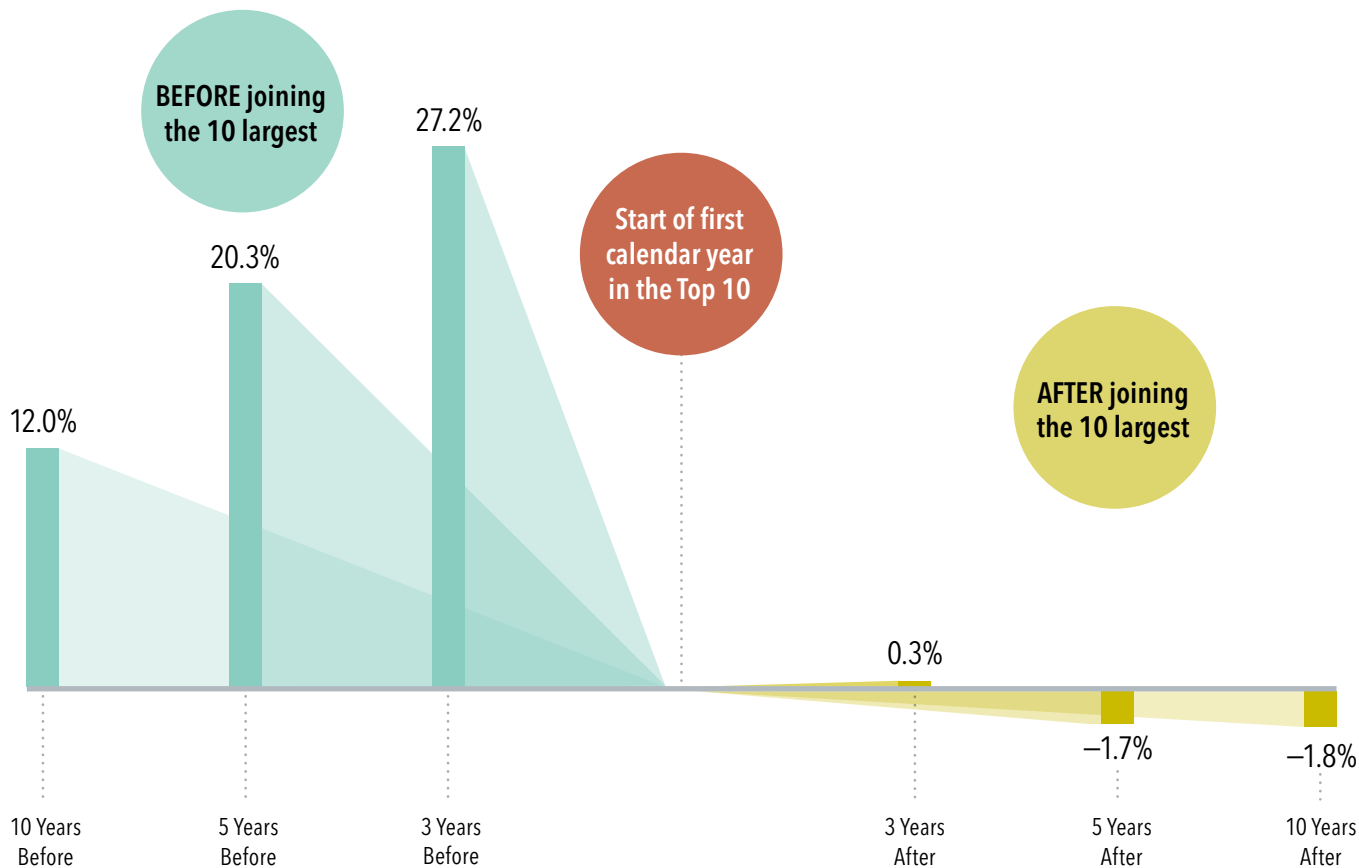


Think Twice About Chasing the Biggest Stocks

AVERAGE ANNUALIZED OUTPERFORMANCE OF COMPANIES BEFORE AND AFTER THE FIRST YEAR THEY BECAME ONE OF THE 10 LARGEST IN THE US
Compared to S&P 500 Index, 1927–2024



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

- From 1927 to 2024, the average annualized return for these stocks over the three years prior to joining the Top 10 was more than 25% higher than the market.
- Five years after joining the Top 10, these stocks were, on average, underperforming the market—a stark turnaround from before.

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

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In USD. Source: Dimensional, using data from CRSP. Includes all US common stocks excluding REITs. Largest stocks identified at the end of each calendar year by sorting eligible US stocks on market capitalization. Ten largest companies by market capitalization. Returns after joining the 10 largest are measured as of the start of the first calendar year after a stock joins the Top 10. Annualized excess return is the difference in annualized compound returns between the stock and the S&P 500 Index over the three-, five-, and 10-year periods, before and after each stock's initial year-end classification in the Top 10. Three-, five-, and 10-year annualized returns are computed for companies with return data available for the entire three-, five-, and 10-year periods, respectively. The number of firms included in measuring excess returns prior (subsequent) to becoming a Top 10 stock consists of 44 (58) for the three-year period, 43 (55) for the five-year period, and 34 (49) for the 10-year period. S&P data © 2025, S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

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