RESOLUTION CAPITAL

One Hundred Years of U.S. Utilities Returns

May 2026

Introduction

Of the more than 29,000 firms that have at some point been listed on the public U.S. stock markets since 1926, just 46 account for half of total shareholder wealth creation.[1] These findings, from Professor Hendrik Bessembinder's recent study One Hundred Years in the U.S. Stock Markets[2], highlight the extent of skew in long-term equity returns.

Utilities are a notable stand-out. The sector's attractive risk-adjusted returns have come from steady compounding of income and capital growth across a broad set of companies, not from a handful of outliers. In fact, 94% of utilities outperformed T-bills, compared with just 41% of firms in the broader market. As Global Listed Infrastructure investors seeking through-cycle return consistency, this is exactly the kind of return profile we seek and where we believe our active approach adds value.

Using Bessembinder's dataset alongside Kenneth R. French's industry data[3], we have analysed utility return distributions over the past century and compared them with those of the broader equity market. We focused on utilities given the data availability, but believe the characteristics identified — stable returns and longevity — apply across Global Listed Infrastructure.

Our analysis shows that historically utilities are one of a small number of equity sectors where outcomes do not depend on extreme winners. Returns have been characterised by consistency, stability and a high probability of positive outcomes. Long-term returns among the utility cohort are shown to cluster tightly, but short-term dispersion is materially wider — a dynamic we return to later as an opportunity for investment outperformance.

Utilities Are Defined by Consistent Outcomes, Not Outliers

When analysing the dataset provided by Professor Bessembinder we identified the return history of 171 utilities[4], including 54 utilities which were still listed by December 2025. On average, utilities are represented for 42.0 years in the dataset, with the median similar at 39.1 years. In fact, 69 companies had a return profile longer than 50 years, with four companies having a century of return data[5].

By contrast, general equities are listed for an average of just 11.7 years and a median of 6.8 years. While companies can exit the dataset for various reasons — including restructuring, mergers and acquisitions — the longer average tenure of utilities is consistent with the structural durability of the business model.

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[1] Bessembinder measures wealth creation as the dollar return generated by each stock over its full listing period, in excess of what one-month T-bills would have produced on the same initial investment.

[2] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6438198

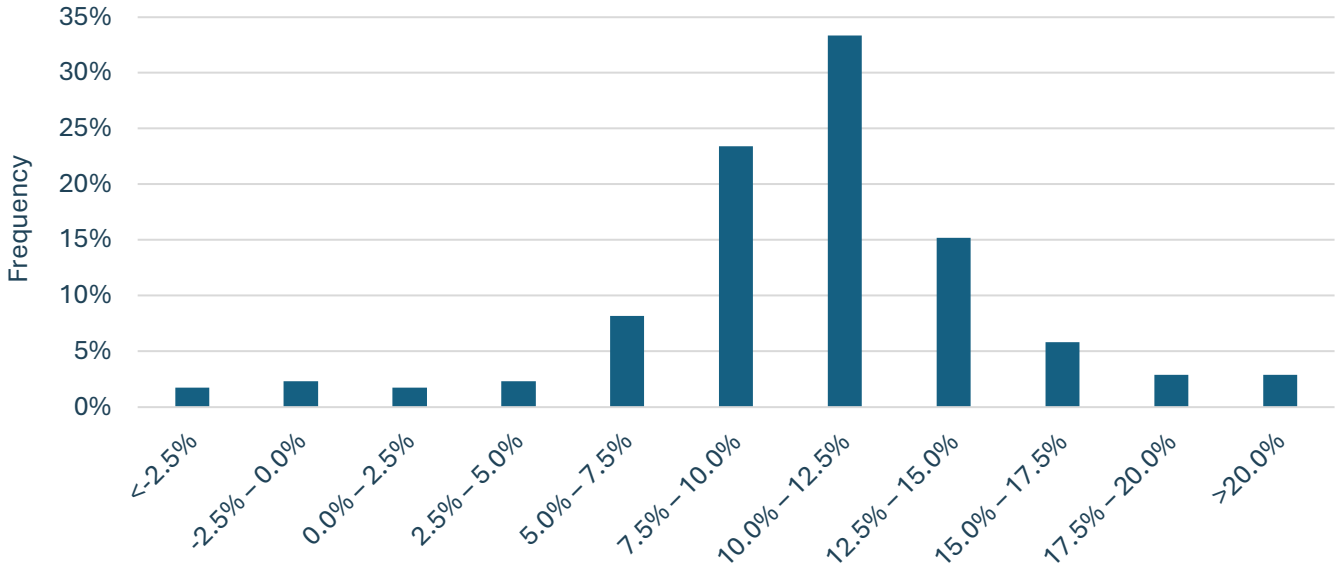
[3] https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html

[4] Bessembinder's dataset doesn't include industry classifications. We identified the industry classifications for all companies and selected the relevant companies. This approach can result in a different classification compared to the original industry classification. We excluded Independent Power Producers.

[5] DTE Energy (DTE), formerly known as Detroit Edison Company, Spire Inc. (SR), PG&E (PCG) and Consolidated Edison (ED). The latter's predecessor was New-York Gas Light Company, which was listed on the NYSE in 1824. ED remains the longest continuously listed company on the Exchange. Meanwhile, Edison International (EIX) missed the century by only four months.

Looking at the total utility dataset, the average *and* median return per annum (p.a.) were 10.4%. A third of all companies produced an average return between 10% and 12.5% p.a. Almost three-quarters of all companies produced a return between 7.5% and 15% p.a. The return profile is clustered relatively closely around this average, with few companies producing extreme positive or negative returns.

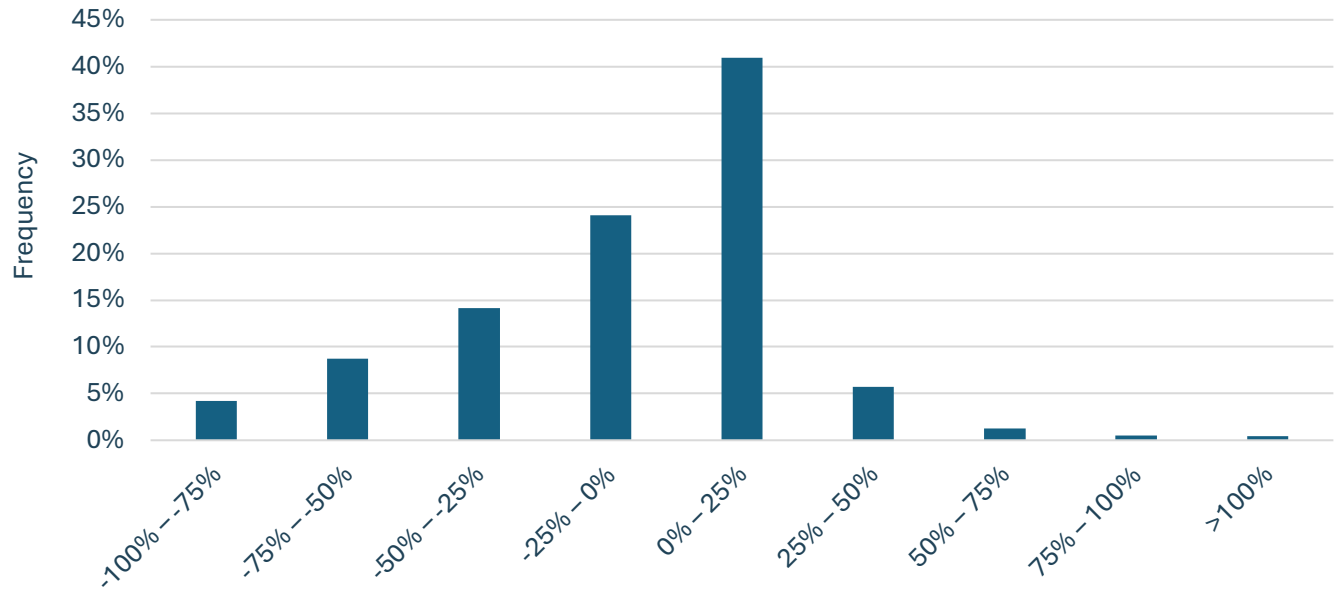
Utility Equity Returns: High Consistency, Low Dispersion



Source: https://wpcarey.asu.edu/department-finance/faculty-research/do-stocks-outperform-treasury-bills, Resolution Capital, April 2026. Past performance is no guarantee of future results.

The broader market, by contrast, shows far wider return dispersion — with long-term wealth creation concentrated in a small subset of outliers.

Broad Equity Returns Show Wide Dispersion



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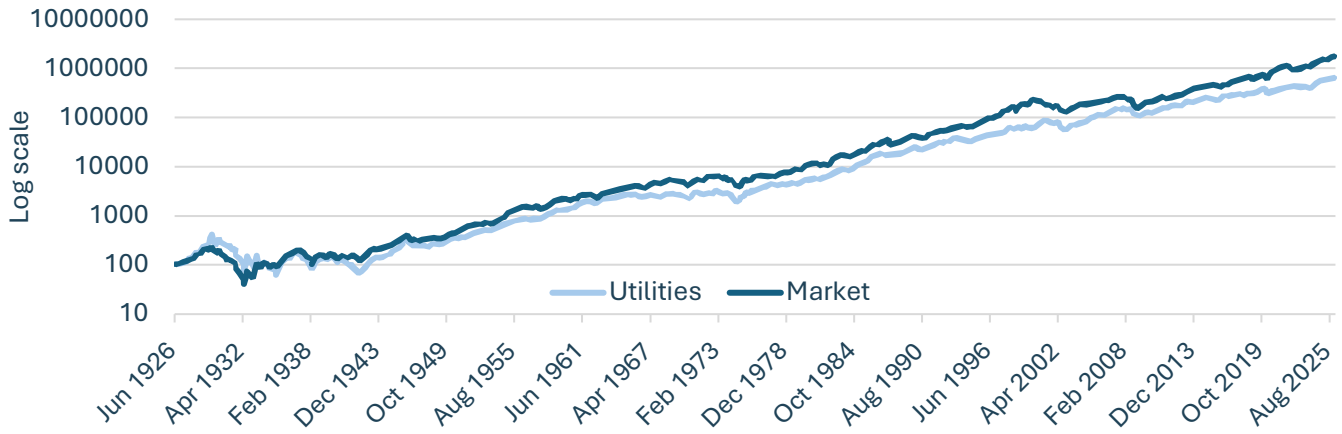
Utilities: Near-Market Returns for Lower Risk

The individual stock data above demonstrates the tight dispersion of utility returns. To compare the aggregate performance of utilities against the overall market over time, we turn to a different dataset[6]. Kenneth R. French, Professor of Finance at the Tuck School of Business at Dartmouth College, provides a dataset of returns for various sectors since July 1926.

Over almost a century, utilities produced a total return of 9.2% compared with 10.3% for the overall equities market. That market average reflects a small number of exceptional winners, while the utilities figure is delivered broadly across the cohort.

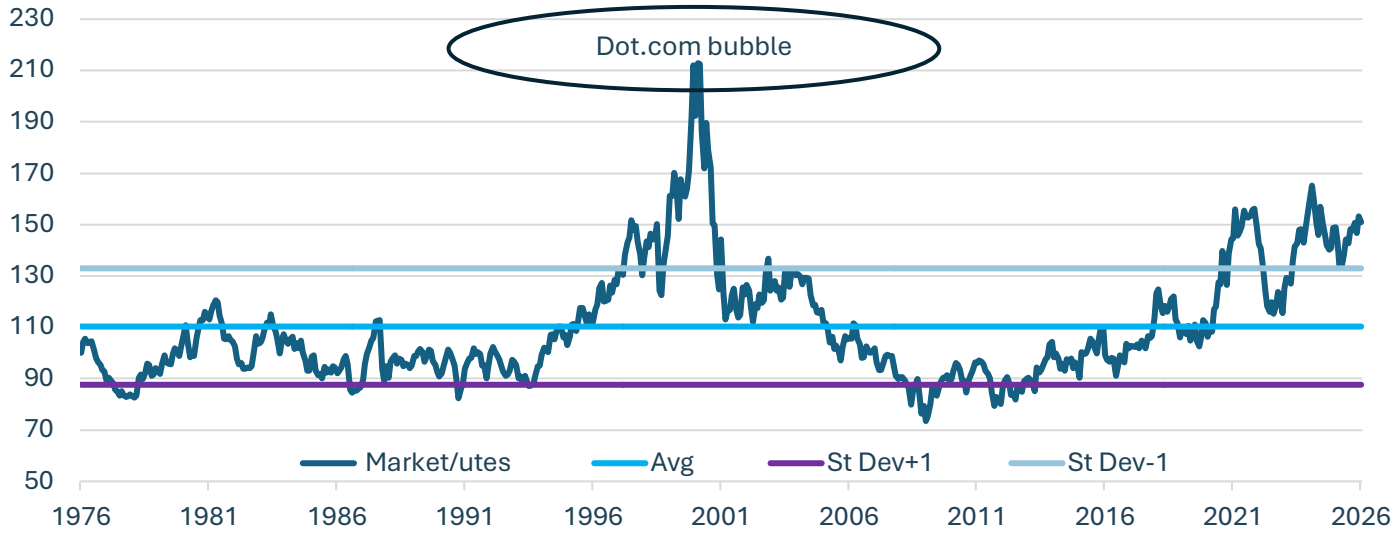
Cumulative Returns: Utilities vs Market (Last 100 Years)



Source: https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html, Resolution Capital, April 2026. Past performance is no guarantee of future results.

Over the last fifty years, the dot-com era stands out as a clear outlier, and general equities have outperformed since the Global Financial Crisis in 2009.

Relative Indexed Returns: Market vs Utilities (Last 50 Years)



Source: https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html, Resolution Capital, April 2026. Past performance is no guarantee of future results.

[6] Bessembinder's data gives individual stock buy-and-hold returns, which can't be aggregated into a sector-level time series; French provides pre-computed value-weighted industry portfolio returns that allow sector-level comparison.

Using standard deviation and beta as proxies of risk — acknowledging the shortcomings of these measures — utilities have displayed among the lowest observable risk of any equity sector. Over the last fifty years they have had the lowest beta and standard deviation. Over the full century the picture is more nuanced: utilities' beta was well below the markets, but their standard deviation was marginally higher, reflecting the higher volatility of the 1930s[7].

While various metrics suggest utilities are lower risk, utilities remain exposed to regulatory and political risk, which manifests episodically rather than continuously, with household affordability issues currently weighing heavily in our risk assessment.

During the Great Depression both utilities and the market experienced severe drawdowns, but over the last fifty years utilities provided superior downside protection — with Sharpe and Sortino ratios comparable to the overall market.

Utilities vs Market: Return and Risk Metrics

Metric	Utilities (100 years)	Market (100 years)	Utilities (50 years)	Market (50 years)
Annual Return	9.2%	10.3%	11.3%	12.3%
Annual Standard Deviation	18.8%	18.3%	13.6%	15.4%
Beta (vs Market)	0.76	n/a	0.47	n/a
Maximum Drawdown	-84.8%	-83.7%	-37.9%	-50.3%
Sharpe Ratio	0.32	0.39	0.52	0.52
Sortino Ratio	0.31	0.36	0.49	0.48

Source: https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html, Resolution Capital[8], April 2026
Past performance is no guarantee of future results.

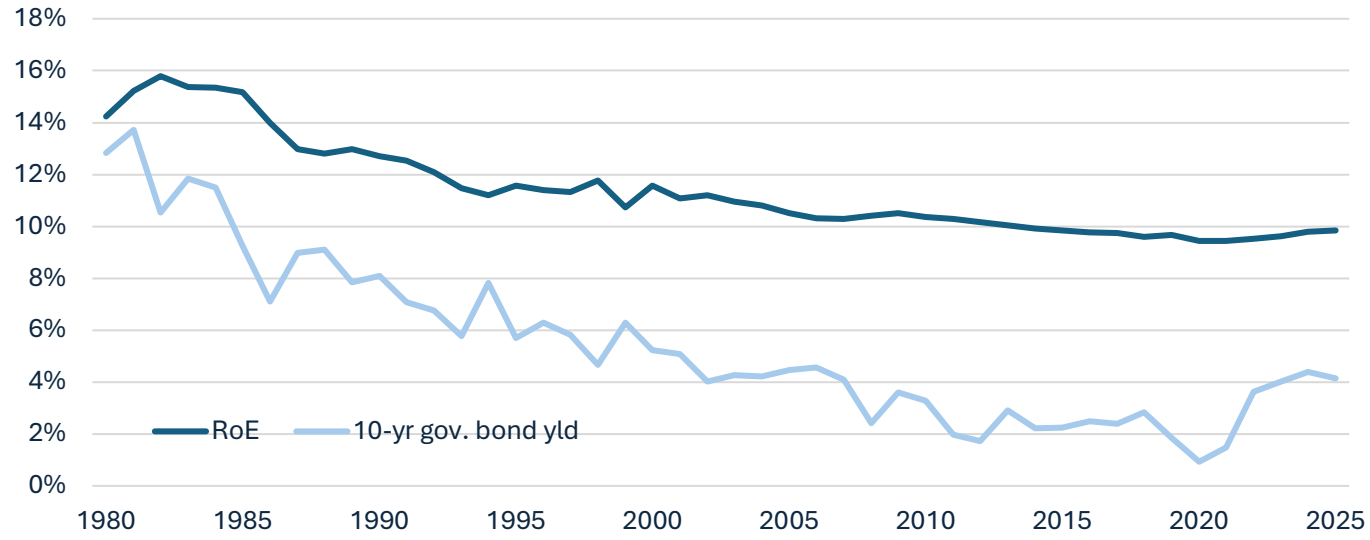
Why utility returns are structurally stable

We believe historic total returns can provide useful context for understanding long-term market behaviour but are never a replacement for fundamental research, as industry dynamics can change dramatically over time.

The utility business model is relatively straightforward in the U.S. Utilities operate as regulated natural monopolies, and they earn a regulated return on equity (RoE). This RoE is above the cost of government debt and relatively stable, as the following graph shows.

[7] During the Great Depression, utilities operated with higher leverage and poor disclosure under the holding company structures that prevailed before the Public Utility Holding Company Act (PUHCA) of 1935.
[8] Returns are geometric (compounded) annualised from monthly VW returns. Beta computed on excess returns (return − RF) via OLS covariance. Max Drawdown is peak-to-trough on cumulative monthly return series. Sharpe = (Ann. Return − Ann. RF) / Ann. Std Dev. Sortino = (Ann. Return − Ann. RF) / Ann. Downside Deviation (excess returns < 0). Full period: 1926/07 – 2026/01 (1195 months). Last 50 years: 1976/01 – 2026/01 (601 months).

Utility Regulated RoE vs Long-Term Government Bond Yields

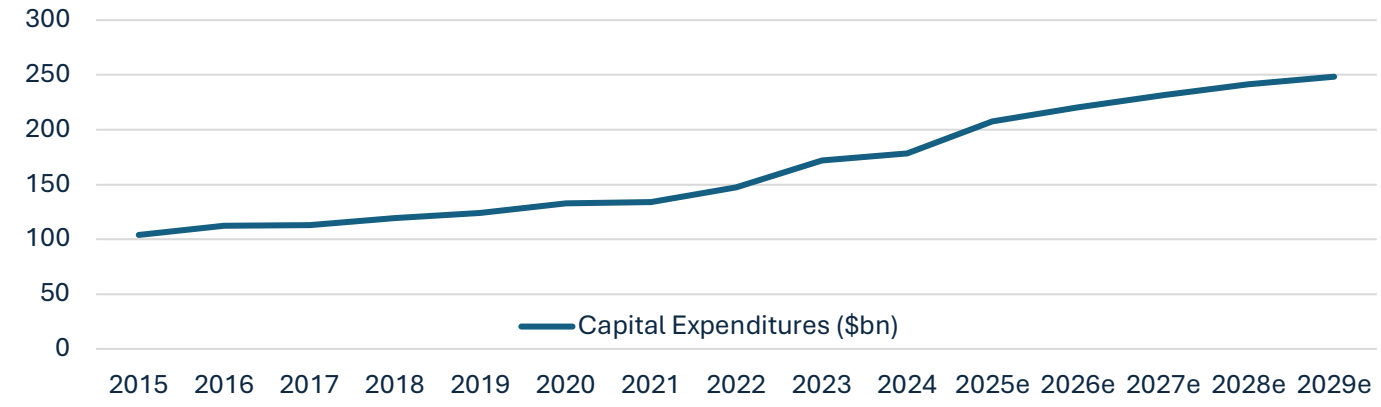


Source: FactSet, S&P Capital IQ[9], Resolution Capital, April 2026. Past performance is no guarantee of future results.

Entering the 'Golden Age'

We believe the current outlook for utilities investment is bright. Today, utility CEOs frequently talk about the 'golden age', driven by significant investment in replacing ageing infrastructure and, for electric utilities, rising electricity demand[10]. The graph below highlights the increase in capital expenditure in recent years. A decade ago, U.S. investor-owned electric utility rate bases were growing at around 5% p.a.. Based on recent guidance from the largest listed names, sector rate base growth is now running at roughly 10% p.a. As utilities earn a regulated return on the equity portion of rate base, this step-up directly underpins accelerating earnings growth across the sector. That said, a capex cycle of this scale is unprecedented in modern times. Disciplined execution by the utilities and supportive regulatory treatment will be required to deliver this growth without introducing additional risk.

Utility Capital Expenditure Is Entering a Period of Structural Growth



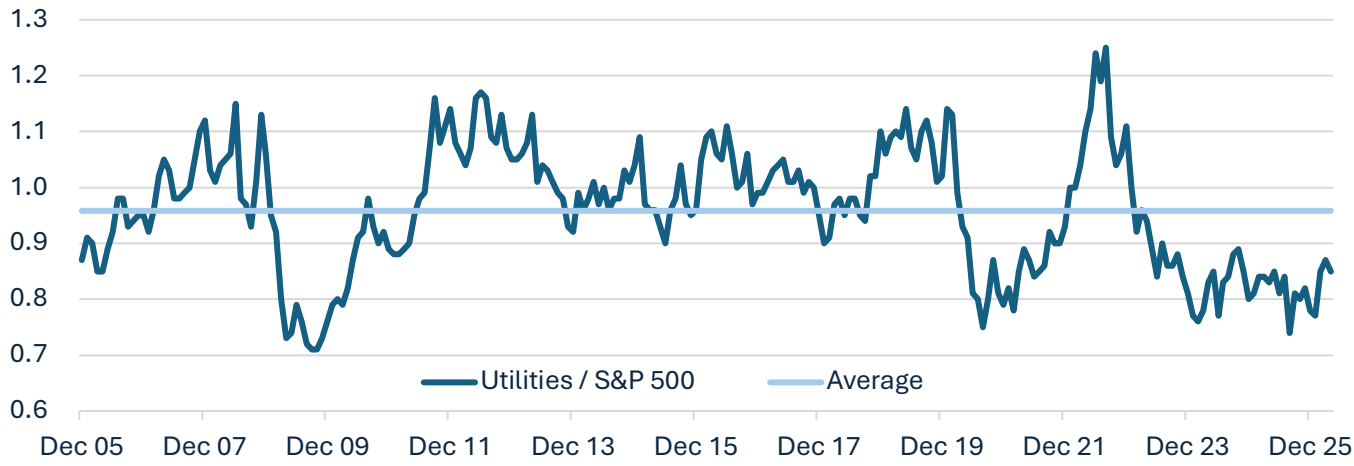
Source: Edison Electric Institute (EEI), September 2025, Resolution Capital, April 2026

[9] This is the longest available data from the S&P Capital IQ / Regulatory Research Associates website.

[10] After a period of relatively flat electricity generation between the mid-2000s and early 2020s, demand grew 2.8% in 2025 compared with 2024, according to the U.S. Energy Information Administration (EIA), published March 2026. Various forecasters assume similar growth over the coming years.

Despite this growth, when we compare the utility earnings multiple with the overall equity market, utilities are currently trading at a 10% discount.

Utilities trade at a discount to the S&P 500



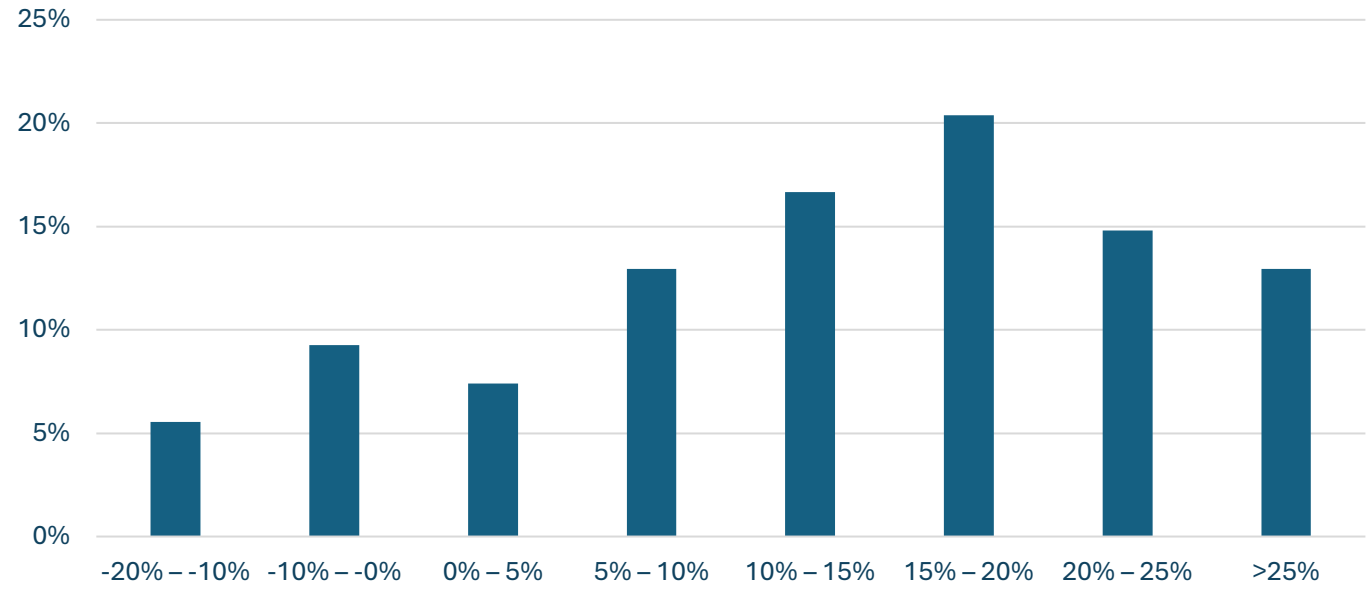
Source: FactSet, Resolution Capital, April 2026. Utilities index used is S&P utilities index. We use next-twelve months consensus data.

Short-term volatility creates active opportunities

Utility returns are tightly distributed over long horizons, but within a one-year timeframe a very different picture emerges. Looking across 54 U.S. utilities currently listed, the cross-sectional standard deviation of annualised returns is just 4% over the decade to end-2025, and 3% over the past 25 years. Within-year return volatility (annualised) averaged 15% p.a. over the past decade, ranging from 12% in 2022 to 18% in 2024.

2025 was the second-lowest volatility year of the past decade, yet calendar-year returns across utilities spanned a wide range rather than clustering around the mean. Even in less volatile years, this dispersion creates opportunities for active fund managers.

Return distribution in 2025



Source: FactSet, Resolution Capital, April 2026. Past performance is no guarantee of future results.

Mispricing surfaces at the security, sector and regional level. For example, it wasn't long ago that U.S. water utilities traded at a material earnings multiple premium to electric utilities. However, as electric utility earnings growth has accelerated, those multiples have largely mean-reverted. Beyond valuation, small differences in regulatory outcomes — allowed returns on equity, rate base growth, cost recovery mechanisms — compound over time and are a persistent source of edge for managers who undertake detailed regulatory analysis. Given the regulatory and social pressures utilities must now navigate, we believe active management is more critical than ever.

This is where the contrast between long- and short-term return distributions matters. Over long horizons, utility returns cluster tightly, meaning there are few outliers to pick and limited upside from concentrated bets. Within shorter periods, dispersion is materially wider, and that is where active management earns its keep. Alpha in utilities comes less from buying and holding a select few names than from acting on the occasional mispricing with conviction — while sidestepping detractors. Since the inception of the Resolution Capital Global Listed Infrastructure Fund in 2021, stock selection within the global utilities sector has contributed almost 4% p.a. of pre-fee alpha, accounting for more than two-thirds of total Fund outperformance.[11]

Conclusion

This paper has set out evidence for a structural distinction between utilities and the broader equity market. Where long-term general equity returns concentrate in a small number of exceptional winners, utility returns are produced consistently across the cohort.

Across more than a century of data, utility returns have been narrowly distributed, with the vast majority of companies generating positive real returns and outperforming Treasury bills. In aggregate, utilities have delivered returns close to the overall market, but with materially lower risk, particularly over recent decades.

Three structural features explain these outcomes: regulated monopoly status, stable returns on equity, and steady reinvestment into the asset base. Together, they support sustained compounding — and looking ahead, we believe those drivers are strengthening. Rising capital expenditure, driven by grid modernisation, electrification and increasing electricity demand, expands the regulated asset base and underpins continued earnings growth.

For investors, the implication is clear: utilities are one of the few areas of equity markets where long-term returns do not depend on identifying a small number of exceptional companies. Instead, they are delivered through persistent compounding at attractive returns over long periods of time. Within this framework, active managers can add further value by understanding regulatory nuance, exploiting mispricing, and capturing the short-term dispersion that coexists with the long-term stability.

[11] Past performance is no guarantee of future results.

FURTHER INFORMATION

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