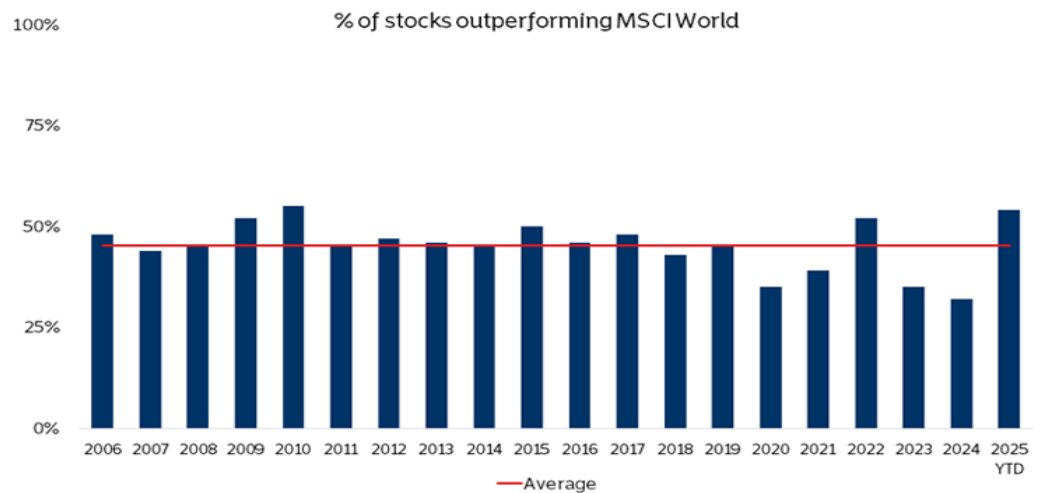


The comeback of active management? Why 2025 could be a turning point

By Gary Moglione



Source: MSCI, Schroders. Data as at 30 June 2025.

What this chart shows

For years, active managers have struggled to outperform the MSCI World Index. The culprit? A narrow market dominated by a handful of mega-cap tech stocks. When only a small percentage of stocks are beating the index, it becomes incredibly difficult for diversified active portfolios to keep up.

But 2025 may be changing the game.

In the first half of this year, the percentage of stocks outperforming the MSCI World has surged, a sharp reversal from the trend of recent years. This broadening of market leadership is a welcome shift for active managers, who rely on dispersion and opportunity to generate alpha.

According to recent data, the MSCI World Ex-USA Index rallied 19% in H1 2025, compared to just 6% for the S&P 500. Even more telling, the S&P 493 (the S&P 500 excluding the "Magnificent 7") outperformed the mega-cap cohort for the first time in years. This suggests that gains are no longer concentrated in a few names, a critical condition for active strategies to thrive.

Why this is important

Why does this matter? Because when more stocks are contributing to returns, active managers have a better chance of identifying winners and avoiding losers. It's not just about riding the wave of a few tech giants, it's about stock picking, sector rotation, and fundamental analysis.

This shift could mark the beginning of a new cycle; one where active management regains its edge. For investors who've grown disillusioned with active strategies, now might be the time to reconsider.

The chart below tells the story: after years of declining breadth, the percentage of stocks outperforming the MSCI World is finally rising. If this trend continues, 2025 could be remembered as the year active management made its comeback.



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