

# The 3 Best-Performing Funds of the Past 25 Years

Baron Opportunity Fund topped the list.

Jan 27, 2026 | by Gabe Alpert

## Key Takeaways

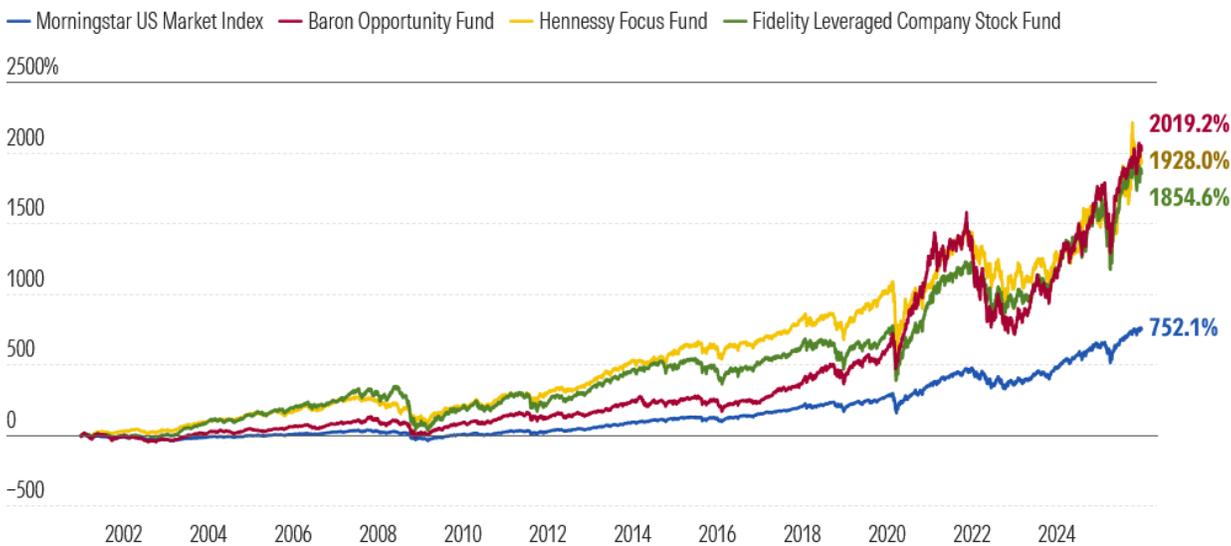
- The best-performing fund of the past 25 years was the Baron Opportunity Fund, a large-cap growth fund which says it isn't afraid to make early bets on innovators like Nvidia.
- In second place is the Hennessy Focus Fund, which aims to pick better stocks by picking fewer ones.
- The managers of the third-place Fidelity Leveraged Company Stock Fund leverage credit analysis expertise and mindset to find stocks.

For investors with a long-term horizon, it can be helpful to see which funds' strategies have worked over multiple decades. These are the top three US stock funds of the past 25 years, based purely on performance.

Over this period, the best-performing US stock fund was the \$1.8 billion Baron Opportunity Fund BIOPX with an annualized 13% return through the end of 2025. The \$550 million Hennessy Focus Fund HFCSX returned 12.8%, and the \$3.8 billion Fidelity Leveraged Company Stock Fund FLVCX brought in 12.6%. The US stock market, as measured by the Morningstar US Market Index, managed annualized gains of 9% a year over the same period.

Each fund took a different approach to beating the market. The Baron Opportunity Fund runs a large-cap growth portfolio of household names that it identified early. The Hennessy Focus fund aims to find outperforming stocks by focusing on fewer picks and putting more research behind them. The managers of the Fidelity Leveraged Company fund bring a credit analyst's skill set to stock picking.

## The Best-Performing Funds of the Past 25 Years



Source: Morningstar. Data as of Dec. 31, 2025.

## Top-Performing Funds of the Last 25 Years

Name	Ticker	Fund Size (\$B)	Expense Ratio (%)	Morningstar Category	25-Year Trailing Annualized Return (%)
Baron Opportunity Fund	BIOPX	1.78	1.31	Large Growth	12.99
Fidelity Leveraged Company Stock Fund	FLVCX	3.79	0.69	Large Blend	12.63
Hennessy Focus Fund	HFCSX	0.55	1.49	Mid-Cap Blend	12.79

## The 3 Best-Performing Funds of the Past 25 Years

We screened the actively managed strategies in the US equity category. We excluded sector funds, those with less than \$100 million in assets, and new funds with less than 25 years of history. Performance was measured from Dec. 31, 2000 to Dec. 31, 2025.

### Baron Opportunity Fund

The top-performer was the Baron Opportunity Fund, which returned 13.0% annualized over the past 25 years, beating its peers in the large-cap growth category—which returned 7.6% on average—as well as the benchmark Morningstar US Large-Mid Cap Broad Growth Index’s 8.9% annualized return. It came out 4 percentage points ahead of the broader US stock market on an annualized basis.

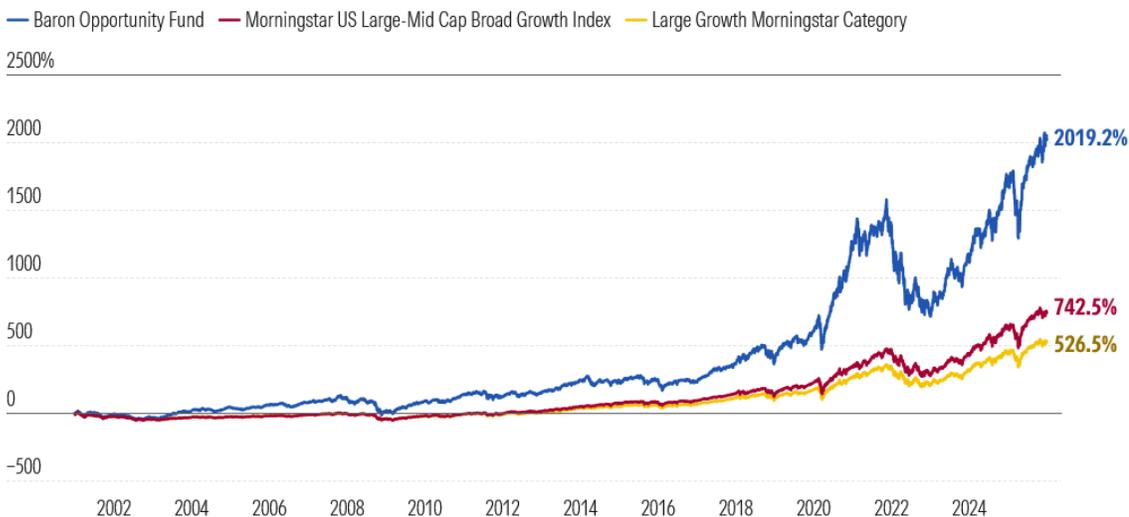
According to Baron Capital VP and head of technology research Michael Lippert, who has managed the strategy since 2006, the fund looks for growth companies with

durable competitive advantages and strong management teams. Overall, he says, the fund looks for companies whose stock prices are likely to double over five years. The fund also looks for companies with strong organic revenue growth (revenue not from acquisitions). “We model every single company out at least four or five years to really understand what’s going to drive the revenue growth, and how that revenue growth going to convert into earnings and free cash flow.”

Searching for these traits has led Lippert’s team to a portfolio of large-cap tech firms, especially artificial-intelligence-focused companies, like many other growth funds. According to Lippert, what separates them is a willingness to go in early on these innovators. “We don’t have to worry about if a stock in the portfolio is going to perform this year; we can wait,” he says.

The Baron Opportunity Fund first purchased Nvidia NVDA in September of 2018, well before the boom in machine learning. The stock since has returned 2,580%.

## Baron Opportunity Fund Performance



Source: Morningstar. Data as of Dec. 31, 2025.

## Hennessy Focus Fund

The mid-cap Hennessy Focus Fund came in second. The \$550 million fund generally holds just 22 stocks and has a low turnover ratio of just 10%, meaning the team only trades out a couple of names each year.

“The key to great active management for this fund is not getting distracted by things outside the core of what we’re trying to accomplish,” says Brian Macauley, who has worked as one of the fund’s portfolio managers for 16 years. He says the fund’s goal is to find stocks that will return about 15% a year over a decade.

The fund looks risky by some measures. Morningstar analysts assign it a Neutral Rating, meaning they’re not confident that it will outperform a relevant index or most peers over a market cycle on a risk-adjusted basis.

This fund’s steadier days may be behind it. The reason is a ballooning position in AST SpaceMobile, a very young company with both promise and potential peril. Managers Brian Macauley, David Rainey, and Ira Rothberg are betting big on shares of this specialty satellite company, which they first purchased in 2021. They believe the company is grossly undervalued given the magnitude of its opportunity to provide

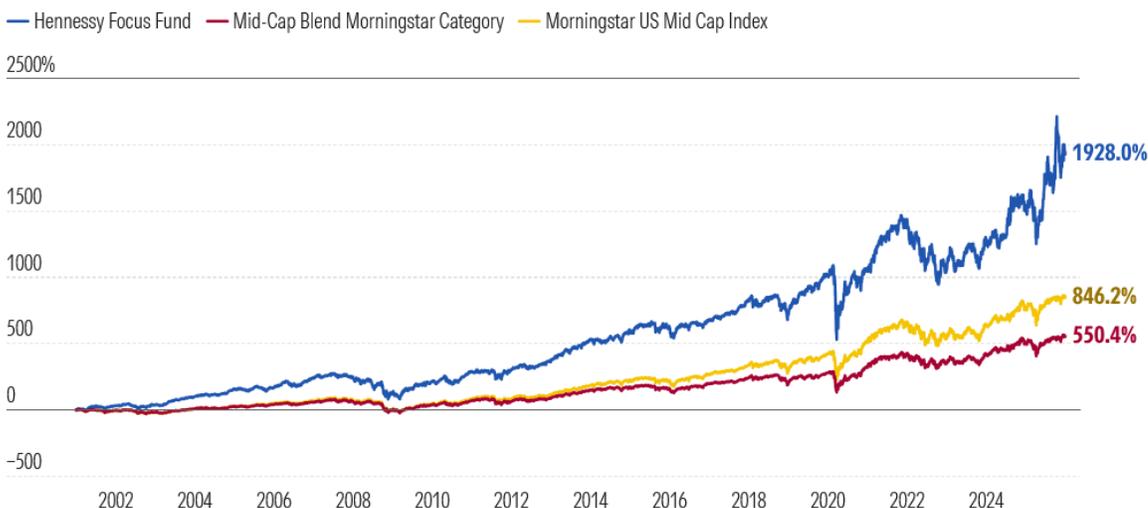
supplementary satellite broadband cell service coverage and contribute to US defense technology. To their credit, the stock has shot up from around \$10 in mid-2021 to \$40 as of Sept. 15, 2025. However, the stock had peaked nearly 50% higher at about \$59 a share just a couple of months earlier, highlighting the huge swings in the market’s outlook for the company and the underlying uncertainty.

While a fourth of the portfolio is now dominated by one stock, the remainder is more reminiscent of the managers’ core process, which anchors to profitable businesses with decent growth potential, little risk of obsolescence, and some form of competitive protection. Longtime holdings include the likes of auto retailer O’Reilly Automotive, cell tower REIT American Tower Corp, and CarMax. Contrary to many peers, the managers tend to underweight the healthcare and technology sectors because of their small team’s inability to sufficiently cover those technical areas and a preference to avoid companies with greater regulatory or business uncertainty.

Adam Sabban, associate director.

The fund’s 12.8% annualized return over the past 25 years exceeded both the 7.8% of its mid-cap blend peers and the 9.4% of the benchmark Morningstar US Mid Cap Index.

## Hennessy Focus Fund Performance



Source: Morningstar. Data as of Dec. 31, 2025.

## Fidelity Leveraged Company Stock Fund

The third-best performer on our list was Fidelity’s Leveraged Company Stock Fund, which brings the company’s credit analysis competency to the world of stock picking. The fund’s unusual mandate requires it to invest at least 65% of its portfolio in companies with credit ratings of BBB+ or below. These are highly leveraged firms considered low-end investment-grade debt at best (including speculative debt).

“There are times when markets don’t fully understand how to look at a balance sheet and then really panic at a company’s leverage levels,” explains co-portfolio manager Mark Notkin. “We can look at that company and see it’s totally fine, and that the market is panicking for no reason.” Notkin says the strategy allows the fund to find undervalued companies that have scared off other investors due to debt-laden balance sheets, but which he and his team see are sound and not at risk of default.

The fund is riskier than most other large-cap blend funds, owing to its high concentration of companies rated BBB+ and below. DBRS Morningstar defines such companies as having adequate credit quality with “acceptable” capacity for the payment of financial obligations. BBB-rated debts may be vulnerable to future events. Credit ratings below that are considered speculative, with uncertain capacity for the payment of financial obligations.

The Leveraged Company Stock Fund has a standard deviation (a measure of how volatile a fund’s returns are) of 20.70 over the last 10 years, compared with 15.39 for the US Large-Cap Blend Index.

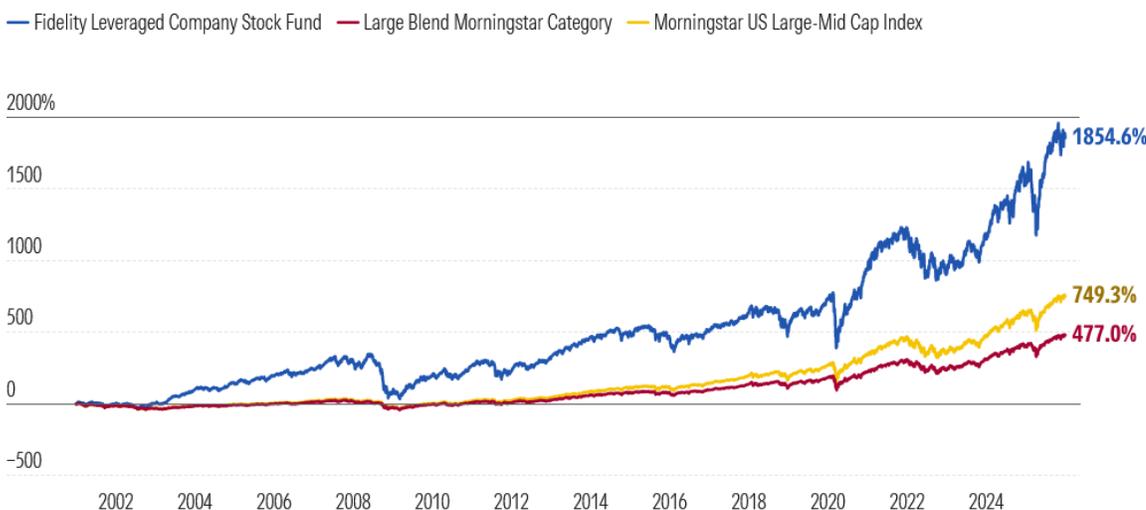
The fund has averaged a 12.6% annualized return over the past 25 years compared with the large-cap blend category average of 7.3% and the US Large-Mid Cap Index averaging 8.9%.

Outside of its speculative credit mandate, the fund does invest in companies with higher credit ratings. Its largest holding is chip giant Nvidia, which makes up 6.3% of the portfolio and comes with an AA- credit rating, according to S&P Global.

Notkin says he generally looks to free cash flow to get the clearest picture of a business’s profitability and growth, but he notes caveats. One is that due to large capital expenditures, many tech firms have depressed free cash flow, relative to net income.

Notkin believes that capital expenditures for tech tend to be front-loaded in each cycle of innovation, meaning that the firms need to invest heavily when a technology is new, but can lower capex spending as it matures. He says it’s therefore fair to also look at net income, because such capex will decrease as the innovation cycle goes on. “Looking at the asymmetric profile of high-yield bonds, there’s more downside than upside, so we’re trained to focus on looking for red flags that might get ignored by a more ‘glass half full’ equity investor.”

## Fidelity Leveraged Company Stock Fund Performance



Source: Morningstar. Data as of Dec. 31, 2025.

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