Morningstar's US Active/Passive Barometer

Midyear 2025

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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 9,204 unique funds that accounted for approximately $24 trillion in assets, or about 68% of the US fund market, at the end of June 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 mightily from July 2024 through June 2025. Just 33% of active strategies survived and beat their asset-weighted average passive counterparts, a drop of 14 percentage points from a year earlier.

- US stock-pickers struggled to a 31% success rate for the 12 months through June, a significant downtick from 44% for the year through June 2024. The effects were felt across the style box, with the strongest performance from large-cap managers (32% success rate), followed by small-cap managers (30%) and mid-cap managers (28%).

- Active international stock strategies were a relative bright spot over the 12 months through June. Active funds in five foreign-only Morningstar Categories saw their collective success rate hold steady at 45% from the year before. Woes continued for active global large-blend funds, which combine foreign and domestic stocks, after declining 3 percentage points to a success rate of 22%.

- Active bond managers were hit hardest from June 2024 to June 2025. Across the three fixed-income categories included in the study, success rates plummeted 31 percentage points to 31% for the 12 months through June 2025. Active intermediate-core bond managers led the cohort with a 52% success rate, while active corporate-bond managers saw a paltry 4% success rate.

- Active real estate strategies' success rates saw their strong trend of success reverse over the past 12 months, falling 37 percentage points from the year before. Their 10-year success rate (43%) continues to pace the category groups tracked in this report.

- Actively managed funds' long-term record against their passive peers dropped 3 percentage points after success rates plummeted during the past 12 months. Just 21% of active strategies survived and beat their passive counterparts over the 10 years through June 2025. Long-term success rates were higher among real estate and bond 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. In the case of US large-cap funds, it skewed negative, 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 high-yield bond categories, where excess returns skewed positive 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 June 2025, 27% of active funds in the cheapest quintile of their respective categories beat their average passive peer, compared with 15% 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	25.0	21.1	24.2	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	24.0	30.1	49.0	11.7	12.8	10.7	13.0	9.1
US Mid Value	38.5	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	31.8	40.8	53.6	18.0	12.6	10.0	22.7	16.3
US Small Value	31.0	45.3	43.3	19.2	15.7	25.6	20.0	12.5
US Small Growth	28.4	30.6	46.1	36.1	27.1	21.2	38.6	34.1
Foreign Large Blend	50.0	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	22.3	21.6	25.8	7.0	16.3	—	6.7	7.1
Diversified Emerging Markets	34.6	50.2	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	35.3	24.3	22.2	50.0	21.4
Global Real Estate	13.3	28.9	58.0	51.6	43.5	—	53.8	16.7
Intermediate Core Bond	51.7	62.3	63.9	37.2	25.7	14.7	64.3	21.4
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	45.0	—	46.2	30.8

Source: Morningstar. Data and calculations as of June 30, 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	25.0	36.9	–11.9
US Large Value	46.7	54.5	–7.8
US Large Growth	27.9	40.8	–12.9
US Mid Blend	24.0	46.2	–22.2
US Mid Value	38.5	59.8	–21.3
US Mid Growth	24.8	24.8	0.0
US Small Blend	31.8	53.1	–21.3
US Small Value	31.0	54.0	–23.0
US Small Growth	28.4	38.3	–9.9
Foreign Large Blend	50.0	44.8	5.2
Foreign Large Value	53.5	36.7	16.8
Foreign Small/Mid Blend	65.5	63.3	2.2
Global Large Blend	22.3	25.2	–2.9
Diversified Emerging Markets	34.6	48.0	–13.4
Europe Stock	46.7	41.2	5.5
US Real Estate	33.9	66.7	–32.8
Global Real Estate	13.3	57.8	–44.4
Intermediate Core Bond	51.7	72.4	–20.7
Corporate Bond	3.9	64.2	–60.2
High-Yield Bond	22.7	54.1	–31.4

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

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

	2018	2019		2020		2021		2022		2023		2024		2025	
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	**Trend**
US Large Blend	24.5	28.9	28.2	23.1	23.6	40.5	35.3	50.0	58.5	27.3	26.3	36.9	29.0	25.0	
US Large Value	23.0	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	
US Large Growth	44.8	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	
US Mid Blend	29.6	37.8	37.3	14.8	10.6	30.4	76.5	64.8	64.0	41.6	47.0	46.2	38.7	24.0	
US Mid Value	20.5	21.9	46.8	56.8	64.0	59.6	51.4	40.2	48.6	62.3	75.9	59.8	40.9	38.5	
US Mid Growth	62.6	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	
US Small Blend	18.6	29.0	34.4	22.1	24.7	40.2	78.2	78.2	65.7	62.1	45.3	53.1	40.4	31.8	
US Small Value	16.7	17.2	35.0	40.5	38.3	48.3	57.8	74.2	53.5	52.6	53.3	54.0	49.3	31.0	
US Small Growth	54.0	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	
Foreign Large Blend	30.9	30.9	48.9	49.5	40.4	42.1	51.0	42.0	44.4	63.0	51.0	44.8	54.0	50.0	
Foreign Large Value	15.2	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	
Foreign Small/Mid Blend	21.2	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	
Global Large Blend	30.9	37.3	41.9	29.7	35.1	57.7	45.5	43.1	47.7	41.4	23.5	25.2	20.0	22.3	
Diversified Emg Mrkts	24.6	35.4	58.6	50.2	55.8	63.4	41.1	22.4	28.1	71.7	58.3	48.0	21.7	34.6	
Europe Stock	25.0	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	
US Real Estate	33.8	28.8	52.5	54.8	65.0	54.4	69.6	72.4	50.8	58.7	49.2	66.7	65.1	33.9	
Global Real Estate	64.4	75.4	72.2	77.8	69.8	76.0	83.7	85.1	13.0	84.4	77.8	57.8	68.9	13.3	
Intermediate Core Bond	39.8	19.0	31.6	25.0	52.0	85.7	66.4	36.6	38.2	60.0	60.6	72.4	80.0	51.7	
Corporate Bond	51.9	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	
High-Yield Bond	27.8	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	

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

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

Category	Active Funds Asset-Weighted	Active Funds Equal-Weighted	Active Funds Difference	Passive Funds Asset-Weighted	Passive Funds Equal-Weighted	Passive Funds Difference	Difference Between Passive and Active Returns Asset-Weighted	Difference Between Passive and Active Returns Equal-Weighted
US Large Blend	11.9	10.9	1.0	13.3	12.7	0.6	1.4	1.8
US Large Value	10.0	9.2	0.8	10.2	10.0	0.1	0.1	0.8
US Large Growth	14.6	13.4	1.2	16.9	14.9	2.0	2.3	1.5
US Mid Blend	8.7	7.9	0.8	9.4	8.9	0.5	0.8	1.1
US Mid Value	8.5	7.7	0.8	9.0	8.7	0.3	0.5	0.9
US Mid Growth	10.0	10.0	0.1	10.4	9.6	0.8	0.4	–0.3
US Small Blend	7.3	7.0	0.3	7.9	7.3	0.6	0.6	0.3
US Small Value	7.4	6.9	0.5	7.7	6.9	0.8	0.2	0.0
US Small Growth	8.5	8.1	0.4	8.0	7.8	0.2	–0.5	–0.3
Foreign Large Blend	6.4	6.1	0.3	6.5	6.4	0.1	0.2	0.3
Foreign Large Value	6.4	6.2	0.3	6.3	6.5	–0.2	–0.1	0.4
Foreign Small/Mid Blend	6.1	6.0	0.1	6.1	6.8	–0.6	0.1	0.8
Global Large Blend	9.1	8.8	0.3	10.2	10.3	–0.1	1.1	1.5
Diversified Emerging Markets	4.9	4.6	0.2	4.6	4.4	0.2	–0.2	–0.2
Europe Stock	6.4	7.0	–0.6	7.6	7.5	0.1	1.2	0.6
US Real Estate	6.2	5.6	0.5	5.8	4.6	1.2	–0.4	–1.0
Global Real Estate	3.6	3.8	–0.2	1.9	2.4	–0.4	–1.7	–1.5
Intermediate Core Bond	2.1	2.0	0.1	1.7	1.6	0.1	–0.3	–0.4
Corporate Bond	2.9	3.0	–0.1	2.9	2.6	0.3	0.0	–0.4
High-Yield Bond	4.8	4.5	0.3	4.4	4.5	–0.1	–0.3	0.0

Source: Morningstar. Data and calculations as of June 30, 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 8% of them survived and beat their average passive rival over the decade through June 2025. That fell well short of the 18% 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 65% closed, and just 1% managed to outperform their average indexed peer.

- Active US large-cap managers added to their woes during the 12 months through June 2025. Their 32% success rate marked an 11-percentage-point decrease from the year before. Active large-value managers led the pack with a 47% one-year success rate, while large-blend and large-growth funds struggled to 25% and 28% success rates, respectively. For all three categories, success rates declined between 8 and 13 percentage points from the year before.

- Expensive active large-cap funds must overcome long odds to succeed: Less than 6% of them beat a composite of their passive peers over the decade through June 2025, compared with 14% 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 June 2025, passive large-growth funds beat their active peers by 2.3 percentage points annualized by asset-weighted average—the widest performance margin across all categories. Passive large-blend and large-value funds posted a 1.4- and 0.1-percentage-point annual advantage over the same span, respectively.

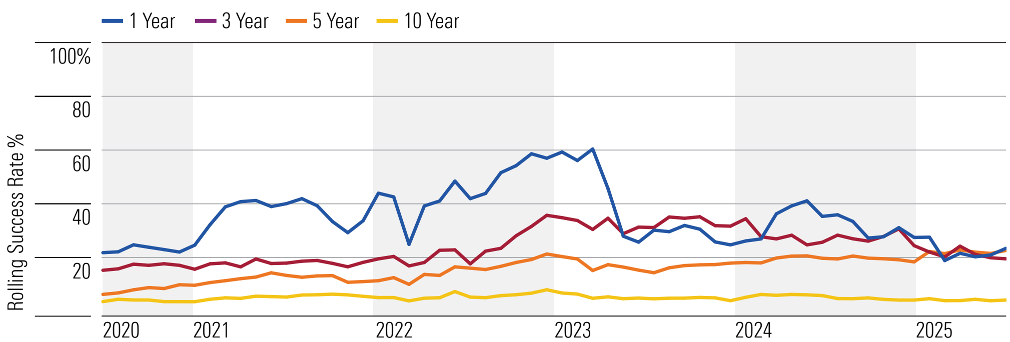
- Surviving active funds' median 10-year excess returns were negative across all three US large-cap categories, and the distributions of excess returns had a negative skew. Not only was the likelihood of picking a successful active fund low, but the penalty for poor manager selection far outstripped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

Exhibit 5 US Large Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	444	95.0	216	98.1	14.4	15.0	13.1	14.0	25.0
3-Year	403	85.9	210	92.9	18.3	19.2	16.8	17.5	21.1
5-Year	380	80.0	207	85.0	15.9	16.1	14.5	15.2	24.2
10-Year	381	61.9	126	80.2	11.9	13.3	10.9	12.7	5.8
15-Year	458	49.1	120	65.8	13.0	14.7	12.5	14.3	5.0
20-Year	466	36.3	110	57.3	9.6	10.6	9.3	10.3	7.1
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	78	62.8	126	80.2	12.7	13.3	12.3	12.7	15.4
40th Percentile	75	65.3	126	80.2	11.8	13.3	11.2	12.7	2.7
60th Percentile	76	71.1	126	80.2	11.0	13.3	10.9	12.7	2.6
80th Percentile	76	61.8	126	80.2	10.3	13.3	10.7	12.7	3.9
100th Percentile	76	48.7	126	80.2	9.5	13.3	9.1	12.7	3.9

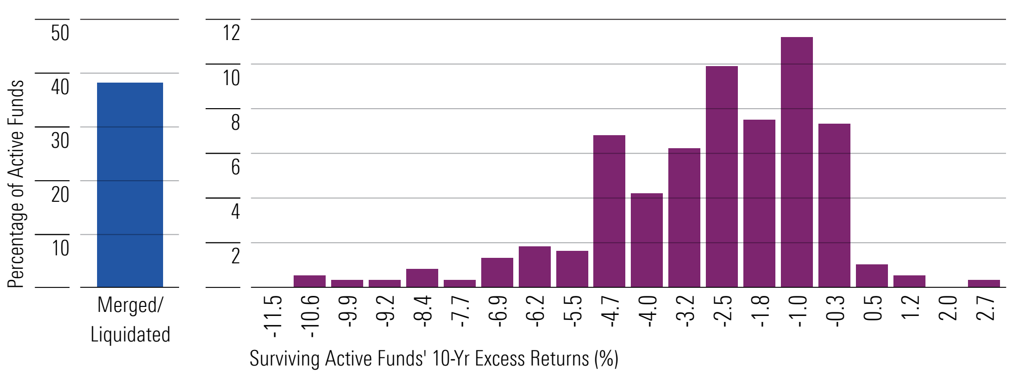
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



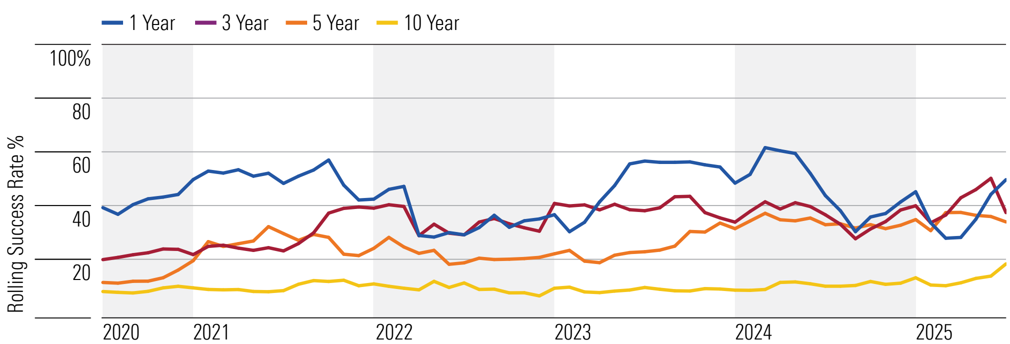
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 8 US Large Value

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	336	96.1	108	96.3	12.7	12.4	11.9	12.5	46.7
3-Year	336	89.6	104	92.3	13.1	12.2	12.9	12.5	52.7
5-Year	317	80.1	102	85.3	14.5	14.2	14.0	14.4	38.5
10-Year	349	61.9	57	96.5	10.0	10.2	9.2	10.0	16.3
15-Year	320	52.2	37	89.2	12.0	12.2	11.1	12.1	9.4
20-Year	368	40.8	19	78.9	8.9	8.9	7.9	8.3	10.3
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	70	58.6	57	96.5	10.7	10.2	9.8	10.0	21.4
40th Percentile	69	68.1	57	96.5	9.5	10.2	9.2	10.0	11.6
60th Percentile	70	64.3	57	96.5	9.5	10.2	9.5	10.0	17.1
80th Percentile	69	68.1	57	96.5	8.6	10.2	8.8	10.0	17.4
100th Percentile	70	50.0	57	96.5	8.3	10.2	8.8	10.0	12.9

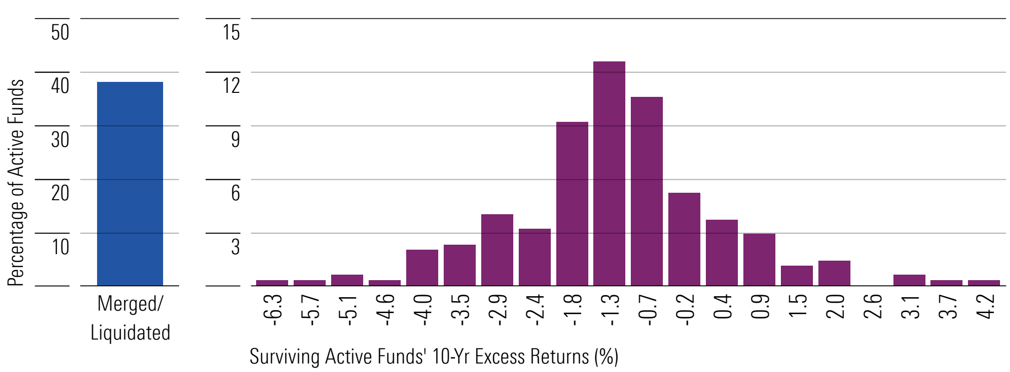
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



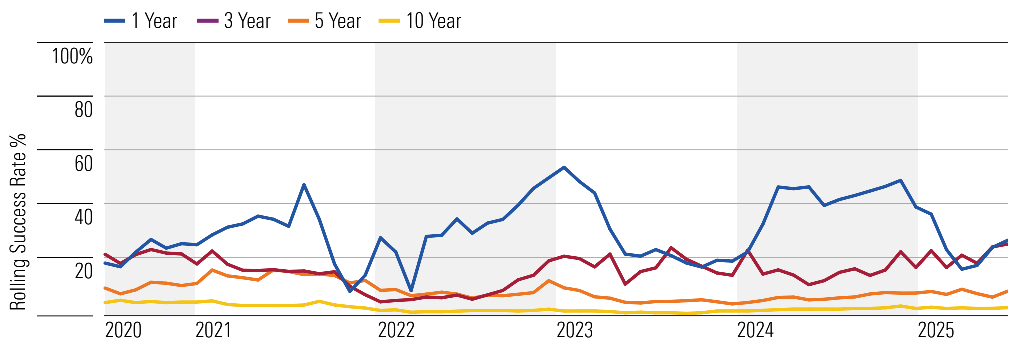
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 11 US Large Growth

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	348	98.0	84	98.8	16.6	17.1	16.5	17.3	27.9
3-Year	378	87.6	80	92.5	24.6	25.3	22.4	22.6	26.5
5-Year	370	82.7	67	91.0	15.1	17.5	14.4	15.8	8.9
10-Year	427	63.0	49	81.6	14.6	16.9	13.4	14.9	2.8
15-Year	451	50.8	34	91.2	15.5	18.0	14.6	16.9	1.3
20-Year	456	34.6	28	78.6	11.8	14.2	10.8	12.8	0.9
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	86	64.0	49	81.6	14.5	16.9	14.4	14.9	7.0
40th Percentile	85	65.9	49	81.6	15.7	16.9	13.9	14.9	4.7
60th Percentile	85	65.9	49	81.6	13.9	16.9	13.5	14.9	0.0
80th Percentile	87	65.5	49	81.6	12.7	16.9	12.7	14.9	1.1
100th Percentile	84	53.6	49	81.6	13.4	16.9	12.4	14.9	1.2

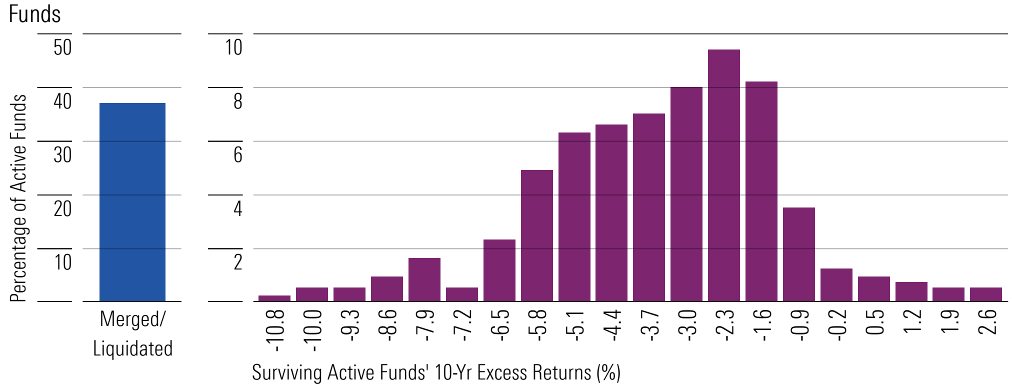
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

US Mid-Cap Funds

- Of the active mid-cap funds, 28% survived and outpaced their average passive peer over the 12 months through June 2025, a decline of 14 percentage points from one year earlier.

- Active funds in the mid-cap growth category were unable to improve on their poor 25% success rate. Active mid-cap blend and value funds both saw over 21-percentage-point declines in their success rates.

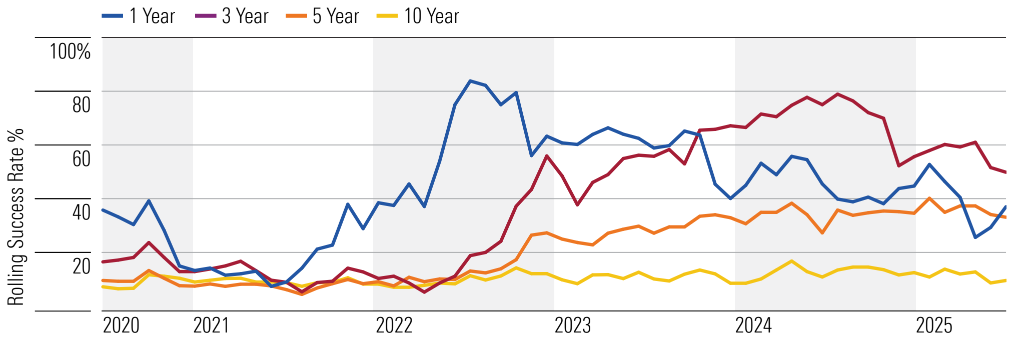
- Mid-cap funds hunt at the "crossroads" of large- and small-cap companies, which leads to portfolios that bleed into other market-cap segments and oscillating success rates. Indeed, success rates for active mid-cap strategies tended to be more volatile than large- or small-cap categories in recent years.

Exhibit 14 US Mid-Blend

	Active Funds		**Passive Funds**		**Asset-Weighted Performance**		**Equal-Weighted Performance**		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	129	96.9	80	100.0	10.7	13.6	10.8	10.7	24.0
3-Year	113	90.3	72	90.3	12.7	13.6	12.4	12.8	30.1
5-Year	102	86.3	71	83.1	13.3	12.7	13.3	12.9	49.0
10-Year	111	50.5	50	78.0	8.7	9.4	7.9	8.9	11.7
15-Year	133	53.4	35	77.1	11.6	12.2	10.9	11.8	12.8
20-Year	140	48.6	29	65.5	8.3	9.4	8.2	9.1	10.7
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	23	43.5	50	78.0	9.8	9.4	8.1	8.9	13.0
40th Percentile	22	68.2	50	78.0	8.1	9.4	7.9	8.9	9.1
60th Percentile	22	59.1	50	78.0	7.3	9.4	8.0	8.9	13.6
80th Percentile	22	45.5	50	78.0	6.7	9.4	8.2	8.9	13.6
100th Percentile	22	36.4	50	78.0	10.6	9.4	7.1	8.9	9.1

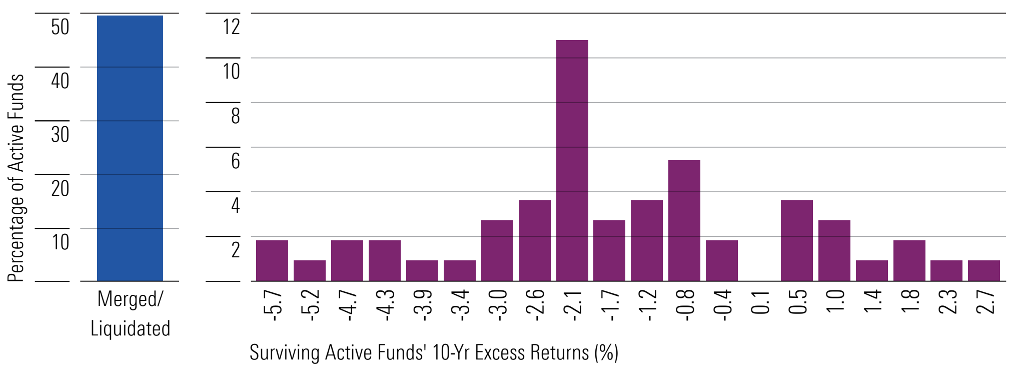
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



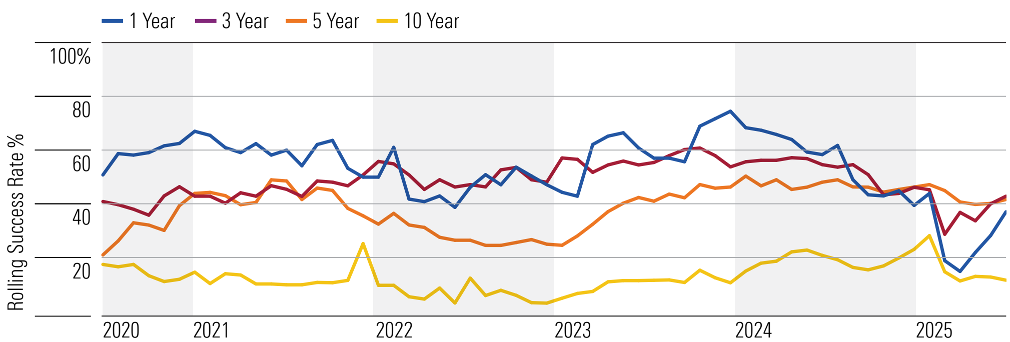
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 17 US Mid-Value

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	109	97.2	36	97.2	8.3	9.1	8.6	9.6	38.5
3-Year	106	90.6	36	86.1	11.6	11.0	10.9	11.2	44.3
5-Year	109	79.8	31	83.9	14.5	14.0	14.2	14.4	43.1
10-Year	122	64.8	23	82.6	8.5	9.0	7.7	8.7	13.1
15-Year	116	46.6	17	82.4	10.6	11.4	10.6	11.4	14.7
20-Year	106	50.9	9	88.9	7.9	8.0	8.0	7.9	29.2
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	25	60.0	23	82.6	8.8	9.0	8.2	8.7	16.0
40th Percentile	24	66.7	23	82.6	8.8	9.0	7.9	8.7	20.8
60th Percentile	24	79.2	23	82.6	7.9	9.0	7.3	8.7	4.2
80th Percentile	24	66.7	23	82.6	7.1	9.0	7.5	8.7	4.2
100th Percentile	25	52.0	23	82.6	7.9	9.0	8.0	8.7	20.0

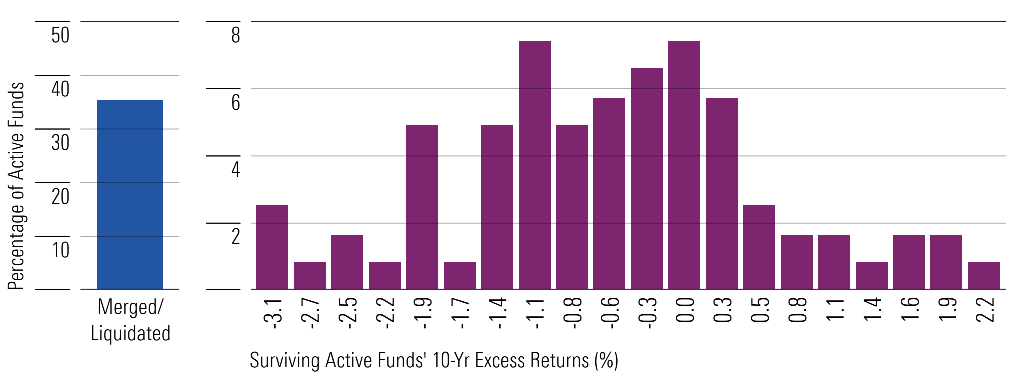
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



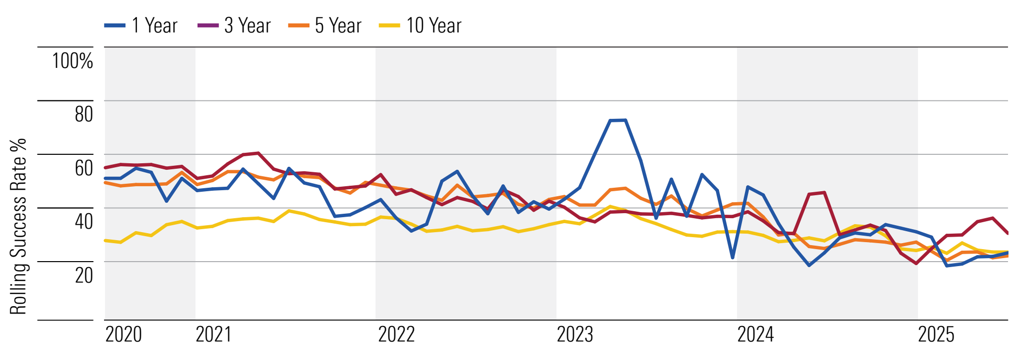
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 20 US Mid-Growth

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	149	98.0	27	96.3	13.3	20.5	15.1	14.5	24.8
3-Year	159	88.7	37	78.4	13.7	16.0	14.7	15.1	32.1
5-Year	173	84.4	28	92.9	8.8	11.9	10.3	11.3	23.7
10-Year	211	67.3	23	82.6	10.0	10.4	10.0	9.6	25.1
15-Year	229	52.8	20	70.0	12.1	13.2	12.1	12.6	14.8
20-Year	295	38.0	9	77.8	9.9	9.6	9.5	9.6	21.0
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	42	73.8	23	82.6	10.0	10.4	9.8	9.6	26.2
40th Percentile	42	69.0	23	82.6	9.3	10.4	9.2	9.6	16.7
60th Percentile	42	64.3	23	82.6	9.7	10.4	9.9	9.6	28.6
80th Percentile	42	66.7	23	82.6	11.6	10.4	11.0	9.6	31.0
100th Percentile	42	61.9	23	82.6	9.9	10.4	10.0	9.6	23.8

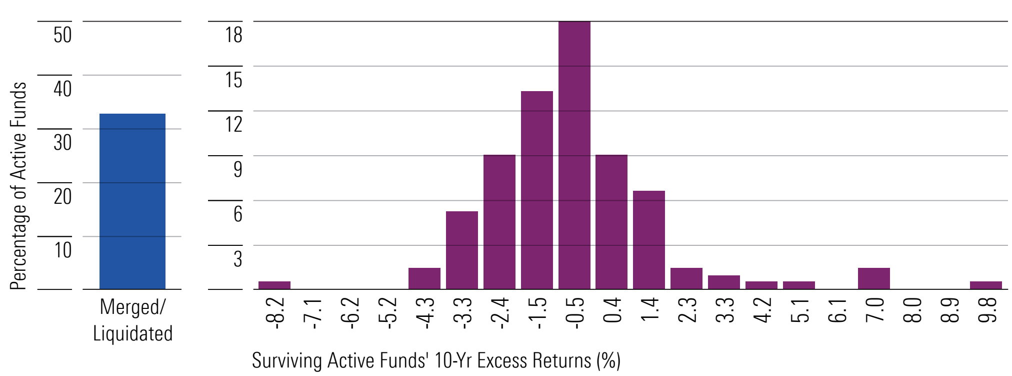
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

US Small-Cap Funds

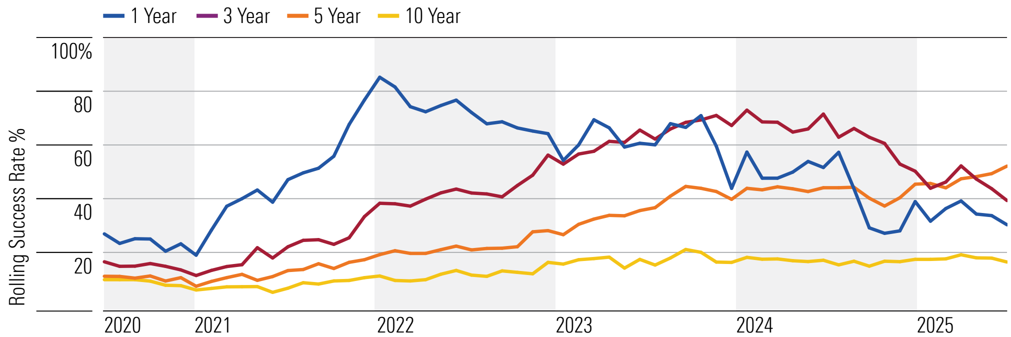
- Active small-cap strategies weren't immune to down-trending success rates for US stock-pickers. Just 30% survived and outpaced their average passive rival in the 12 months through June 2025, an 18-percentage-point drop from the year earlier.
- Long-term active success rates have been higher in the small-cap arena than those among large-cap funds. The small-cap market is relatively 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 June 2025. Still, active small-growth managers had the best success rates (36%) among US equity categories over the past 10 years.

Exhibit 23 US Small Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	176	94.3	76	94.7	6.2	7.7	5.7	7.2	31.8
3-Year	169	87.6	71	85.9	10.3	10.1	9.7	9.2	40.8
5-Year	179	79.9	71	80.3	12.4	11.3	12.2	11.4	53.6
10-Year	217	58.5	52	69.2	7.3	7.9	7.0	7.3	18.0
15-Year	183	55.7	35	74.3	10.1	11.1	9.8	10.5	12.6
20-Year	170	47.6	29	62.1	8.2	8.4	7.3	7.8	10.0
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	44	61.4	52	69.2	8.0	7.9	7.3	7.3	22.7
40th Percentile	47	63.8	52	69.2	6.8	7.9	6.5	7.3	8.5
60th Percentile	39	66.7	52	69.2	6.8	7.9	7.2	7.3	23.1
80th Percentile	43	58.1	52	69.2	7.0	7.9	7.1	7.3	18.6
100th Percentile	43	41.9	52	69.2	7.2	7.9	7.0	7.3	16.3

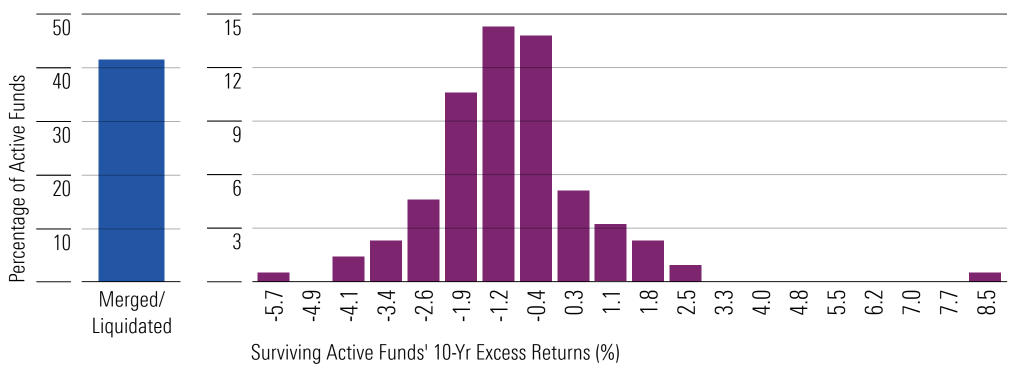
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



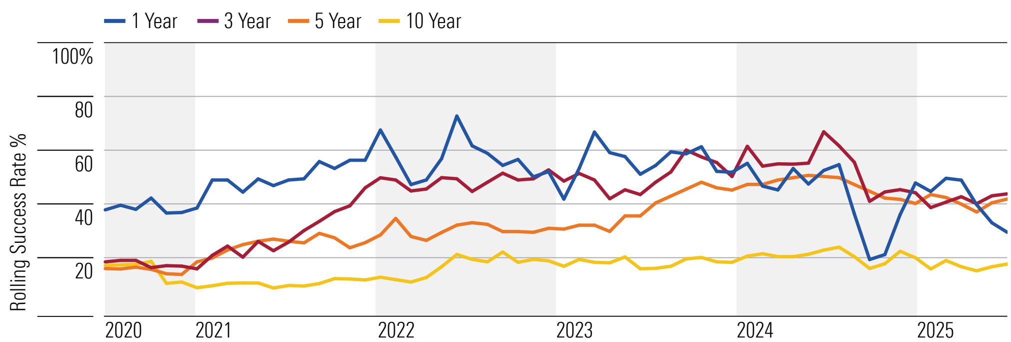
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 26 US Small Value

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	142	95.1	30	100.0	4.5	6.2	4.7	5.7	31.0
3-Year	137	89.1	27	96.3	9.7	9.6	9.3	8.0	45.3
5-Year	120	78.3	24	95.8	15.2	14.1	14.6	14.3	43.3
10-Year	120	65.8	21	90.5	7.4	7.7	6.9	6.9	19.2
15-Year	108	62.0	17	82.4	9.8	10.4	9.6	10.0	15.7
20-Year	121	52.1	9	88.9	7.5	7.6	7.4	7.2	25.6
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	25	68.0	21	90.5	7.1	7.7	7.0	6.9	20.0
40th Percentile	22	86.4	21	90.5	8.1	7.7	7.4	6.9	18.2
60th Percentile	25	80.0	21	90.5	7.7	7.7	6.9	6.9	28.0
80th Percentile	22	40.9	21	90.5	6.4	7.7	6.4	6.9	13.6
100th Percentile	24	54.2	21	90.5	7.0	7.7	6.7	6.9	12.5

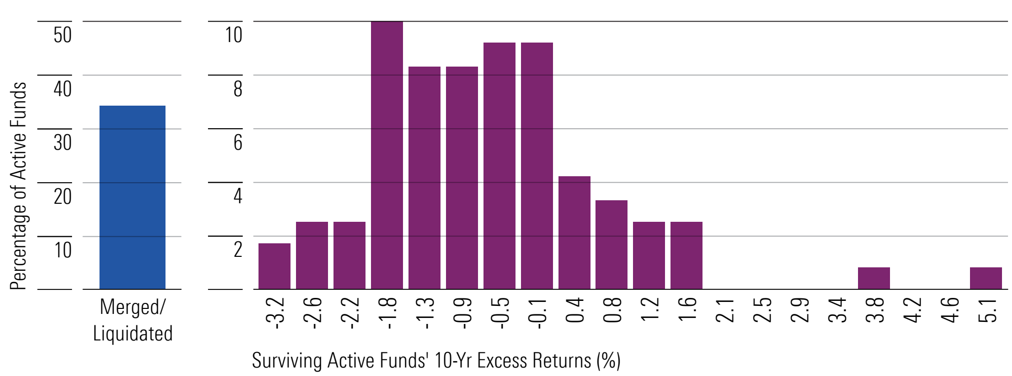
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



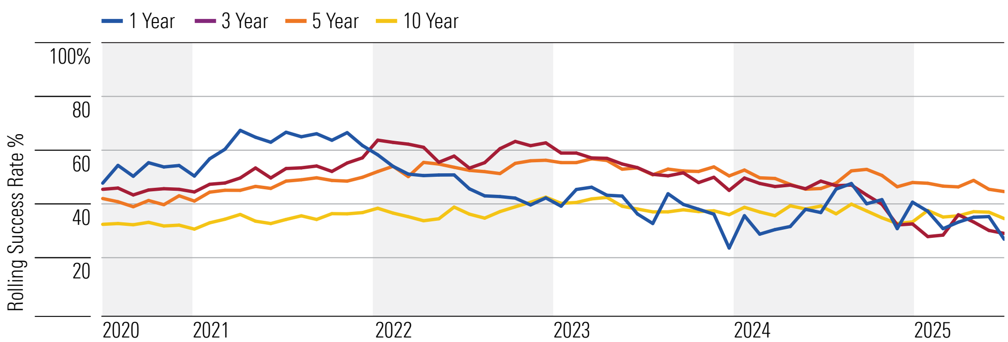
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 29 US Small Growth

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	162	93.8	18	100.0	7.4	9.7	7.9	7.2	28.4
3-Year	180	85.6	18	83.3	10.4	12.1	10.9	10.7	30.6
5-Year	180	85.0	15	100.0	7.2	7.9	8.3	9.7	46.1
10-Year	219	66.7	14	100.0	8.5	8.0	8.1	7.8	36.1
15-Year	221	56.1	11	90.9	11.7	11.5	11.1	11.1	27.1
20-Year	278	44.2	9	88.9	8.6	8.9	8.3	8.5	21.2
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	44	75.0	14	100.0	8.6	8.0	7.9	7.8	38.6
40th Percentile	44	65.9	14	100.0	8.4	8.0	8.0	7.8	31.8
60th Percentile	43	65.1	14	100.0	8.2	8.0	8.3	7.8	41.9
80th Percentile	44	70.5	14	100.0	8.2	8.0	7.9	7.8	34.1
100th Percentile	44	56.8	14	100.0	9.1	8.0	8.6	7.8	34.1

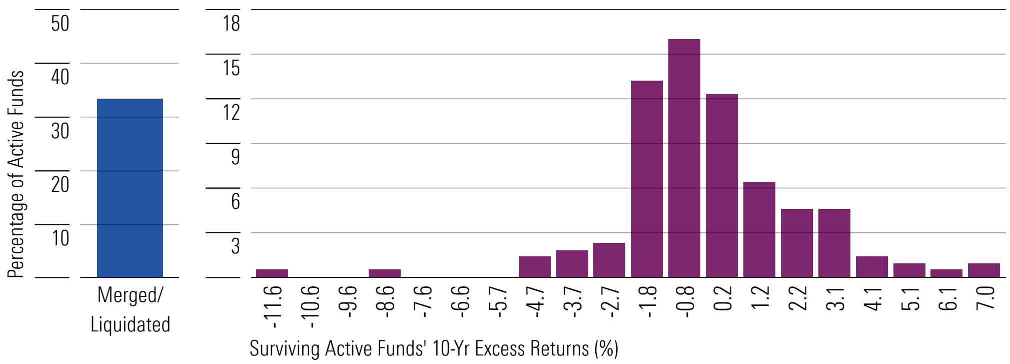
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

Foreign Stock

- Active managers who weave global- or foreign-stock portfolios succeeded at a 41% clip from July 2024 through June 2025, down 1 percentage point from the year before. Foreign large-value stock-pickers increased their success rates to the highest clip of all categories included in this report (17 percentage points). Active diversified emerging-markets funds' success rates dropped 13 percentage points to 35% from July 2024 through June 2025, while Europe-stock managers improved their success rates 5 percentage points up to 47%.

- The global- and foreign-stock categories have been a bit kinder to active managers than US market segments. At 24%, foreign-stock funds' 10-year active success rate measured up better than the 15% 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 40%, this category's 10-year survivorship rate ranked the lowest among all categories tested.

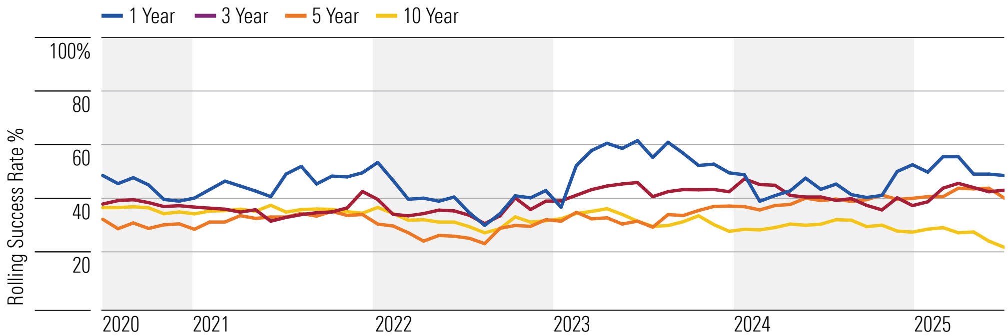
- Foreign-stock funds often come with higher fees than domestic strategies, which gives cheap funds in those categories a greater advantage. Indeed, the cheapest quintile of active funds were more than twice as likely to beat their average passive peer than the most expensive quintile over the past 10 years.

Exhibit 32 Foreign Large Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	196	94.9	92	97.8	18.2	18.4	18.5	17.7	50.0
3-Year	200	84.5	91	92.3	15.2	14.7	14.9	14.7	44.5
5-Year	190	75.3	104	82.7	11.2	10.7	10.6	10.6	41.6
10-Year	185	62.7	60	83.3	6.4	6.5	6.1	6.4	23.2
15-Year	191	50.3	38	63.2	7.6	7.3	7.1	7.3	28.8
20-Year	163	37.4	25	52.0	6.2	5.8	5.6	5.6	20.9
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	37	73.0	60	83.3	6.4	6.5	6.4	6.4	35.1
40th Percentile	37	64.9	60	83.3	6.6	6.5	6.5	6.4	24.3
60th Percentile	36	75.0	60	83.3	5.7	6.5	5.9	6.4	19.4
80th Percentile	36	55.6	60	83.3	6.9	6.5	5.8	6.4	25.0
100th Percentile	37	43.2	60	83.3	5.4	6.5	5.6	6.4	13.5

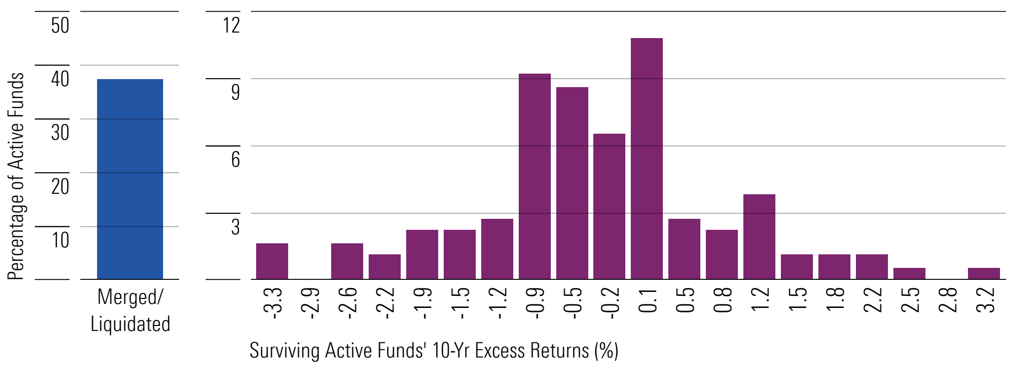
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



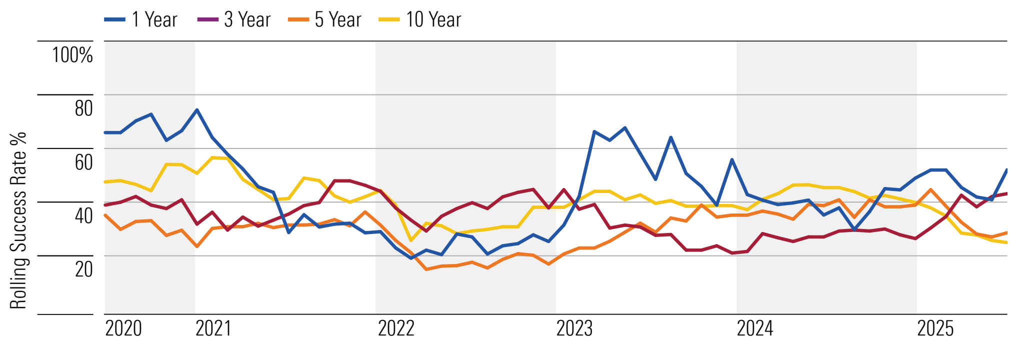
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 35 Foreign Large Value

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	99	94.9	39	87.2	22.3	22.4	22.5	22.1	53.5
3-Year	94	88.3	39	82.1	16.3	16.9	16.6	15.4	44.7
5-Year	93	76.3	34	82.4	14.1	13.9	13.2	13.2	30.1
10-Year	102	60.8	23	60.9	6.4	6.3	6.2	6.5	26.5
15-Year	104	54.8	13	84.6	7.4	6.7	7.0	7.1	38.5
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	21	47.6	23	60.9	6.6	6.3	6.8	6.5	33.3
40th Percentile	19	63.2	23	60.9	7.0	6.3	6.2	6.5	26.3
60th Percentile	19	63.2	23	60.9	6.3	6.3	6.5	6.5	31.6
80th Percentile	20	60.0	23	60.9	5.3	6.3	5.9	6.5	20.0
100th Percentile	20	65.0	23	60.9	5.7	6.3	5.5	6.5	20.0

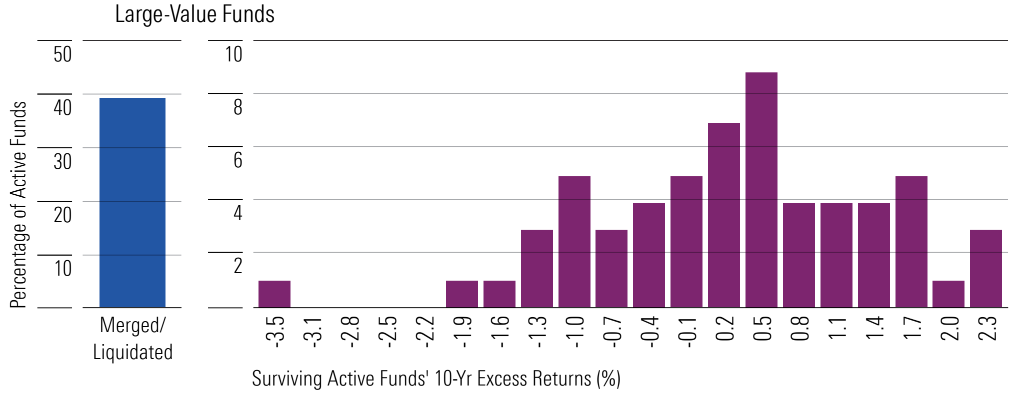
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



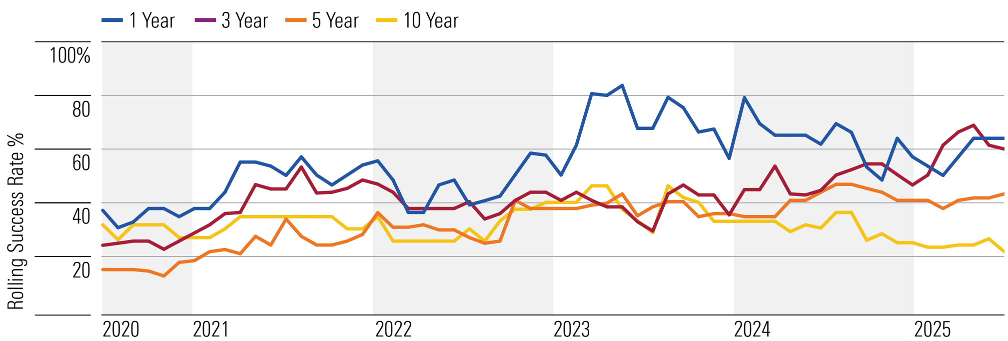
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 38 Foreign Small/Mid-Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	29	96.6	8	100.0	23.3	21.1	21.9	20.6	65.5
3-Year	26	88.5	7	100.0	15.2	13.1	13.9	13.6	61.5
5-Year	29	58.6	9	88.9	11.7	9.9	10.3	10.7	44.8
10-Year	30	40.0	10	90.0	6.1	6.1	6.0	6.8	23.3
15-Year	18	61.1	10	60.0	7.6	7.6	7.7	6.6	38.9
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	6	50.0	10	90.0	6.0	6.1	5.3	6.8	33.3
40th Percentile	6	33.3	10	90.0	5.5	6.1	6.3	6.8	33.3
60th Percentile	6	33.3	10	90.0	6.7	6.1	6.1	6.8	16.7
80th Percentile	6	50.0	10	90.0	7.5	6.1	7.4	6.8	33.3
100th Percentile	6	33.3	10	90.0	5.5	6.1	4.5	6.8	0.0

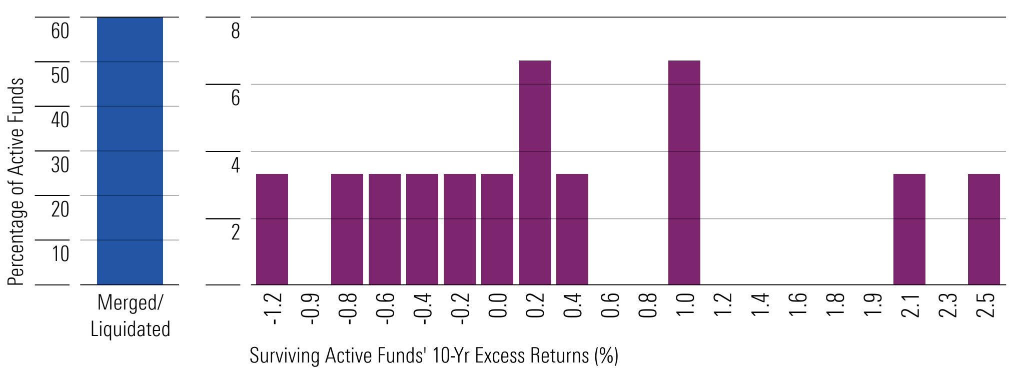
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



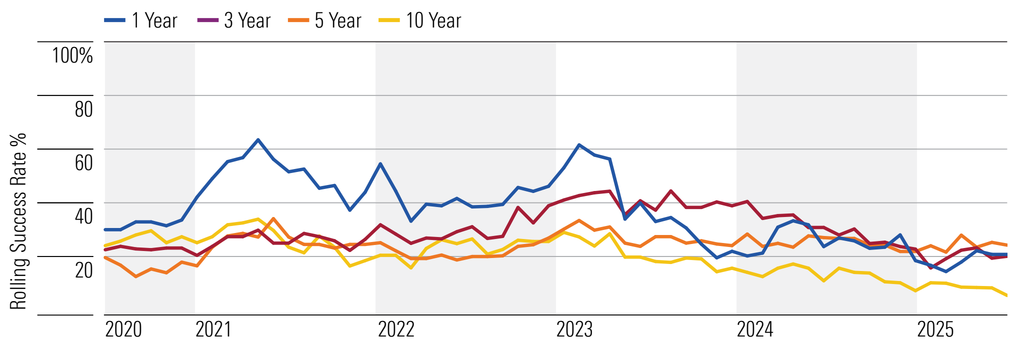
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 41 Global Large Blend

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	112	89.3	24	95.8	15.7	16.1	13.9	15.1	22.3
3-Year	111	79.3	29	79.3	16.6	16.9	14.5	16.3	21.6
5-Year	97	74.2	24	91.7	12.6	13.3	12.2	12.8	25.8
10-Year	71	76.1	13	100.0	9.1	10.2	8.8	10.3	7.0
15-Year	43	79.1	6	100.0	10.2	11.2	9.8	11.4	16.3
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	15	86.7	13	100.0	9.6	10.2	9.3	10.3	6.7
40th Percentile	14	71.4	13	100.0	9.2	10.2	8.8	10.3	0.0
60th Percentile	14	78.6	13	100.0	8.4	10.2	9.0	10.3	21.4
80th Percentile	14	78.6	13	100.0	8.9	10.2	8.9	10.3	0.0
100th Percentile	14	64.3	13	100.0	8.2	10.2	7.8	10.3	7.1

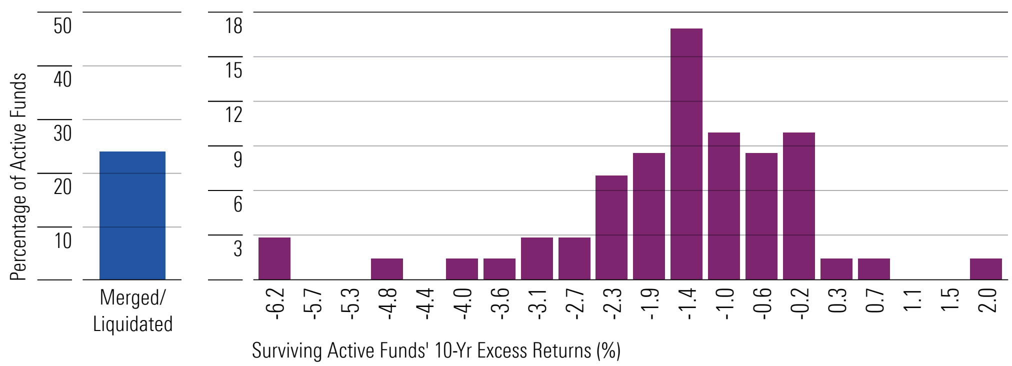
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



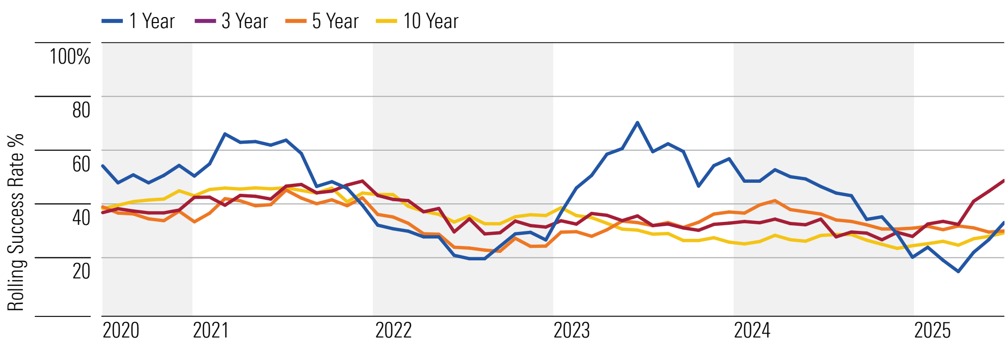
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 44 Diversified Emerging Markets

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	237	94.9	79	96.2	12.8	15.0	13.1	14.6	34.6
3-Year	237	82.3	79	86.1	10.7	9.8	10.4	10.3	50.2
5-Year	232	70.7	78	82.1	6.6	7.4	7.0	7.7	31.5
10-Year	234	53.4	63	58.7	4.9	4.6	4.6	4.4	30.8
15-Year	117	61.5	33	60.6	4.8	4.2	4.2	3.5	33.3
20-Year	71	62.0	4	75.0	6.1	6.0	5.9	6.0	31.0
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	46	58.7	63	58.7	6.0	4.6	5.1	4.4	43.5
40th Percentile	46	47.8	63	58.7	3.9	4.6	4.4	4.4	23.9
60th Percentile	46	65.2	63	58.7	3.6	4.6	4.4	4.4	26.1
80th Percentile	46	58.7	63	58.7	4.4	4.6	4.9	4.4	39.1
100th Percentile	46	34.8	63	58.7	5.0	4.6	4.1	4.4	19.6

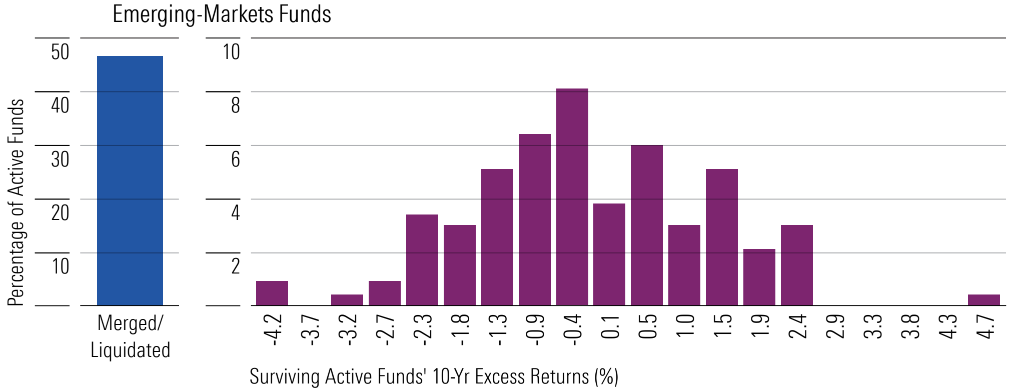
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



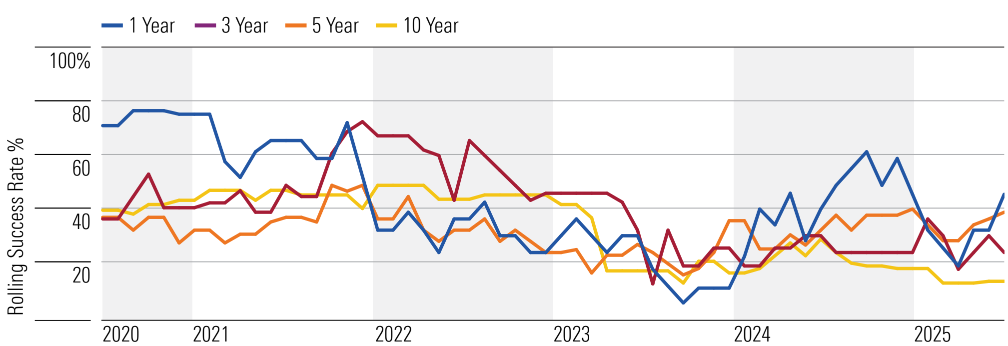
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 47 Europe Stock

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	15	100.0	26	100.0	16.5	20.6	20.0	20.6	46.7
3-Year	16	93.8	26	100.0	17.3	18.1	16.8	17.3	25.0
5-Year	15	93.3	32	81.3	12.1	12.9	11.8	12.5	40.0
10-Year	21	61.9	28	60.7	6.4	7.6	7.0	7.5	14.3
15-Year	27	44.4	30	70.0	7.5	7.3	7.5	7.2	40.7
20-Year	32	37.5	17	94.1	6.1	6.1	6.2	5.8	25.0
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	5	60.0	28	60.7	6.2	7.6	7.3	7.5	20.0
40th Percentile	4	75.0	28	60.7	7.4	7.6	7.9	7.5	25.0
60th Percentile	4	50.0	28	60.7	6.5	7.6	7.0	7.5	0.0
80th Percentile	4	75.0	28	60.7	5.4	7.6	6.7	7.5	25.0
100th Percentile	4	50.0	28	60.7	6.2	7.6	6.1	7.5	0.0

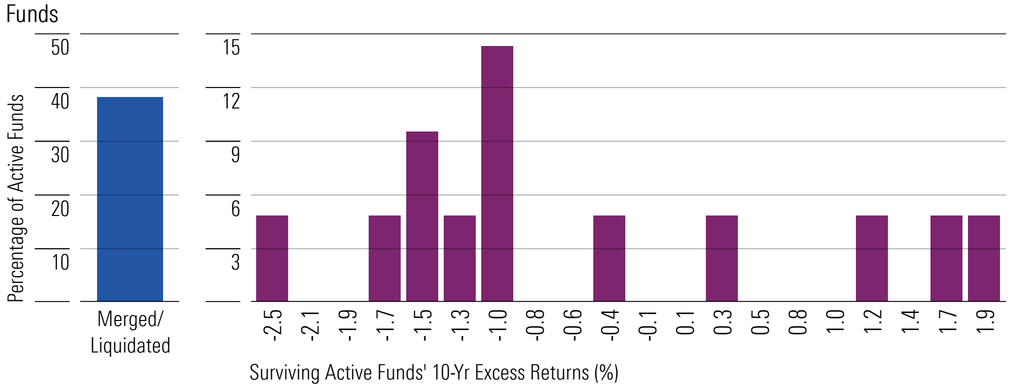
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

Real Estate

- Over the decade through June 2025, 43% of actively managed real estate funds survived and beat their average passive peer, marking the highest success rate among category groups tracked in this study.

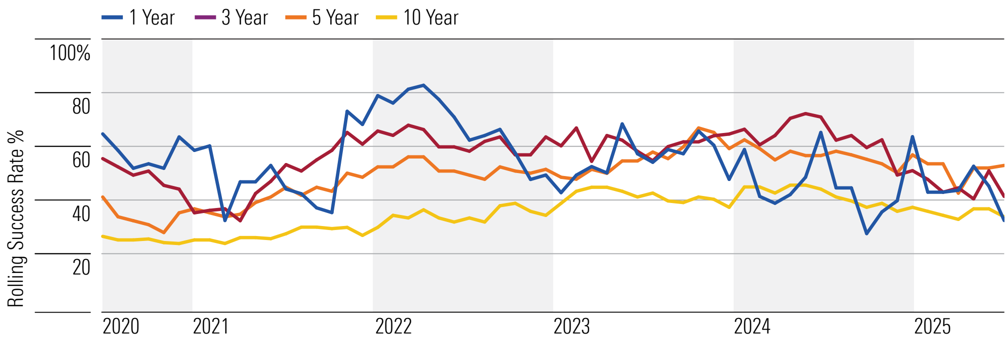
- Success rates in the global real estate category fluctuate dramatically over shorter time horizons. This owes to the diversity of funds within the category. Some invest exclusively outside the US, while others are more truly global. Passive strategies tend to disproportionately invest in international-only portfolios, so differences in performance between US and ex-US real estate securities cause active managers' success rates to ebb and flow. From July 2024 through June 2025, the success rate of active global real estate funds collapsed 45 percentage points to 13% 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		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	59	91.5	36	97.2	9.8	10.1	8.7	8.1	33.9
3-Year	63	84.1	33	90.9	4.1	3.6	3.9	2.8	42.9
5-Year	57	75.4	32	90.6	7.2	6.6	7.0	7.0	54.4
10-Year	68	60.3	20	80.0	6.2	5.8	5.6	4.6	35.3
15-Year	74	56.8	12	66.7	8.3	8.5	8.0	8.2	24.3
20-Year	72	51.4	5	80.0	6.1	6.4	5.8	6.1	22.2
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	14	57.1	20	80.0	6.1	5.8	6.0	4.6	50.0
40th Percentile	13	53.8	20	80.0	6.1	5.8	5.3	4.6	15.4
60th Percentile	14	71.4	20	80.0	6.1	5.8	5.9	4.6	50.0
80th Percentile	13	53.8	20	80.0	6.9	5.8	6.4	4.6	38.5
100th Percentile	14	64.3	20	80.0	5.0	5.8	4.7	4.6	21.4

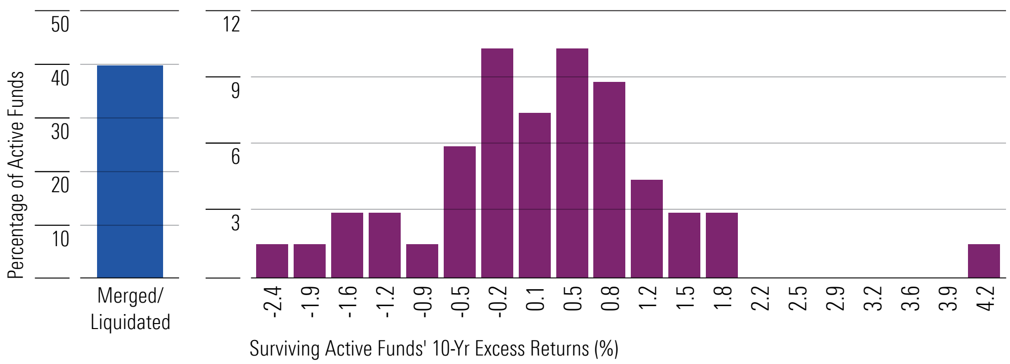
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



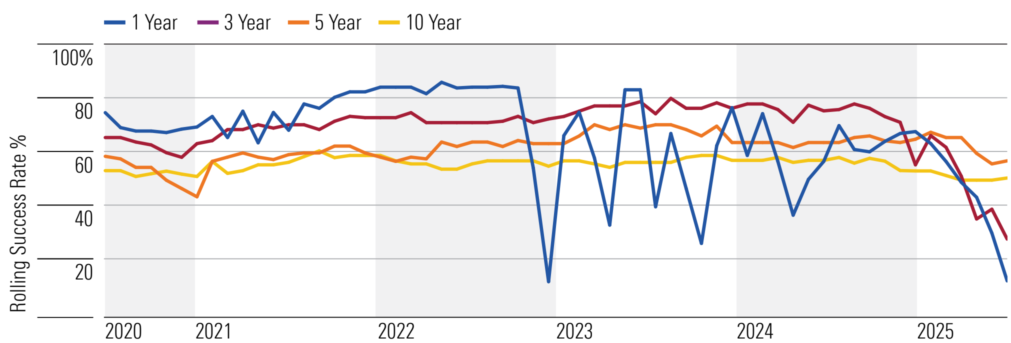
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 53 Global Real Estate

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	45	82.2	15	93.3	11.5	14.2	11.3	14.2	13.3
3-Year	45	73.3	15	86.7	3.8	4.4	3.9	3.8	28.9
5-Year	50	68.0	12	83.3	5.2	4.2	5.3	3.9	58.0
10-Year	62	51.6	14	71.4	3.6	1.9	3.8	2.4	51.6
15-Year	46	45.7	11	63.6	6.0	4.8	6.3	5.1	43.5
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	13	53.8	14	71.4	3.9	1.9	4.1	2.4	53.8
40th Percentile	12	66.7	14	71.4	3.4	1.9	3.5	2.4	66.7
60th Percentile	12	66.7	14	71.4	3.6	1.9	3.8	2.4	66.7
80th Percentile	12	50.0	14	71.4	3.9	1.9	4.2	2.4	50.0
100th Percentile	12	16.7	14	71.4	3.9	1.9	3.5	2.4	16.7

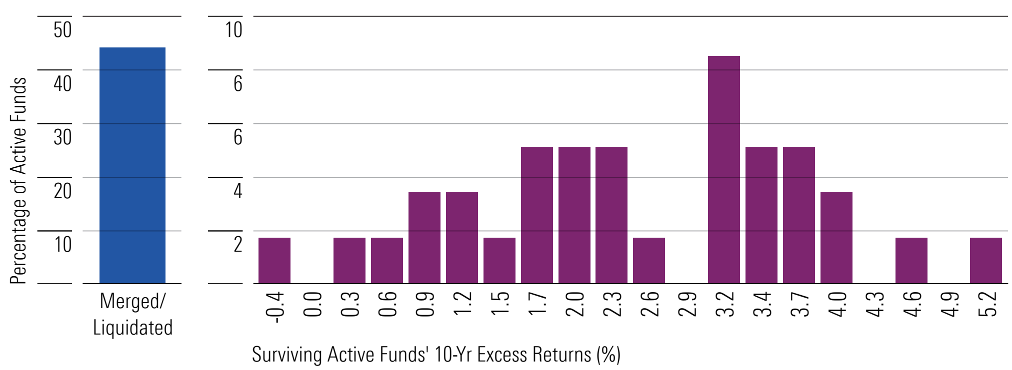
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

Fixed Income

- Active bond managers' success rates cratered for all three fixed-income categories over the 12 months through June 2025. Active intermediate-core-bond managers held strong at a success rate of 52%, but that represented a 21-percentage-point decline from the year earlier. Active corporate-bond managers had the most drastic decline in the success rate of all categories. It dropped 60 percentage points to just 4%. Active high-yield bond managers weren't spared from the carnage as their success rate dropped 31 percentage points to 23%.

- 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.

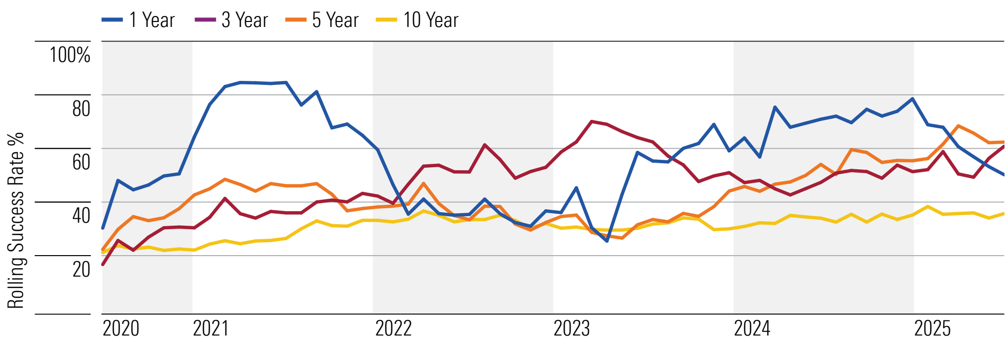
- Fixed income has been a fertile hunting ground for active managers. Over the past decade, 42% survived and beat their average passive peer. The reward for picking a successful active bond manager also outweighed the penalty of failure, based on positively skewed 10-year excess returns. The value proposition for going active in fixed income remains strong, despite a rough 12 months for active bond managers.

Exhibit 56 Intermediate Core Bond

	Active Funds		**Passive Funds**		**Asset-Weighted Performance**		**Equal-Weighted Performance**		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	147	95.2	33	100.0	6.3	6.1	6.2	6.1	51.7
3-Year	130	90.8	33	97.0	2.9	2.6	2.8	2.6	62.3
5-Year	119	81.5	31	93.5	-0.1	-0.7	-0.3	-0.8	63.9
10-Year	137	59.1	27	88.9	2.1	1.7	2.0	1.6	37.2
15-Year	175	38.9	23	73.9	2.6	2.3	2.4	2.1	25.7
20-Year	232	26.3	17	52.9	2.9	3.1	2.8	2.9	14.7
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	28	75.0	27	88.9	2.4	1.7	2.3	1.6	64.3
40th Percentile	27	55.6	27	88.9	2.0	1.7	1.9	1.6	29.6
60th Percentile	27	66.7	27	88.9	1.8	1.7	1.8	1.6	29.6
80th Percentile	27	48.1	27	88.9	2.0	1.7	2.4	1.6	40.7
100th Percentile	28	50.0	27	88.9	1.7	1.7	1.6	1.6	21.4

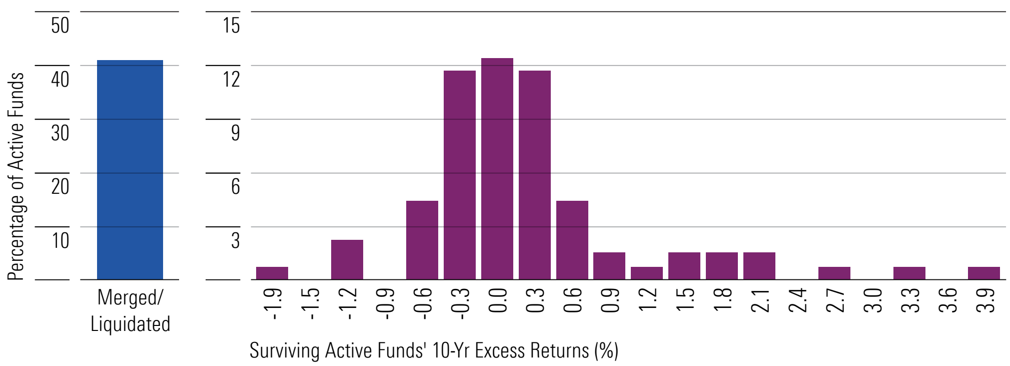
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

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



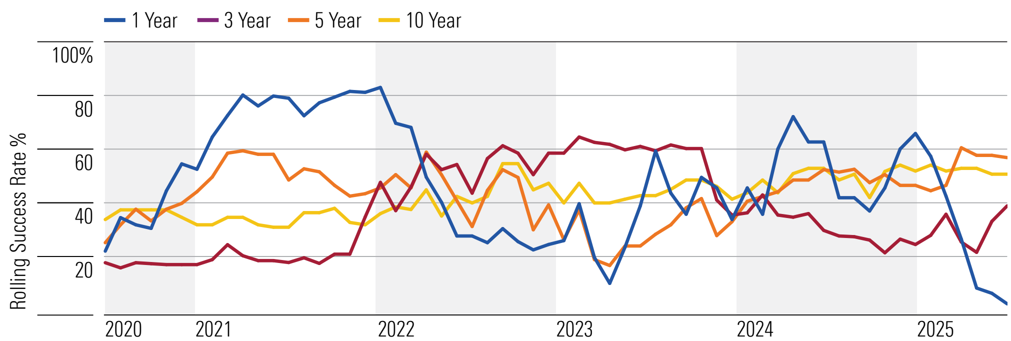
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 59 Corporate Bond

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	51	92.2	29	100.0	7.7	7.9	7.1	7.2	3.9
3-Year	52	84.6	32	84.4	5.0	4.9	4.7	4.6	40.4
5-Year	48	81.3	23	87.0	0.6	0.3	0.8	0.9	58.3
10-Year	46	76.1	30	50.0	2.9	2.9	3.0	2.6	52.2
15-Year	33	75.8	11	72.7	3.9	3.7	3.8	3.6	57.6
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	10	90.0	30	50.0	2.9	2.9	3.1	2.6	60.0
40th Percentile	9	77.8	30	50.0	3.2	2.9	3.2	2.6	66.7
60th Percentile	9	77.8	30	50.0	2.9	2.9	2.5	2.6	33.3
80th Percentile	9	77.8	30	50.0	2.9	2.9	3.0	2.6	44.4
100th Percentile	9	55.6	30	50.0	2.9	2.9	2.9	2.6	55.6

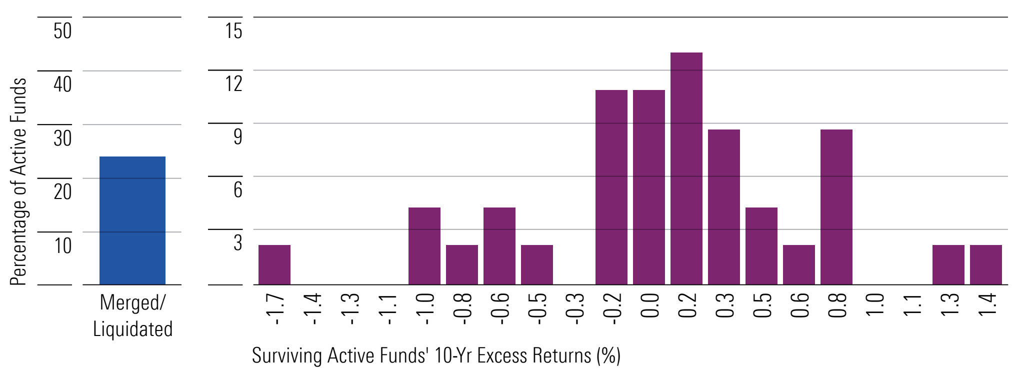
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 60 Rolling Success Rates for Surviving Active Corporate Bond Funds



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

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



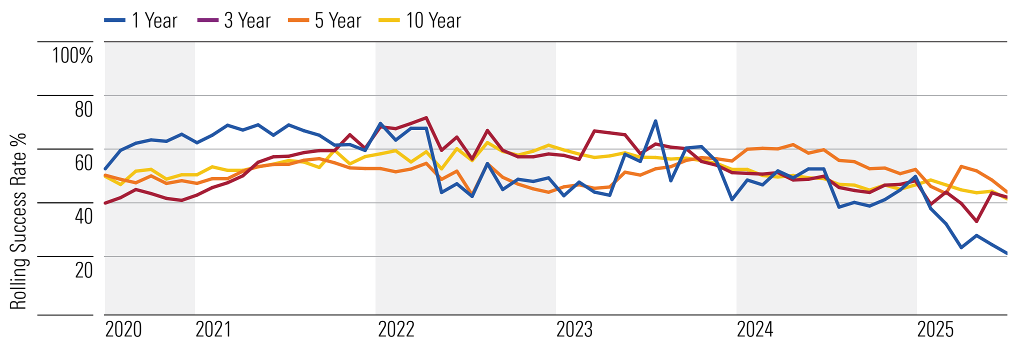
Source: Morningstar. Data and calculations as of June 30, 2025.

Exhibit 62 High-Yield Bond

	Active Funds		Passive Funds		Asset-Weighted Performance		Equal-Weighted Performance		
	# at Beginning of Period	Survivorship Rate (%)	# at Beginning of Period	Survivorship Rate (%)	Active (%)	Passive (%)	Active (%)	Passive (%)	Active Success Rate (%)
Trailing Total Return									
1-Year	185	95.1	58	96.6	9.4	9.9	9.0	9.6	22.7
3-Year	188	85.1	60	83.3	9.4	9.2	9.0	9.0	43.6
5-Year	189	78.3	45	71.1	6.0	5.4	5.6	5.4	45.5
10-Year	193	66.8	19	47.4	4.8	4.4	4.5	4.5	43.0
15-Year	149	64.4	3	100.0	5.9	5.4	5.5	5.3	45.0
Performance by Fee Quintile (Trailing 10 Years)									
20th Percentile	39	66.7	19	47.4	5.1	4.4	4.7	4.5	46.2
40th Percentile	38	65.8	19	47.4	5.0	4.4	4.7	4.5	50.0
60th Percentile	38	73.7	19	47.4	4.7	4.4	4.6	4.5	47.4
80th Percentile	38	65.8	19	47.4	4.0	4.4	4.5	4.5	42.1
100th Percentile	39	64.1	19	47.4	3.8	4.4	4.0	4.5	30.8

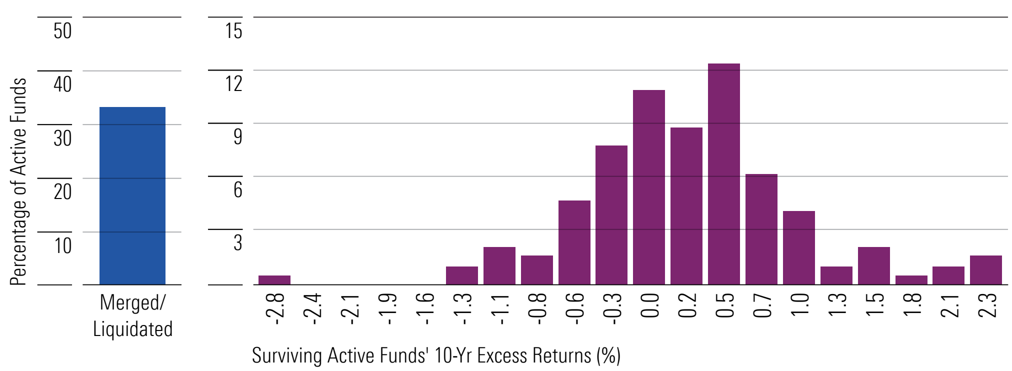
Source: Morningstar. Data and calculations as of June 30, 2025.

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



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

Appendix A

Summary of Results for the Periods Ended Dec. 31, 2024 and June 30, 2024.

Exhibit 65 Summary Results for the Period Ended Dec. 31, 2024

Active Funds' Success Rates 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	29.0	26.0	19.9	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	34.6	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	20.0	24.3	23.4	8.8	10.0	—	7.1	7.1
Diversified Emerging Markets	21.7	29.4	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	38.8	26.3	23.6	42.9	21.4
Global Real Estate	68.9	56.5	66.0	54.2	47.7	—	53.8	25.0
Intermediate Core Bond	80.0	52.8	56.9	36.7	25.1	13.8	58.1	17.9
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	50.3	—	50.0	42.1

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

Exhibit 66 Summary Results for the Period Ended June 30, 2024

Active Funds' Success Rates 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	36.9	27.3	21.3	7.4	4.9	8.8	11.8	3.9
US Large Value	54.5	42.2	37.9	13.5	8.7	12.4	19.4	11.9
US Large Growth	40.8	12.8	5.9	2.3	1.0	0.4	6.9	0.0
US Mid Blend	46.2	57.1	36.1	14.0	11.9	10.8	21.7	8.7
US Mid Value	59.8	56.1	49.5	22.3	16.3	30.6	30.4	18.2
US Mid Growth	24.8	47.3	26.4	29.3	13.1	14.6	39.5	25.6
US Small Blend	53.1	73.0	45.6	18.6	16.3	15.6	26.8	22.0
US Small Value	54.0	68.3	51.7	24.3	22.5	23.6	26.1	13.6
US Small Growth	38.3	50.0	47.2	40.7	24.1	21.6	46.7	34.1
Foreign Large Blend	44.8	42.0	40.7	31.8	28.9	21.4	35.1	22.2
Foreign Large Value	36.7	28.6	40.2	46.9	28.7	—	50.0	40.0
Foreign Small/Mid Blend	63.3	46.2	45.5	32.1	38.9	—	50.0	16.7
Global Large Blend	25.2	32.4	28.6	12.5	15.8	—	0.0	7.7
Diversified Emerging Markets	48.0	35.9	37.8	29.8	40.2	30.1	33.3	31.0
Europe Stock	41.2	31.3	33.3	30.0	37.0	25.0	25.0	25.0
US Real Estate	66.7	72.4	58.1	45.6	24.7	24.3	50.0	28.6
Global Real Estate	57.8	76.6	64.8	58.2	47.8	—	66.7	27.3
Intermediate Core Bond	72.4	48.9	55.6	35.5	26.1	12.8	57.1	21.4
Corporate Bond	64.2	31.3	53.8	54.3	60.0	—	70.0	55.6
High-Yield Bond	54.1	51.4	61.3	50.5	—	—	48.6	40.5

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

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