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EQUITY MARKETS DON'T STAND STILL: THE CASE FOR DIVERSIFICATION

August 2026

Large-cap growth has been difficult to ignore, delivering strong performance over the last few years. But the equity quilt below reminds us that no segment stays on top indefinitely. History shows that periods of narrow market leadership are often followed by broader participation. What leads one year can quickly give way to another the next year.

For example, year-to-date, we see small-cap and emerging market equities moving back toward the top following a period of relative underperformance. Maintaining exposure across styles, market capitalizations, and regions can help investors capture a broader range of return opportunities over time.

Equity Performance Chart

2019	2020	2021	2022	2023	2024	2025	YTD
Large Cap Growth 34.7%	Large Cap Growth 37.1%	Large Cap Blend 26.9%	Large Cap Value -9.6%	Large Cap Growth 41.4%	Large Cap Growth 32.5%	Emerging Market 30.6%	Emerging Market 22.7%
Large Cap Blend 28.9%	Small Cap 18.4%	Large Cap Growth 26.7%	Mid Cap -14.5%	Large Cap Blend 24.2%	Large Cap Blend 23.3%	Developed Market 27.9%	Small Cap 21.9%
Mid Cap 24.1%	Large Cap Blend 16.3%	Mid Cap 23.2%	Developed Market -16.8%	Global 20.1%	Global 15.7%	Global 20.6%	Mid Cap 16.6%
Global 24.0%	Emerging Market 15.8%	Large Cap Value 22.7%	Large Cap Blend -19.4%	Small Cap 15.1%	Mid Cap 12.2%	Large Cap Growth 17.9%	Large Cap Value 15.2%
Small Cap 23.7%	Global 14.3%	Global 16.8%	Global -19.8%	Developed Market 15.0%	Large Cap Value 11.9%	Large Cap Blend 16.4%	Global 10.4%
Large Cap Value 23.2%	Mid Cap 11.8%	Small Cap 13.7%	Small Cap -21.6%	Mid Cap 14.4%	Small Cap 10.0%	Large Cap Value 13.6%	Large Cap Blend 9.6%
Developed Market 18.4%	Developed Market 5.4%	Developed Market 8.8%	Emerging Market -22.4%	Large Cap Value 8.8%	Emerging Market 5.1%	Small Cap 11.3%	Developed Market 7.7%
Emerging Market 15.4%	Large Cap Value 0.1%	Emerging Market -4.6%	Large Cap Growth -29.8%	Emerging Market 7.0%	Developed Market 1.1%	Mid Cap 5.9%	Large Cap Growth 5.0%

Sources: BNY Investment Strategy & Research Group, Macrobond. Data as of June 30, 2026. Chart is for illustrative purposes only.

Glossary

MSCI EAFE: The MSCI EAFE Index is an index that tracks the performance of Developed Market equities across Europe, Australasia and the Far East excluding the US and Canada.

MSCI EM: The MSCI EM index tracks the performance of Emerging Market Equities.

MSCI All-Country World: The MSCI All-Country World is an index that tracks the performance of both Developed and Emerging Market equities.

Russell 1000 Growth: The Russell 1000 Growth Index measures the performance of US large cap growth stocks.

Russell 1000 Value: The Russell 1000 Value Index measures the performance of US large cap value stocks.

Russell 2000: The Russell 2000 Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index.

S&P 500: The S&P 500 is an index designed to track the performance of the largest 500 US companies.

S&P 400 Midcap: Standard and Poor's Midcap 400 Index is a capitalization-weighted index which measures the performance of the mid-range sector of the U.S. stock market.

Important information

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