

THE ACTIVE EDGE IN LARGE CAP VALUE?

Investors often associate large cap equities with passive strategies, especially in large cap blend. This is not surprising given that over the past three years, the median manager in the active large cap blend space outperformed the benchmark only 3% of the time after fees.

However, this view may overlook opportunities in areas of the large cap equity universe where active management has been more effective. Large cap value, in particular, tells a different story. Our analysis suggests that active managers have consistently delivered in this space, with the median manager outperforming the Russell 1000 Value Index 92% of the time after fees over the same three-year period.¹

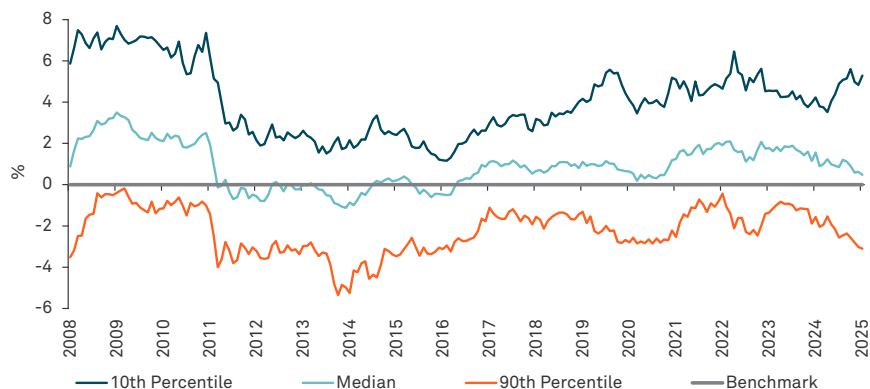
Median active manager beating its index over a 3-year period¹



Style Advantage in Large Cap Value?

Large cap value has historically favored active managers more than other areas of the large cap market. Over the last 10 years, the median large cap value manager has consistently outperformed the benchmark on a rolling three-year basis, while results for the top performing managers have been even stronger. From 2016 through 2025, large cap value managers in the 10th percentile delivered more than 380 basis points (bps) of average annualized excess return.

Top decile and median large cap value active managers typically outperform the index



Source: BNY Investment Strategy & Research Group, Morningstar. As of 12/31/25. Chart is for illustrative purposes only. Past performance is not necessarily an indication of future performance.

What About Fees?

Consistent outperformance in large cap value has also helped active managers offset the impact of fees. In 2025, the median fee for large cap value managers was approximately 80 bps.² At that fee level, more than half of the median active large cap value managers outperformed the benchmark. After-fee alpha was more pronounced among the top-performing large cap value managers, with 89% of managers in the top quartile and 100% of top decile managers outperforming the index after taking the 80 bps fee.³

Outperformed after 80 bps fee



Chart is for illustrative purposes only. Past performance is not necessarily an indication of future performance.

A Style-Specific Approach

We believe that investors should consider a more style-specific approach to large cap investing. Passive strategies have become the default in large cap equities, but the results in large cap value show that active management can potentially offer an edge.

Endnotes

1. BNY Investment Strategy & Research Group, Morningstar. As of 12/31/2025. Based on a rolling 3-year basis, ending 12/31/2025. Based on a fee of 80 basis points. The index for large cap blend is the Russell 1000 and the index for large cap value is the Russell 1000 Value.
2. Source: BNY Investment Strategy & Research Group, Morningstar. As of 12/31/2025.
3. Source: BNY Investment Strategy & Research Group, Morningstar. As of 12/31/2025. The index for large cap blend is the Russell 1000 and the index for large cap value is the Russell 1000 Value.

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Past performance is no guarantee of future results.

Russell 1000 Index: An index measuring the performance of 1,000 of the largest publicly traded U.S. companies and widely used as a benchmark for the large-cap U.S. equity market. **Russell 1000 Value Index:** An index measuring the performance of large-cap U.S. companies in the Russell 1000 that exhibit value characteristics, and widely used as a benchmark for large-cap value stocks.

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