

S&P Dow Jones Indices

A Division of **S&P Global**

How Active Portfolios Stack Up to Index Blends

Extending the Active vs. Passive Debate Beyond Individual Funds

For over two decades, **SPIVA**[®] research has shown that most active funds have underperformed their benchmarks over the long term. But investors rarely hold just one fund—so how does active management perform at the portfolio level?

Explore key findings from “[Heroes in Haystacks: Index Comparisons for Active Portfolio Performance](#).”

Key Findings

Underperformance Rates Were High

When compared to equivalent index blends over the 10-year period ending Dec. 31, 2024, **active portfolio underperformance rates were high** across a wide range of equity/fixed income allocation mixes.



The **underperformance rate was 94.6% or higher** for active portfolios versus equivalent index blends across all allocations.¹



The **average underperformance was -1.0%** for active portfolios versus equivalent index blends, based on the 10-year annualized rate of return.²

Most of the “Best” Underperformed

Active portfolios consisting exclusively of funds that achieved top-quartile performance in their category over the 5-year period ending Dec. 31, 2014, still had **high underperformance rates versus equivalent index blends** and exhibited **higher volatility** across all equity/fixed income allocation mixes over the 10-year period ending Dec. 31, 2024.



The **underperformance rate was 87.9% or higher** for top-quartile active portfolios versus equivalent index blends across all allocations.³



On average, **excess annualized volatility ranged from 0.3%-1.3%** for top-quartile active portfolios versus equivalent index blends across all allocations.⁴

Percentage of Active Fund Portfolios That Underperformed Versus Equivalent Index Blend Over a 10-Year Period (%)

Equity/Fixed Income Allocation	10/90	20/80	30/70	40/60	50/50	60/40	70/30	80/20	90/10
Underperformance Rate Active Portfolios of All Funds	98.55	98.87	98.65	98.19	97.58	96.89	96.28	95.42	94.64
Underperformance Rate Active Portfolios of Top-Quartile Funds	97.71	97.68	97.17	96.15	94.94	93.68	91.92	90.16	87.96

Source: S&P Dow Jones Indices LLC, CRSP. Data as of Dec. 31, 2024. Sample of top quartile funds includes those inception prior to and available (not merged/liquidated) during the full five-year period ending Dec. 31, 2014, and also performed in the top quartile among all funds in their SPIVA category over the same period. Missing monthly performances of merged/liquidated funds are replaced with benchmark performance. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance. See “[Heroes in Haystacks: Index Comparisons for Active Portfolio Performance](#)” for more information.



Access the full research paper to learn more and find out which active fund category offered the greatest reward for choosing an outperformer.

¹See Exhibit 14 in the report for more information. | ² Average underperformance calculated based on data shown in Exhibit 10. See Exhibit 10 in the report for more information.

³ See Exhibit 14 in the report for more information. | ⁴ Excess annualized volatility calculated based on data shown in Exhibit 25. See Exhibit 25 in the report for more information.

About S&P Dow Jones Indices

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Performance Disclosure

All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index Launch Date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. Complete index methodology details are available at www.spglobal.com/spdji. Past performance of the Index is not an indication of future results. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results. Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the [FAQ](#). The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

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