	14	100.0	9.9	10.0	10.0	9.7	29.5
60th Percentile	40	70.0	14	100.0	10.1	10.0	10.5	9.7	45.0
80th Percentile	42	64.3	14	100.0	9.6	10.0	9.6	9.7	31.0
100th Percentile	42	57.1	14	100.0	10.9	10.0	10.9	9.7	35.7

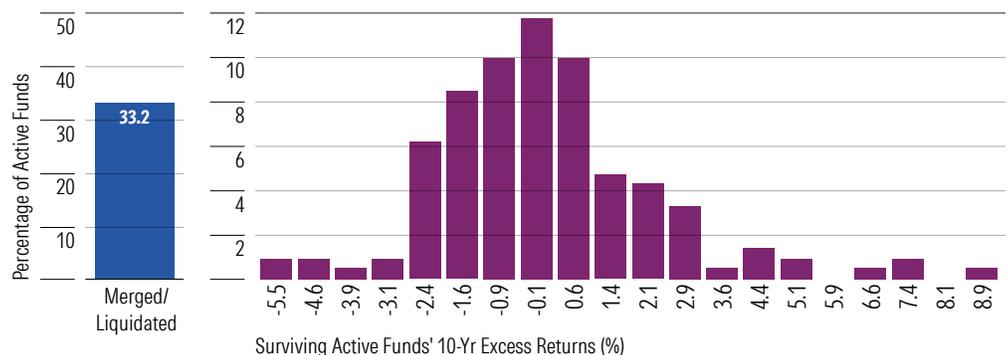
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 30 Rolling Success Rates for Surviving Active US Small-Growth Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 31 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Small-Growth Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Foreign Stock

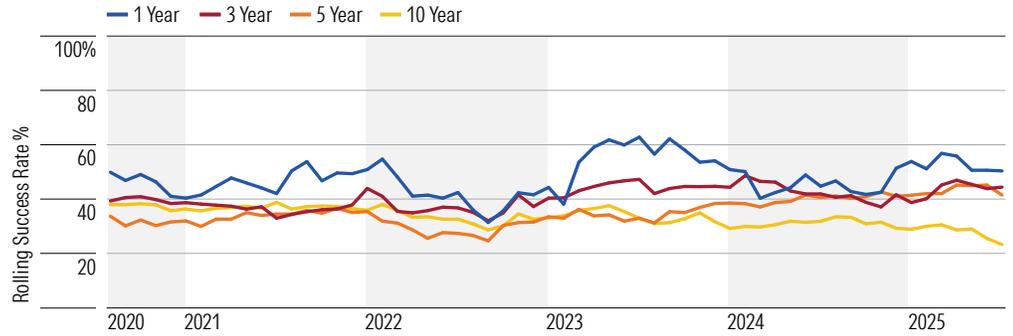
- ▶ Active managers who weave global- or foreign-stock portfolios succeeded at a 44% clip in 2025, a 7-percentage-point increase from the year before. Active diversified emerging-market funds increased their success rates at the highest clip of any category included in this report (42 percentage points) to 64%. The success rates of other foreign-stock and Europe-stock managers declined by at least 13 percentage points in 2025 from the year prior.
- ▶ The global- and foreign-stock categories have been a bit kinder to active managers than the US market segments. At 24%, foreign-stock funds' 10-year active success rate measured up better than the 16% rate for active US stock funds.
- ▶ Active managers in the foreign small/mid-blend category have struggled to keep their funds on the market. At 39%, this category's 10-year survivorship rate ranked the lowest among all categories tested.
- ▶ Foreign-stock funds often come with higher fees than domestic strategies, which gives cheap funds in those categories a greater advantage. Indeed, the cheapest quintile of active funds was more than twice as likely to beat the average passive peer than the most expensive quintile over the past 10 years.

Exhibit 32 Foreign Large Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	195	92.8	90	98.9	30.4	32.4	30.5	30.4	37.4
3-Year	202	82.2	90	92.2	17.0	17.3	16.6	16.8	38.6
5-Year	198	73.2	103	83.5	8.4	8.4	7.9	8.5	31.8
10-Year	197	60.9	69	79.7	8.3	8.5	7.8	8.2	22.8
15-Year	195	48.7	36	66.7	6.6	6.4	6.2	6.4	27.7
20-Year	174	35.6	25	52.0	5.8	5.5	5.2	5.4	17.8
Performance by Fee Quartile									
(Trailing 10 Years)									
20th Percentile	39	71.8	69	79.7	8.9	8.5	8.2	8.2	41.0
40th Percentile	39	69.2	69	79.7	8.2	8.5	8.0	8.2	20.5
60th Percentile	38	68.4	69	79.7	8.0	8.5	7.7	8.2	15.8
80th Percentile	38	55.3	69	79.7	7.5	8.5	7.5	8.2	15.8
100th Percentile	39	41.0	69	79.7	7.4	8.5	7.6	8.2	20.5

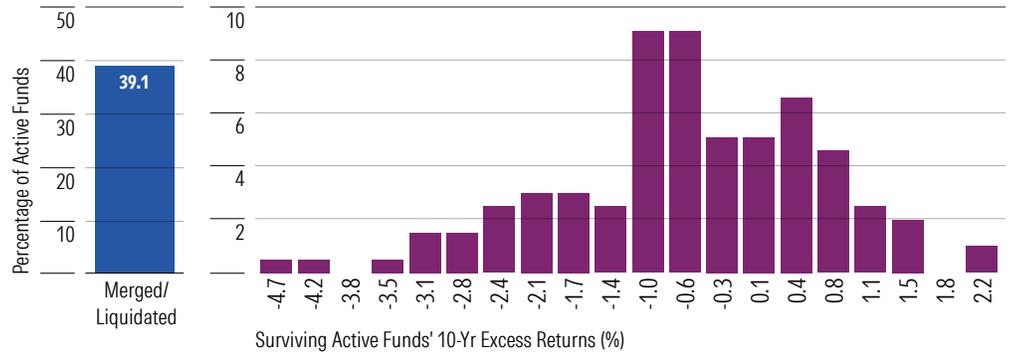
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 33 Rolling Success Rates for Surviving Active Foreign Large-Blend Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 34 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Foreign Large-Blend Funds



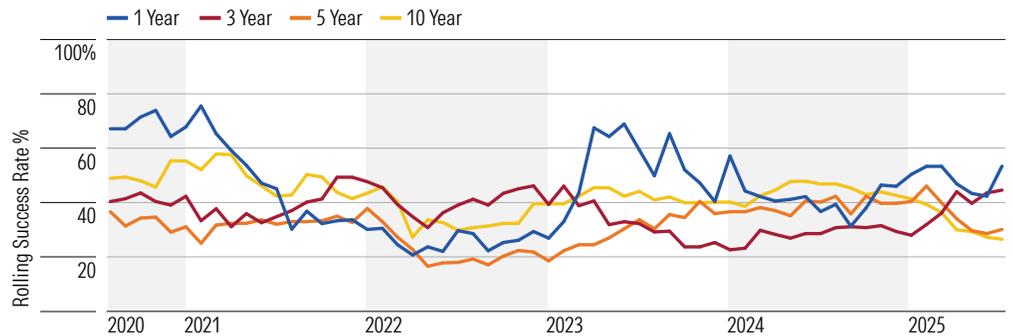
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 35 Foreign Large Value

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	108	98.1	37	97.3	38.8	40.7	38.2	37.9	34.3
3-Year	96	88.5	41	80.5	19.1	20.3	19.4	18.7	38.5
5-Year	93	78.5	33	84.8	12.1	12.8	11.5	12.0	23.7
10-Year	103	61.2	28	57.1	8.7	8.9	8.5	9.0	24.3
15-Year	110	54.5	12	91.7	6.7	6.1	6.3	6.5	33.6
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	22	54.5	28	57.1	9.2	8.9	9.3	9.0	36.4
40th Percentile	19	47.4	28	57.1	9.2	8.9	8.3	9.0	15.8
60th Percentile	20	60.0	28	57.1	9.3	8.9	8.7	9.0	25.0
80th Percentile	20	70.0	28	57.1	7.8	8.9	8.2	9.0	25.0
100th Percentile	21	71.4	28	57.1	7.3	8.9	7.8	9.0	14.3

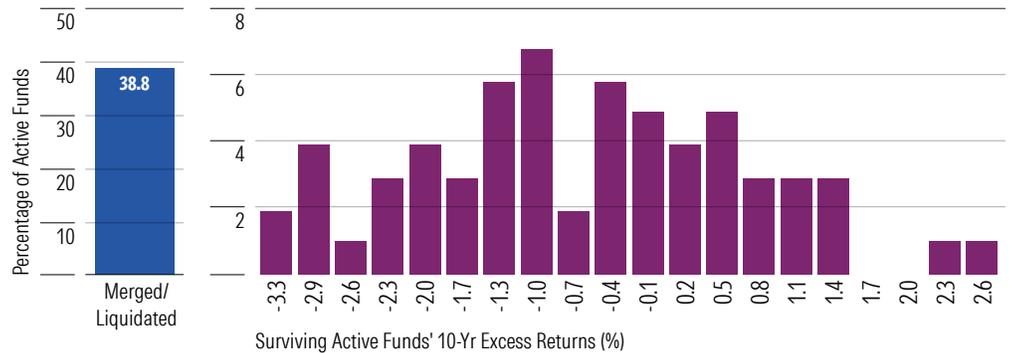
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 36 Rolling Success Rates for Surviving Active Foreign Large-Value Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 37 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Foreign Large-Value Funds



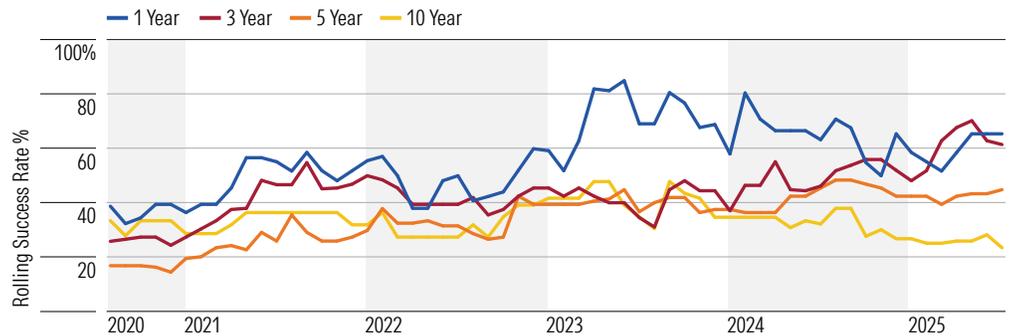
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 38 Foreign Small/Mid-Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	27	92.6	7	100.0	35.1	32.2	29.4	32.5	40.7
3-Year	31	87.1	7	100.0	17.3	15.4	15.1	15.9	45.2
5-Year	27	59.3	8	100.0	8.2	6.3	6.4	7.7	44.4
10-Year	31	38.7	11	81.8	7.3	7.5	6.7	8.0	22.6
15-Year	21	47.6	10	60.0	6.7	6.2	6.1	5.2	23.8
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	6	50.0	11	81.8	7.4	7.5	6.9	8.0	33.3
40th Percentile	5	20.0	11	81.8	7.0	7.5	7.8	8.0	20.0
60th Percentile	6	16.7	11	81.8	6.1	7.5	6.3	8.0	0.0
80th Percentile	5	80.0	11	81.8	8.0	7.5	7.1	8.0	40.0
100th Percentile	6	16.7	11	81.8	8.5	7.5	7.4	8.0	16.7

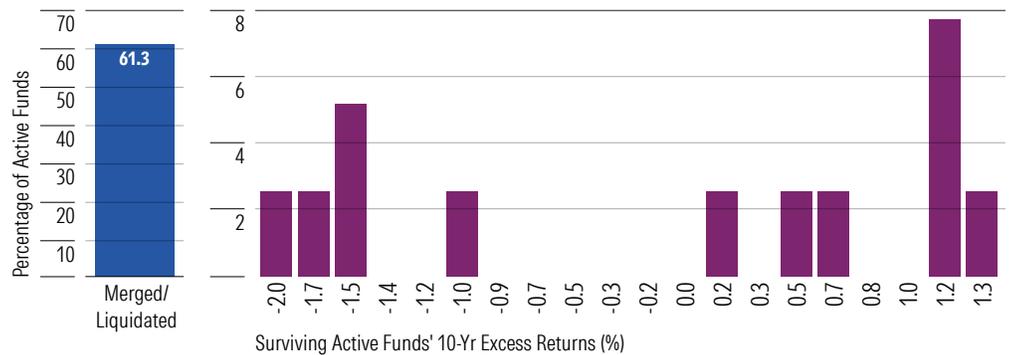
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 39 Rolling Success Rates for Surviving Active Foreign Small/Mid-Blend Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 40 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Foreign Small/Mid-Blend Funds



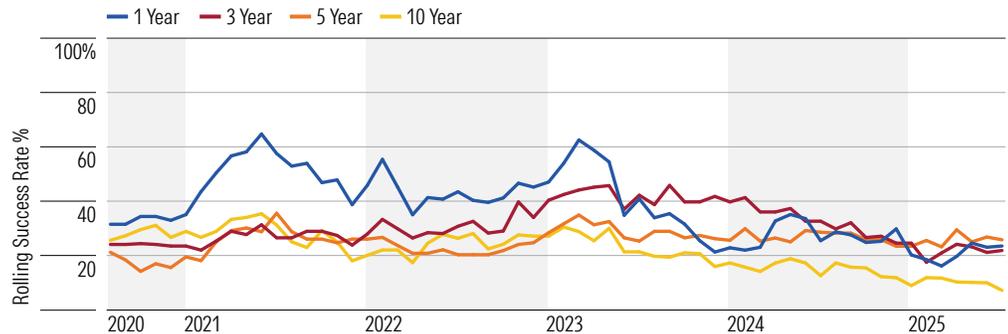
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 41 Global Large Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	108	93.5	27	96.3	22.4	22.0	19.0	20.5	25.9
3-Year	114	79.8	26	80.8	18.6	20.0	16.2	18.8	14.9
5-Year	98	74.5	24	87.5	10.2	11.0	9.6	10.4	22.4
10-Year	72	76.4	14	92.9	10.8	11.8	10.2	11.6	11.1
15-Year	45	80.0	6	100.0	9.3	10.5	8.8	10.7	8.9
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	15	86.7	14	92.9	11.8	11.8	11.3	11.6	26.7
40th Percentile	14	71.4	14	92.9	10.9	11.8	10.3	11.6	7.1
60th Percentile	14	78.6	14	92.9	9.1	11.8	9.8	11.6	7.1
80th Percentile	14	78.6	14	92.9	10.7	11.8	10.3	11.6	7.1
100th Percentile	14	64.3	14	92.9	9.7	11.8	9.1	11.6	7.1

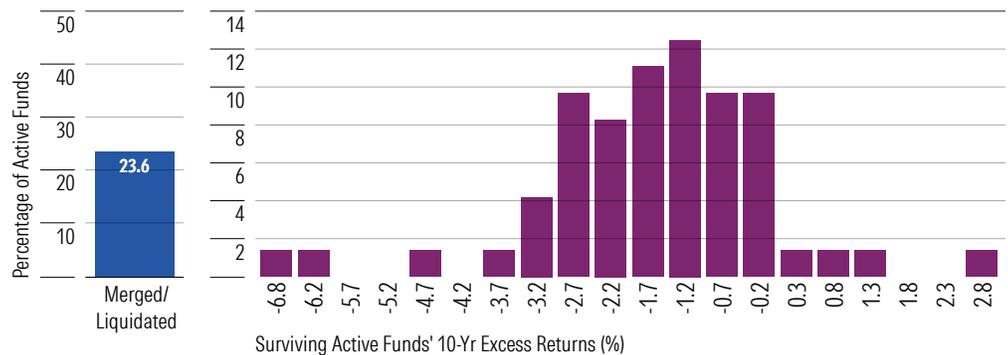
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 42 Rolling Success Rates for Surviving Active Global Large-Blend Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 43 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Global Large-Blend Fund



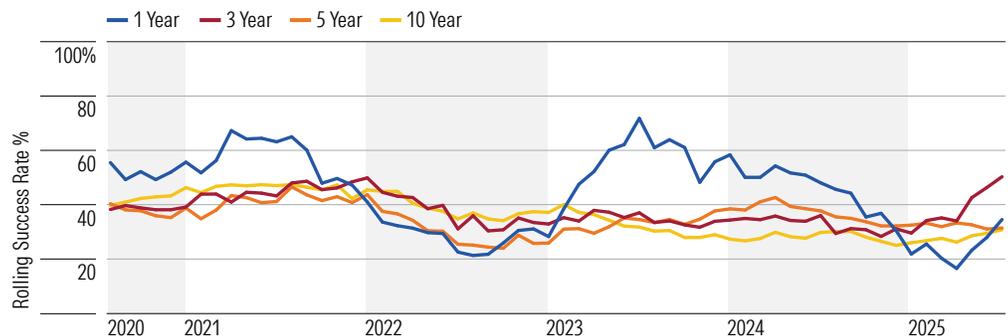
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 44 Diversified Emerging Markets

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	234	95.7	80	98.8	31.4	28.8	31.1	28.9	64.1
3-Year	246	81.7	79	87.3	16.5	15.4	16.1	15.3	53.3
5-Year	224	74.1	77	84.4	3.6	4.6	4.1	5.0	34.4
10-Year	237	52.7	65	63.1	8.1	8.0	7.8	7.7	29.1
15-Year	125	59.2	35	60.0	4.1	3.4	3.5	2.8	35.2
20-Year	74	59.5	4	75.0	5.7	5.5	5.5	5.7	32.4
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	48	60.4	65	63.1	9.2	8.0	8.5	7.7	47.9
40th Percentile	47	51.1	65	63.1	7.4	8.0	7.7	7.7	21.3
60th Percentile	47	61.7	65	63.1	6.3	8.0	7.5	7.7	23.4
80th Percentile	47	53.2	65	63.1	7.5	8.0	8.0	7.7	31.9
100th Percentile	47	38.3	65	63.1	8.2	8.0	7.2	7.7	21.3

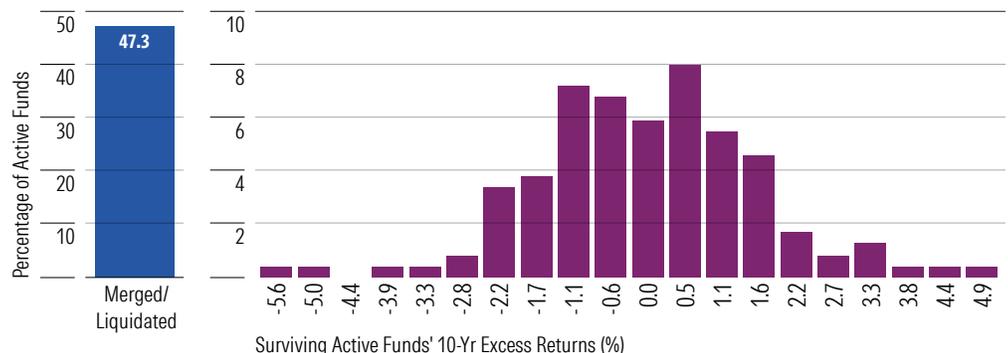
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 45 Rolling Success Rates for Surviving Active Diversified Emerging-Markets Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 46 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Diversified Emerging-Markets Funds



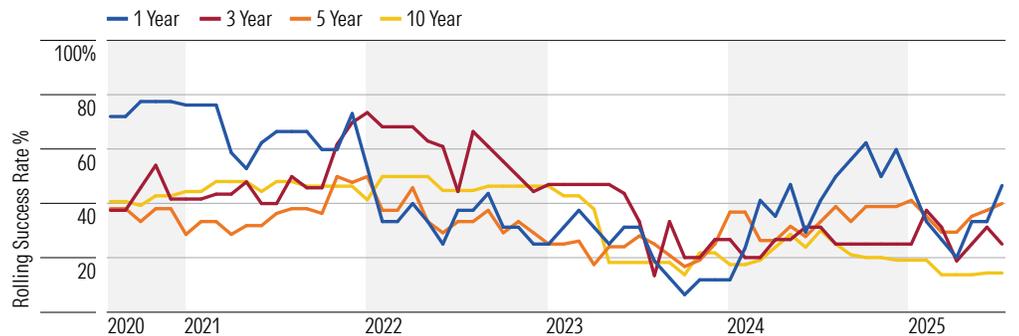
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 47 Europe Stock

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	15	100.0	26	100.0	33.7	35.7	30.4	34.3	33.3
3-Year	17	94.1	26	100.0	17.7	18.9	16.8	18.3	23.5
5-Year	15	93.3	29	89.7	8.6	10.5	8.1	10.4	26.7
10-Year	21	57.1	40	50.0	8.0	9.2	7.8	8.6	9.5
15-Year	27	44.4	30	76.7	6.3	8.1	6.0	19.6	11.1
20-Year	32	37.5	17	94.1	5.6	6.0	5.7	5.8	25.0
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	5	80.0	40	50.0	8.4	9.2	9.1	8.6	40.0
40th Percentile	4	50.0	40	50.0	8.3	9.2	8.8	8.6	0.0
60th Percentile	4	75.0	40	50.0	7.3	9.2	6.9	8.6	0.0
80th Percentile	4	50.0	40	50.0	7.6	9.2	7.1	8.6	0.0
100th Percentile	4	25.0	40	50.0	5.9	9.2	6.5	8.6	0.0

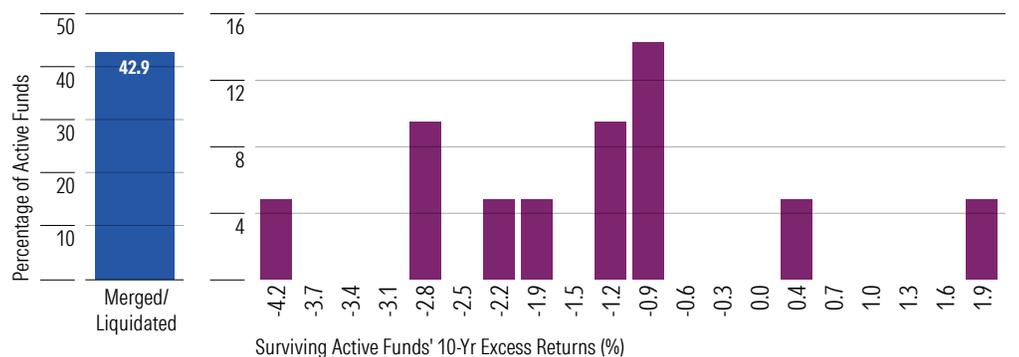
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 48 Rolling Success Rates for Surviving Active Europe-Stock Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 49 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Europe-Stock Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Real Estate

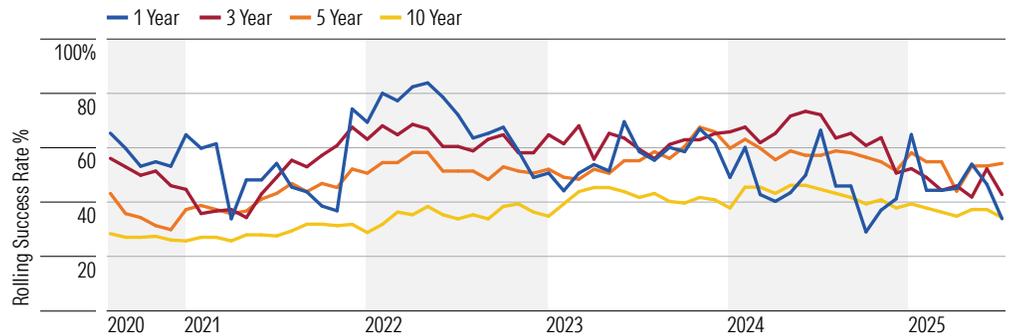
- ▶ Over the decade through 2025, 39% of actively managed real estate funds survived and beat their average passive peer, trailing only fixed income among category groups tracked in this study.
- ▶ Success rates in the global real estate category fluctuate dramatically over shorter time horizons. This is due to the diversity of funds within the category. Some invest exclusively outside the US, while others are more truly global. Passive strategies tend to disproportionately invest in international-only portfolios, so differences in performance between US and ex-US real estate securities cause active managers' success rates to ebb and flow. In 2025, the success rate of active global real estate funds collapsed 58 percentage points to 10% after international real estate outpaced the US, and the US dollar lost value.

Exhibit 50 US Real Estate

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	57	96.5	37	97.3	2.3	3.1	0.5	3.2	14.0
3-Year	63	82.5	33	90.9	6.7	6.6	6.6	6.2	38.1
5-Year	56	76.8	31	93.5	4.9	4.6	4.7	4.3	51.8
10-Year	67	58.2	20	90.0	5.3	5.0	4.9	4.5	31.3
15-Year	74	55.4	13	69.2	7.0	7.2	6.7	6.7	24.3
20-Year	72	52.8	5	80.0	5.8	6.1	5.6	5.9	23.6
Performance by Fee Quartile									
(Trailing 10 Years)									
20th Percentile	14	64.3	20	90.0	5.1	5.0	5.2	4.5	42.9
40th Percentile	13	46.2	20	90.0	5.1	5.0	4.1	4.5	7.7
60th Percentile	13	69.2	20	90.0	5.2	5.0	5.1	4.5	46.2
80th Percentile	13	61.5	20	90.0	6.6	5.0	5.5	4.5	30.8
100th Percentile	14	50.0	20	90.0	4.6	5.0	4.4	4.5	28.6

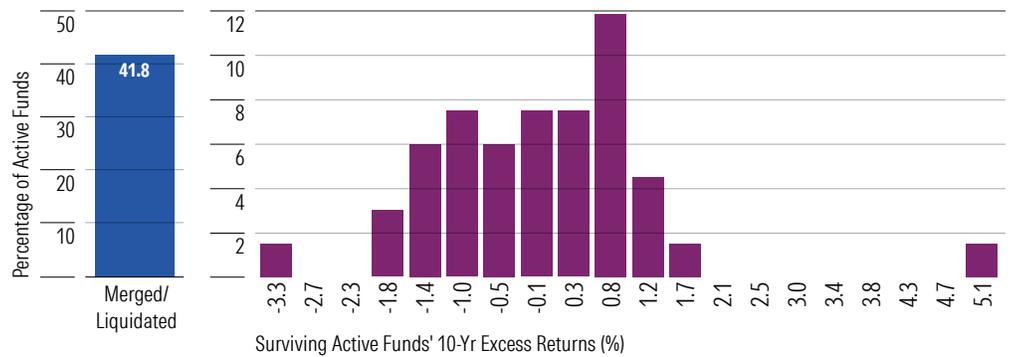
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 51 Rolling Success Rates for Surviving Active US Real Estate Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 52 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active US Real Estate Funds



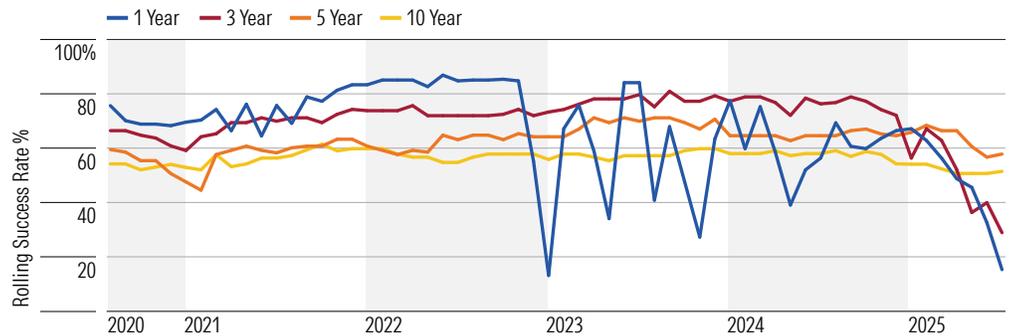
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 53 Global Real Estate

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	42	90.5	14	100.0	10.1	14.2	9.8	15.4	9.5
3-Year	45	75.6	16	87.5	6.5	7.6	7.0	7.1	22.2
5-Year	49	71.4	12	91.7	2.6	1.9	2.8	1.7	49.0
10-Year	65	49.2	17	64.7	3.8	2.7	4.0	2.4	46.2
15-Year	49	46.9	12	66.7	4.6	3.3	4.9	3.7	44.9
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	14	42.9	17	64.7	3.9	2.7	4.1	2.4	42.9
40th Percentile	12	58.3	17	64.7	3.7	2.7	3.8	2.4	58.3
60th Percentile	13	69.2	17	64.7	3.1	2.7	4.0	2.4	69.2
80th Percentile	13	53.8	17	64.7	4.3	2.7	4.0	2.4	38.5
100th Percentile	13	23.1	17	64.7	4.2	2.7	4.1	2.4	23.1

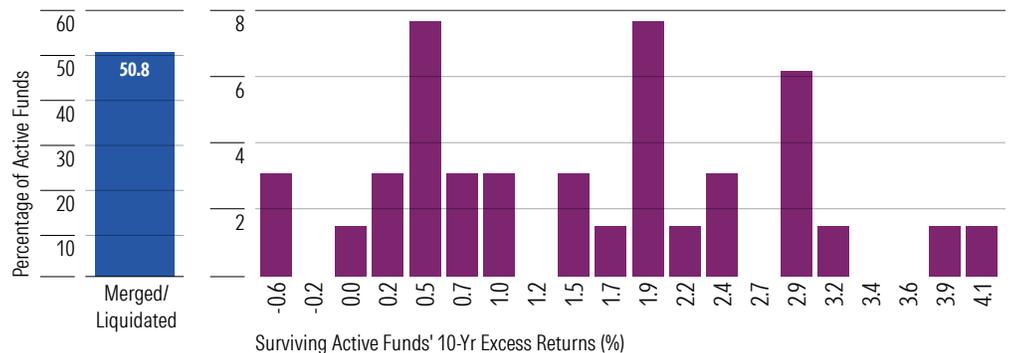
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 54 Rolling Success Rates for Surviving Active Global Real Estate Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 55 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Global Real Estate Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Fixed Income

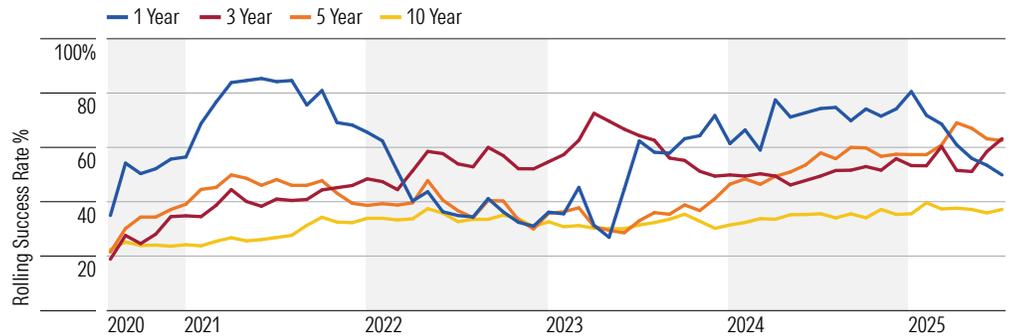
- ▶ Active bond managers' success rates declined for all three fixed-income categories in 2025. Active intermediate-core-bond managers held strong at a success rate of 55%, but that represented a 26-percentage-point decline from the year earlier. Active corporate-bond managers had the most drastic decline in the success rate of all categories, dropping 63 percentage points to just 4%. Active high-yield bond managers didn't fare too much better as their success rate dropped 14 percentage points to 38%.
- ▶ Actively managed bond funds tend to take more credit risk than indexed peers in each of the three categories included in this study. That worked against them in April 2025, when credit spreads widened amid tariff announcements and increased geopolitical risk. In the corporate-bond category, for example, active managers appeared to cut credit risk as spreads widened only to miss the rebound when they narrowed again in May and June.
- ▶ Fixed income has been a fertile hunting ground for active managers. Over the past decade, 42% survived and beat their average passive peer, the highest among all categories included in this study. The reward for picking a successful active bond manager also outweighed the penalty of failure, based on positively skewed 10-year excess returns. The value proposition for going active in fixed income remains strong, despite a rough year for active bond managers in 2025.

Exhibit 56 Intermediate Core Bond

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	148	93.9	34	100.0	7.4	7.2	7.2	7.1	54.7
3-Year	125	89.6	33	97.0	5.0	4.7	4.9	4.7	66.4
5-Year	114	79.8	32	96.9	0.0	-0.4	-0.1	-0.5	55.3
10-Year	120	56.7	24	87.5	2.3	2.0	2.3	1.9	41.7
15-Year	178	37.1	21	71.4	2.6	2.4	2.5	2.2	26.4
20-Year	220	27.3	17	52.9	3.1	3.3	3.0	3.0	17.3
Performance by Fee Quartile									
(Trailing 10 Years)									
20th Percentile	27	74.1	24	87.5	2.6	2.0	2.5	1.9	59.3
40th Percentile	21	57.1	24	87.5	2.3	2.0	2.3	1.9	47.6
60th Percentile	24	70.8	24	87.5	2.1	2.0	2.1	1.9	41.7
80th Percentile	24	37.5	24	87.5	2.4	2.0	2.9	1.9	37.5
100th Percentile	24	41.7	24	87.5	2.4	2.0	2.1	1.9	20.8

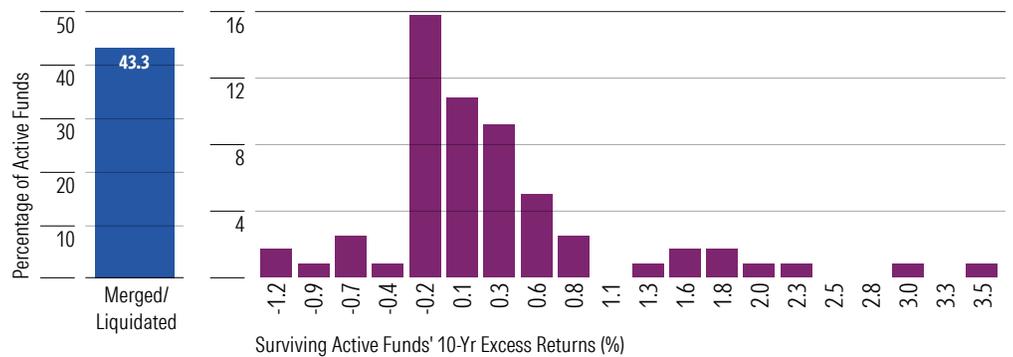
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 57 Rolling Success Rates for Surviving Active Intermediate Core Bond Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 58 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Intermediate Core Bond Funds



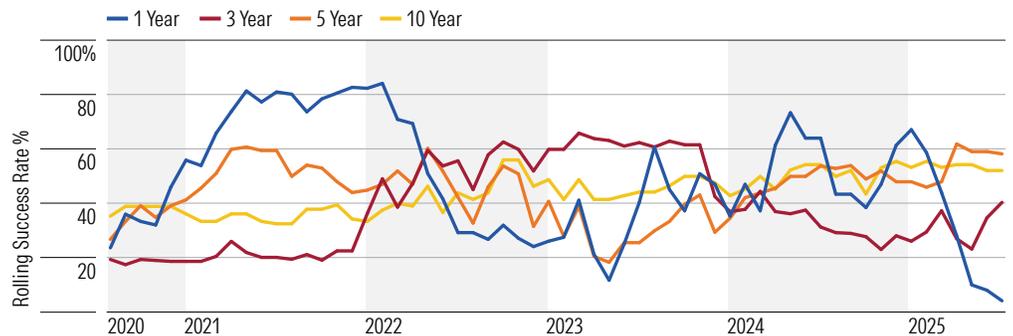
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 59 Corporate Bond

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	45	97.8	32	96.9	8.6	8.7	7.8	7.7	4.4
3-Year	51	82.4	33	81.8	6.7	6.7	6.4	6.3	27.5
5-Year	46	80.4	28	82.1	0.4	0.2	0.3	0.7	34.8
10-Year	46	73.9	28	60.7	3.2	3.2	3.3	3.1	52.2
15-Year	36	72.2	12	75.0	3.9	3.7	3.7	3.6	47.2
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	10	90.0	28	60.7	3.1	3.2	3.4	3.1	60.0
40th Percentile	9	77.8	28	60.7	3.6	3.2	3.6	3.1	55.6
60th Percentile	9	77.8	28	60.7	3.4	3.2	3.0	3.1	44.4
80th Percentile	9	66.7	28	60.7	3.5	3.2	3.5	3.1	55.6
100th Percentile	9	55.6	28	60.7	3.2	3.2	3.3	3.1	44.4

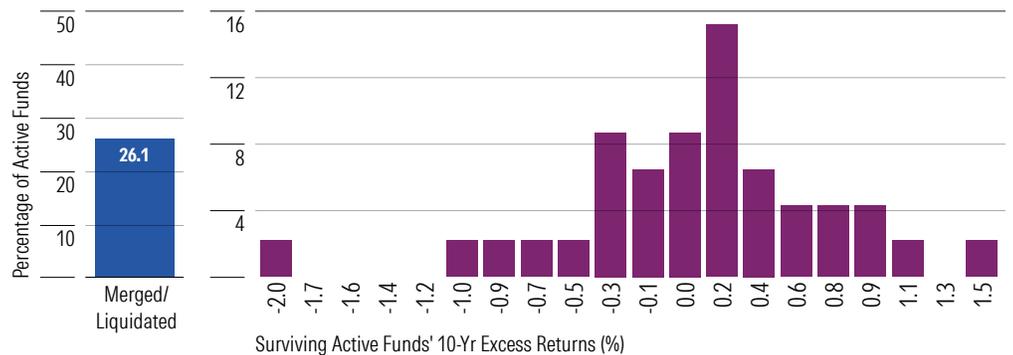
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 60 Rolling Success Rates for Surviving Active Corporate Bond Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 61 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active Corporate Bond Funds



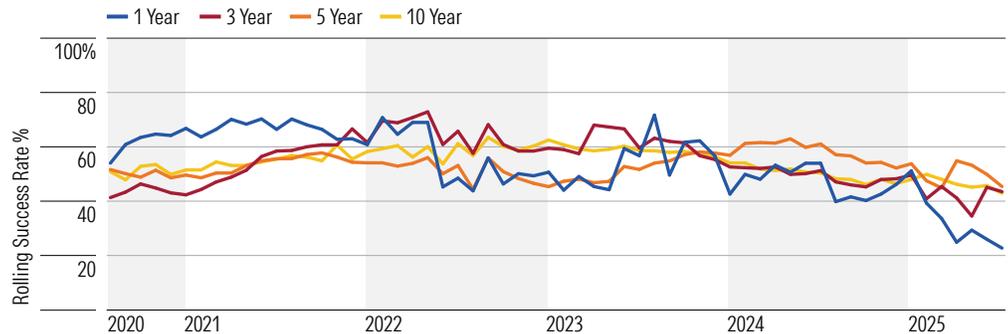
Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 62 High-Yield Bond

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		Active Success Rate (%)
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	
Trailing Total Return									
1-Year	183	95.6	44	97.7	8.5	8.5	8.0	8.7	37.7
3-Year	192	84.4	60	83.3	9.6	9.5	9.2	9.2	35.9
5-Year	182	80.2	48	70.8	4.6	4.2	4.3	4.1	46.2
10-Year	197	66.5	19	47.4	5.9	5.5	5.6	5.5	39.1
15-Year	153	64.7	3	100.0	5.5	5.0	5.1	4.9	44.4
Performance by Fee Quartile (Trailing 10 Years)									
20th Percentile	40	65.0	19	47.4	6.0	5.5	5.8	5.5	47.5
40th Percentile	39	64.1	19	47.4	6.2	5.5	5.5	5.5	43.6
60th Percentile	39	76.9	19	47.4	5.8	5.5	5.7	5.5	38.5
80th Percentile	39	61.5	19	47.4	5.5	5.5	5.7	5.5	35.9
100th Percentile	39	64.1	19	47.4	5.2	5.5	5.2	5.5	28.2

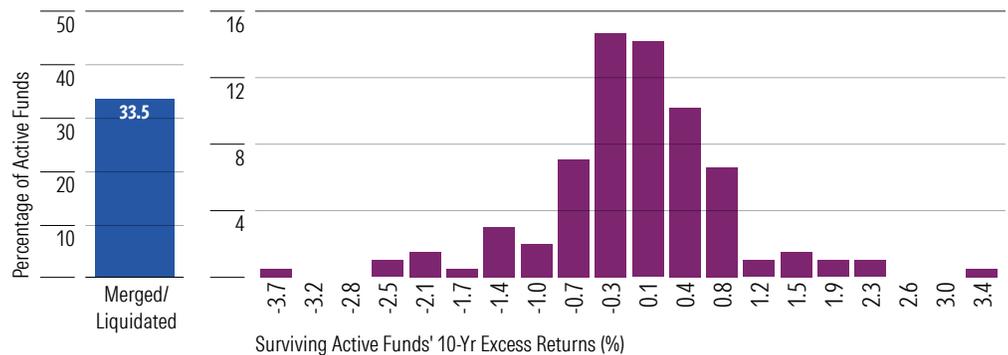
Source: Morningstar. Data and Calculations as of Dec. 31, 2025.

Exhibit 63 Rolling Success Rates for Surviving Active High-Yield Bond Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Exhibit 64 Mortality and Distribution of 10-Year Annualized Excess Returns for Surviving Active High-Yield Bond Funds



Source: Morningstar. Data and calculations as of Dec. 31, 2025.

Appendix A – Summary of Updated Results for the Periods Ended June 30, 2025, and Dec. 31, 2024.**Exhibit 65** Summary Results for the Period Ended June 30, 2025

Category	Active Funds' Success Rates by Category (%)							10-Year	10-Year
	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year	(Lowest Cost) *	(Highest Cost)	
US Large Blend	24.7	21.1	24.3	5.8	5.0	7.1	15.4	3.9	
US Large Value	46.7	52.7	38.5	16.3	9.4	10.3	21.4	12.9	
US Large Growth	27.9	26.5	8.9	2.8	1.3	0.9	7.0	1.2	
US Mid Blend	23.7	30.1	48.0	11.7	12.8	10.7	13.0	9.1	
US Mid Value	38.2	44.3	43.1	13.1	14.7	29.2	16.0	20.0	
US Mid Growth	24.8	32.1	23.7	25.1	14.8	21.0	26.2	23.8	
US Small Blend	32.0	40.8	53.6	18.0	12.6	10.0	22.7	16.3	
US Small Value	31.5	45.3	43.3	19.2	15.7	25.6	20.0	12.5	
US Small Growth	28.4	30.6	46.1	35.6	27.1	21.2	38.6	31.8	
Foreign Large Blend	50.5	44.5	41.6	23.2	28.8	20.9	35.1	13.5	
Foreign Large Value	53.5	44.7	30.1	26.5	38.5	—	33.3	20.0	
Foreign Small/Mid Blend	65.5	61.5	44.8	23.3	38.9	—	33.3	0.0	
Global Large Blend	23.5	21.8	25.8	7.0	16.3	—	6.7	7.1	
Diversified Emerging Markets	34.6	50.4	31.5	30.8	33.3	31.0	43.5	19.6	
Europe Stock	46.7	25.0	40.0	14.3	40.7	25.0	20.0	0.0	
US Real Estate	33.9	42.9	54.4	34.3	23.3	22.5	50.0	21.4	
Global Real Estate	15.2	28.9	58.0	51.6	43.5	—	53.8	16.7	
Intermediate Core Bond	50.0	63.4	62.7	37.2	26.0	14.8	61.5	23.1	
Corporate Bond	3.9	40.4	58.3	52.2	57.6	—	60.0	55.6	
High-Yield Bond	22.7	43.6	45.5	43.0	44.6	—	46.2	30.8	

Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 66 Summary Results for the Period Ended Dec. 31, 2024

Category	Active Funds' Success Rates by Category (%)						10-Year	10-Year
	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year	(Lowest Cost) *	(Highest Cost)
US Large Blend	28.8	26.0	20.0	5.8	4.4	8.4	13.2	1.3
US Large Value	43.9	40.9	35.2	13.7	8.3	9.1	19.1	13.2
US Large Growth	40.2	17.7	8.2	2.5	1.1	1.1	4.5	1.2
US Mid Blend	38.7	51.4	33.7	11.1	13.1	8.0	13.6	9.1
US Mid Value	40.9	47.7	47.7	24.6	14.8	31.0	29.2	29.2
US Mid Growth	32.7	20.9	28.8	25.7	12.8	19.3	30.2	23.3
US Small Blend	40.4	51.7	46.9	19.0	13.8	10.8	28.6	19.0
US Small Value	49.3	45.7	41.7	21.5	18.4	25.0	29.2	13.0
US Small Growth	42.2	34.1	49.5	34.8	25.9	21.7	36.4	36.4
Foreign Large Blend	54.0	38.8	41.5	28.9	31.3	21.1	41.7	13.9
Foreign Large Value	50.5	28.0	40.4	41.4	27.0	—	50.0	26.3
Foreign Small/Mid Blend	58.6	48.1	42.4	26.7	38.9	—	33.3	0.0
Global Large Blend	20.2	24.5	23.4	8.8	10.0	—	7.1	7.1
Diversified Emerging Markets	21.8	29.6	32.5	26.0	37.4	30.0	31.8	20.5
Europe Stock	46.7	25.0	41.2	19.0	39.3	29.7	20.0	25.0
US Real Estate	65.1	52.5	58.3	39.4	26.7	24.3	42.9	23.1
Global Real Estate	67.4	56.5	66.0	54.2	47.7	—	53.8	25.0
Intermediate Core Bond	80.9	53.4	57.5	35.6	25.4	14.5	57.1	19.2
Corporate Bond	67.3	26.0	48.0	53.3	61.3	—	55.6	55.6
High-Yield Bond	51.3	49.7	53.9	48.2	—	—	50.0	42.1

Source: Morningstar. Data and calculations as of Dec. 31, 2024.

Appendix B—Methodology

Data Source

Morningstar's US open-end and exchange-traded funds database.

Universe

All ETFs and open-end mutual funds (excluding funds of funds and money market funds) in each Morningstar Category that existed at the beginning of the relevant period (including funds that did not survive to the end of the period) defined the eligible universe. To be included, the fund's inception date must precede the start of the period and the obsolete date cannot predate the start of the period. In addition, each must have asset data for at least one share class in the month prior to the start of the sample period (the beginning of the trailing one-, three-, five-, 10-, 15-, or 20-year period) to facilitate asset weighting.

Survivorship

To calculate survivorship, we divide the number of distinct funds (based on unique fund ID at the beginning of the period) that started and ended the period in question by the total number of funds that existed at the onset of the period in question (the beginning of the trailing one-, three-, five-, 10-, 15-, or 20-year period).

Asset-Weighted Returns

We calculate the asset-weighted returns for each cohort using each share class' monthly assets and returns. When an active fund becomes obsolete, its historical data remains in the sample. Funds that incept or migrate into the category after the start of the period are not included. The passive composite takes the start of period asset-weight and applies that weighting to performance throughout the period. When a passive fund becomes obsolete, its starting weight is subsumed by the passive composite using their pro rata starting weights.

Equal-Weighted Returns

In order to come up with a single return figure for funds with multiple share classes, we first calculate the asset-weighted average of all the fund's share classes. We then take the simple equal-weighted average of the monthly returns for each fund in the group and compound those returns over the sample period. As before, when a fund becomes obsolete, its historical data remains in the sample. Funds that incept or are moved into the category after the start of the period are not included.

Success Rate

The success rate indicates what percentage of funds that started the sample period went on to survive and generate a return in excess of the asset-weighted average passive fund return over the period. This approach differs from the convention of using a single, representative index to gauge success. We do not consider magnitude of outperformance in defining success: A fund that just barely beat the passive alternative counts as much as a fund that significantly outperformed.

As in the equal-weighted return calculation, we calculate the asset-weighted average of all the fund's share classes to come up with a single return figure for funds with multiple share classes. We then rank the funds by their composite returns, count the number that rank higher than the equal weighted average return for the passive funds in the category, and divide that number by the number of funds at the beginning of the period (using the same number from the denominator of the survivorship calculations).

Fees

We rank each fund by its annual report expense ratio from the year prior to the start of the sample period and group them into quintiles. We then apply the same steps described above to calculate the success rates for funds in each quintile. To be counted in the starting number of funds used for purposes of calculating the survivorship and success rates, each fund must have an annual report expense ratio at the beginning of the sample period.

Excess Returns

We measure surviving active funds' excess returns relative to the asset-weighted average passive fund return in each category.

Appendix C—How Our Approach Compares With Others'

How is our approach different from others'?

Our “benchmark” for measuring success is different from others'. We measure active managers' success relative to investable passive alternatives in the same category. For example, an active manager in the US large-blend category is measured against a composite of the performance of its index mutual fund and ETF peers (for example, Vanguard Total Stock Market Index VTSMX, SPDR S&P 500 ETF SPY, and so on). Specifically, we calculate the equal- and asset-weighted performance of the cohort of index-tracking (that is, “passive”) options in each category that we examine and use that figure as the hurdle that defines success or failure for the active funds in the same category. The magnitude of outperformance or underperformance does not influence the success rate. However, this data is reflected in the average return figures for the funds in each group, which we report separately.

We believe this is a better benchmark because it reflects the performance of actual investable options and not an index. One cannot directly invest in indexes. Their performance does not account for the real costs associated with replicating their performance and packaging and distributing them in an investable format. Also, the success rate for active managers can vary depending on one's choice of benchmark. For example, the rate of success among US large-blend fund managers may vary depending on whether one uses the S&P 500 or the Russell 1000 Index as the basis for comparison. By using a composite of investable alternatives within funds' relevant categories as our benchmark, we account for the frictions involved in index investing (fees, as well as others) and we mitigate the effects that might stem from cherry-picking a single index as a benchmark. The net result is a much fairer comparison of how investors in actively managed funds have fared relative to those who have opted for a passive approach.

We measure each fund's performance based on the asset-weighted average performance of all of its share classes in calculating success rates. This approach reflects the experience of the average dollar invested in each fund. We then rank these composite fund returns from highest to lowest and count the number of funds with returns exceeding the equal-weighted average of the passive funds in the category. The success rates are defined as the ratio of these figures to the number of funds that existed at the beginning of the period. Given this unique approach, our field of study is narrower than others, as the universe of categories that contained a sufficient set of investable index-tracking funds was fairly narrow at the end of 2004. We expect the number of categories we include in this study will expand over time.

We cut along the lines of cost. Cost matters. Fees are one of the best predictors of future fund performance. We have sliced our universe into fee quintiles to highlight this relationship. ■■

About Morningstar Manager Research

Morningstar Manager Research provides independent, fundamental analysis on managed investment strategies. Morningstar views are expressed in the form of Morningstar Medalist Ratings, which are derived through research of three key pillars—People, Process, and Parent. The Morningstar Medalist Rating is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. A global research team issues detailed research reports on strategies that span vehicle, asset class, and geography.

Medalist Ratings are not statements of fact, nor are they credit or risk ratings, and should not be used as the sole basis for investment decisions. A Medalist Rating is not intended to be nor is a guarantee of future performance.

About Morningstar Manager Research Services

Morningstar Manager Research Services combines the firm's fund research reports, ratings, software, tools, and proprietary data with access to Morningstar's manager research analysts. It complements internal due-diligence functions for institutions such as banks, wealth managers, insurers, sovereign wealth funds, pensions, endowments, and foundations. Morningstar's manager research analysts are employed by various wholly owned subsidiaries of Morningstar, Inc. including but not limited to Morningstar Research Services LLC (USA), Morningstar UK Ltd, and Morningstar Australasia Pty Ltd.

For More Information

For current Morningstar clients, please reach out to your respective Client Success Manager for more information on how you can best leverage this research within your firm.

For all others, please reach out to our business development team at dtainsidesales@morningstar.com to learn more about Morningstar's various offerings and more details about how you can leverage this research.



22 West Washington Street
Chicago, IL 60602 USA

©2026 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses, and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete, or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, the information, data, analyses, or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar to license the research, call +1 312 696-6000.