



Investing in a Competitive World

INVESTMENT INSIGHTS

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Sponsored by New York Life Investments

We are living in a time of significant technological advancement, and each innovation has allowed companies to grow at faster rates than previously imagined. It took GE over 100 years to achieve \$100 billion in revenue. Walmart and Home Depot did so in 35 to 40 years. With the advent of fast microprocessors and broadband networks, Amazon and Google reached \$100 billion in only 20 years. Now, with the emergence of large language models, Anthropic appears likely to achieve this incredible feat in just six years! The pace of business change is accelerating, creating greater opportunities and greater risks.

Investors have long looked for models and frameworks that can help them identify long-term winners. Three of the most popular models of the last 35 years are: (i) invest in what you know, (ii) invest in high-quality companies and (iii) invest in a business anybody can run. These rules of the road made intuitive sense and were effective when they were established. But are these old axioms still relevant in the technological age?

A longtime favorite framework has been to invest in what you know. This is reasonable advice because investors are more likely to make informed and confident decisions about companies with which they are familiar than about those they are not. Walmart, Starbucks and Disney are easier to understand than Lam Research, SanDisk and Arista Networks. Familiarity tends to lead investors

toward consumer stocks, but during the capital-spending boom driven by AI, consumer stocks have lost their leadership and underperformed. We examined the ten most recognizable companies and compared their returns with those of the indexes. We also examined the ten best-performing stocks in the S&P 500® Index over the last decade and found only a few household names.

FIGURE 1 | S&P 500® INDEX BEST PERFORMING & MOST RECOGNIZABLE COMPANIES

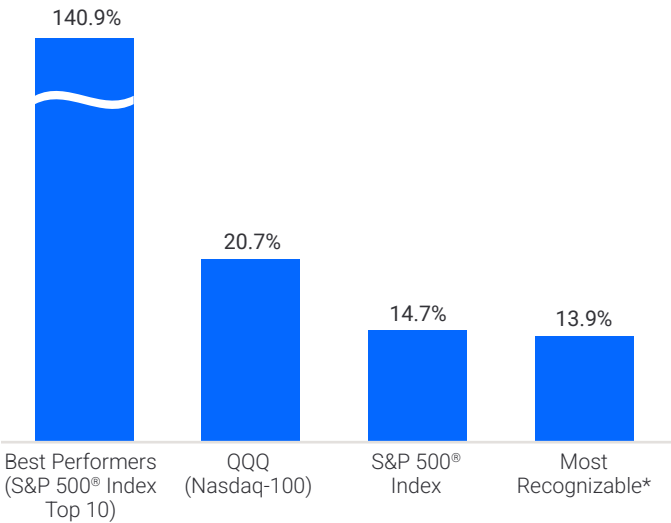
BEST PERFORMERS ¹	MOST RECOGNIZABLE ²
• SANDISK	• APPLE
• GE VERNOVA	• MICROSOFT
• DELL	• ALPHABET
• PALANTIR	• AMAZON
• COMFORT SYSTEMS	• FORD
• NVIDIA	• MCDONALD'S
• VEEVA SYSTEMS	• DISNEY
• MICRON	• NIKE
• TARGA RESOURCES	• WALMART
• ADVANCED MICRO DEVICES	• COCA-COLA

¹ Source: FactSet, S&P 500® Index top contributors for the 10-Year period ended 9/8/2026.

² Based on composite rankings of brand-recognition surveys (Interbrand, Kantar BrandZ, Morning Consult).

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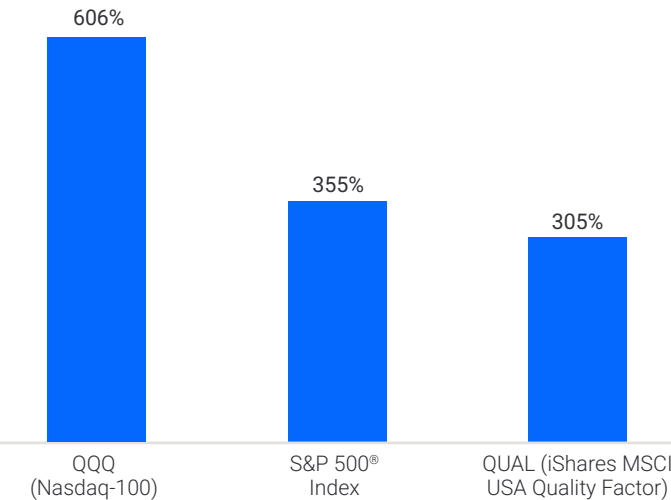
**FIGURE 2 | PERFORMANCE COMPARISON,
ANNUALIZED 10 YEAR RETURN³**



³Source: FactSet as of 9/8/2026. Return data reflects the average annualized 10yr returns of the best-performing and most recognizable company cohorts within the S&P 500® Index.
* Based on composite rankings of brand-recognition surveys (Interbrand, Kantar BrandZ, Morning Consult).

Perhaps the most frequently repeated advice is that “quality” stocks outperform over time. Quality is often defined as companies with strong market share positions, high returns on capital and low earnings variability. These are wonderful attributes, but they are backward-looking. In a time of great change, past fortunes, particularly relative fortunes, may not be as indicative of future results. In fact, the Quality Factor has materially underperformed on a relative basis over the last ten years.

FIGURE 3 | 10-YEAR CUMULATIVE TOTAL RETURN⁴



⁴Source: FactSet as of 9/8/2026.

The underperformance stems from the Quality Factor’s bias toward consumer and business service companies rather than companies with greater exposure to business and capital spending, which is inherently more variable. The massive wealth creation from AI has not occurred within the Quality Factor. But even Warren Buffet would accept a more variable growth path if it produced better results than a stable one: “Charlie and I would much rather earn a lumpy 15% over time than a smooth 12%.”

In *One Up on Wall Street*, Peter Lynch wrote, “Go for a business that any idiot can run — because sooner or later any idiot probably is going to run it.” The message was that investors should focus more on a company’s competitive advantages than on the capabilities of its management team. This advice resonated when the leading stocks were largely consumer brands and drug companies. For these companies, both the threat and the opportunity presented by technological change were indeed relatively limited.

In the age of great change catalyzed by AI, every company will be required to adapt to the new operating environment or be left behind. AI provides companies with a broad array of ways to improve their workflows in areas such as software development, legal services, customer acquisition, customer service, custom financial applications and many more. Deep utilization of these technologies can create competitive advantages that expand revenue streams and improve profitability. Slow adoption, on the other hand, may be more consequential than ever. As technology advances more rapidly, management teams’ speed of execution becomes increasingly important.

Paradoxically, the Technology sector has created the most stock market wealth, yet it is arguably the most competitive sector. AI revenue reached \$229 billion this summer, up from essentially zero three years ago. This extraordinary new opportunity was captured by the most innovative and talented management teams. It was not captured by businesses that anybody can run. When we examine the largest companies by market capitalization, we make two key observations: (i) they operate in highly competitive industries and (ii) they have founder-led or product-led CEOs.

FIGURE 4 | COMPANIES BY LEADERSHIP TYPE

LARGEST U.S. COMPANIES ⁵		S&P 500 [®] INDEX WORST PERFORMERS ⁶	
CEO TYPE	MARKET CAP	CEO TYPE	3-YR. RETURN VS. S&P 500 [®]
FOUNDER-LED		PROFESSIONAL-LED	
NVIDIA	\$5.30T	NIKE	▼ 134%
SPACE X	\$2.02T	COMCAST	▼ 112%
META	\$1.66T	ACCENTURE	▼ 109%
TESLA	\$1.44T	UPS	▼ 102%
PRODUCT-LED		PEPSICO	▼ 93%
APPLE	\$4.88T	UHG	▼ 91%
GOOGLE	\$4.16T	PFIZER	▼ 81%
MICROSOFT	\$3.68T	FOUNDER-LED	
AMAZON	\$2.76T	SUPERMICRO	▼ 140%
BROADCOM	\$1.74T	APP LOVIN	▼ 122%
MICRON	\$1.10T	PRODUCT-LED	
		ADOBE	▼ 126%

The benefit of operating in a highly competitive industry is that competition forces companies to innovate faster, thereby expanding the market. In many cases, that innovation has driven faster growth than would have occurred under more benign competitive conditions. Amazon's pace of innovation accelerated after Microsoft entered the cloud-computing market. Meta's innovation pace clearly inflected in response to TikTok. NVIDIA's innovation advanced notably in response to new challenges from ASIC companies such as Broadcom. The list is endless.

70% of the worst performing companies in the S&P 500[®] Index have been led by professional managers⁶

In our view, the key determinant of a company's pace of innovation is whether it is led by a founder or, at a minimum, a product-led CEO rather than a CEO-for-hire. Innovation requires deep domain expertise, vision and execution. The all-in "Founder Mode" seems to be a recipe for success. Satya Nadella at Microsoft and Sundar Pichai at Google are examples of successful product-led CEOs. By contrast, a CEO with a consulting background and an MBA appears to be a less consistent successful formula.

We can all feel how fast the world is changing today. Everyone needs to adapt, and old investing rules need to be updated. It seems the new investor axiom should be: Invest in people!

⁵Source: Bloomberg, largest U.S. companies based on market cap as of 9/11/2026.

⁶Source: FactSet. Companies with the largest negative contributions to S&P 500[®] Index returns over the trailing 3 yrs ended 9/14/2026. Marvell Technology Inc has been excluded as the company had several stock splits which impacted the total return performance metrics on the S&P 500[®] Index and therefore return data at the constituent level is not accurately accounting for the splits in FactSet attribution. Winslow Capital's use of trademarks, logos and company names is for informational purposes only. All trademarks and logos used are the property of their respective owners, and their use here does not imply endorsement or sponsorship.

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