

**Headline**

Large Caps Lead Earnings Beats And Guidance Raises

**Verdict**

Yes. Large-caps are outperforming mid- and small-caps on both earnings beats and guidance upgrades. The edge reflects scale, AI/cloud exposure, stronger balance sheets, and better visibility in a high-funding-cost regime.

**Fast Numbers**

- Large-cap beat rate: 92.84%.
- Medium-cap beat rate: 85.00%.
- Small-cap beat rate: 81.89%.
- Large raises: 184 versus 26 cuts.
- Medium raises: 152 versus 37 cuts.

**Regime Read**

AI infrastructure, cloud, semiconductors, and rate-supported financials favor scaled issuers. Smaller companies face tighter capital access, more cyclical demand, litigation overhangs, and greater refinancing sensitivity.

**Guidance Watch**

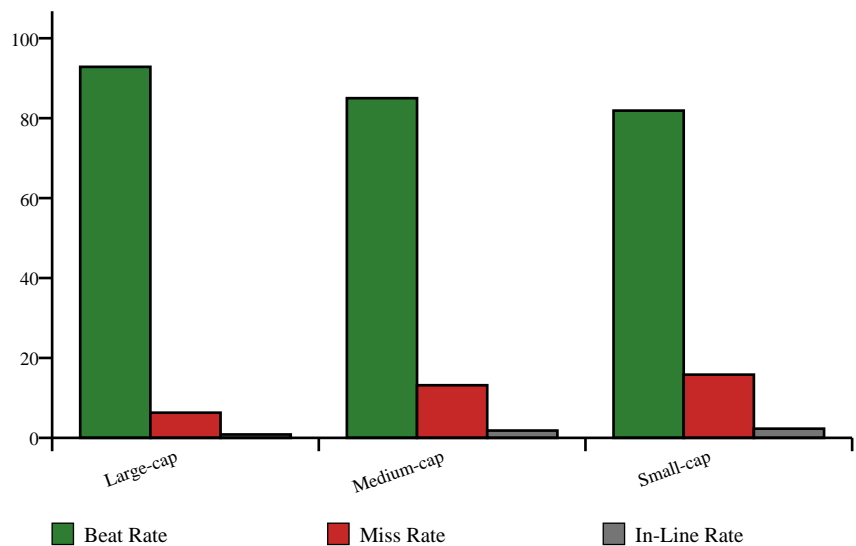
- Large upgrade share leads at 38.82%.
- Medium cuts have the highest downgrade share: 7.14%.
- Small caps skew more inline than upgraded.
- Small not-provided share is highest: 2.06%.

**Risk Watch**

- AI capex durability after heavy financing.
- Refinancing costs for small and mid caps.
- Consumer softness in discretionary cohorts.
- Fuel, FX, and commodity margin shocks.
- Securities litigation around weaker issuers.

**Thesis: The Size Premium Is Showing Up In Earnings:**

Large-caps are clearly ahead this season: their 92.84% beat rate is 7.84 points above medium-caps at 85.00% and 10.95 points above small-caps at 81.89%. Guidance shows the same pattern, with large-caps raising outlooks in 38.82% of guidance records versus 29.34% for medium-caps and 28.18% for small-caps. The reason is not simply market optimism. The current regime rewards scale: AI infrastructure spending, cloud demand, semiconductor capex, recurring revenue, bank net interest income, and industrial backlogs are concentrated in larger issuers, while smaller companies are more exposed to funding costs, consumer softness, and idiosyncratic execution risk.

**Beat/Miss Mix: Large Caps Have The Cleanest Result Profile****Beat/Miss Mix: Large Caps Have The Cleanest Result Profile:**

The beat/miss mix confirms the scale advantage. Large-caps delivered 545 beats, 37 misses, and 5 in-line results out of 587 reports, while medium-caps had 697 beats and 108 misses out of 820 reports and small-caps had 321 beats and 62 misses out of 392 reports. Medium-caps produced more absolute beats because the reporting sample is larger, but the rate quality is weaker: large-cap misses were only 6.30% of reports versus 13.17% for medium-caps and 15.82% for small-caps. That gap fits the macro backdrop, where larger firms have better pricing power, broader end markets, and cheaper access to capital as elevated rates and refinancing pressure hit smaller balance sheets harder.

**Cohort Detail: The Large-Cap Edge Is Not Just S&P; 500 Membership**

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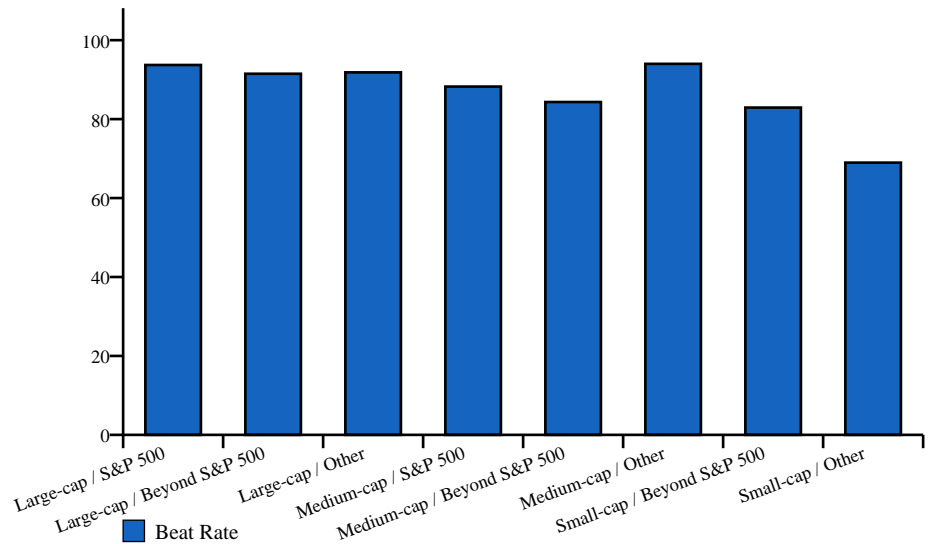
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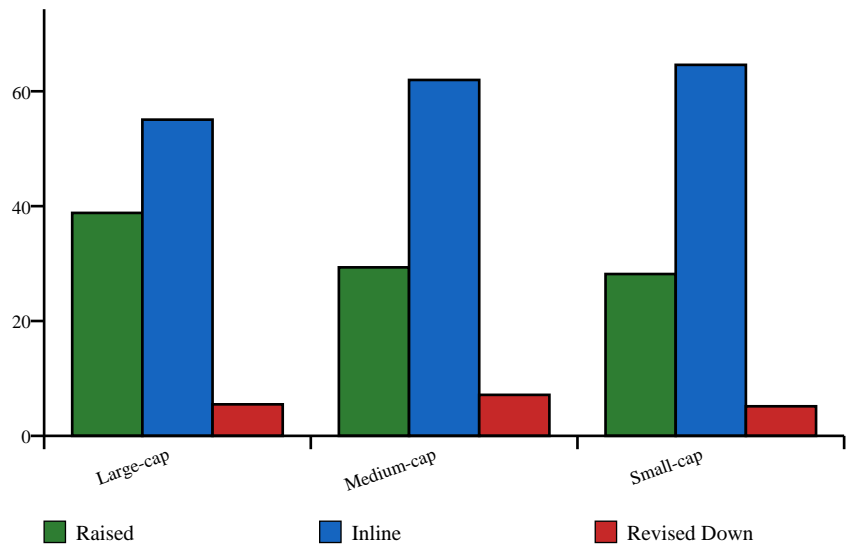
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## Cohort Detail: The Large-Cap Edge Is Not Just S&P; 500 Membership:

The cohort breakdown shows that the large-cap advantage is broad, not only an S&P; 500 effect. Large-cap S&P; 500 names posted a 93.71% beat rate, but large-caps beyond the S&P; 500 were still strong at 91.49%, ahead of the main medium-cap beyond-S&P; cohort at 84.33% and the small-cap beyond-S&P; cohort at 82.92%. Medium-cap other names posted 94.00%, but that is a smaller 50-company sample, so it is less representative than the 753-company medium-cap beyond-S&P; cohort. This pattern suggests quality, liquidity, and business-model durability are driving results, which is consistent with a regime where investors reward scaled AI, financial, energy, and industrial winners while penalizing less diversified issuers.

## Guidance: Large Caps Are Converting Beats Into More Upgrades



## Guidance: Large Caps Are Converting Beats Into More Upgrades:

Guidance is where the large-cap outperformance becomes most investable. Large-caps recorded 184 raises and 26 downward revisions, compared with 152 raises and 37 downward revisions for medium-caps and 82 raises and 15 downward revisions for small-caps. The large-cap raise share was 38.82%, well above medium-caps at 29.34% and small-caps at 28.18%, while the medium-cap downgrade share was the highest at

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7.14%. Larger management teams appear more comfortable raising outlooks because they have better demand visibility from AI/cloud, recurring revenue, financial income, energy cash flows, and industrial backlogs; mid- and small-cap teams are more likely to stay inline because funding costs, input volatility, and end-market softness make forward commitments riskier.

## Bottom Line: Large Caps Are Outperforming, But Small And Mid Caps Are Not Broken:

The answer is yes: large-caps are outperforming small- and mid-caps on both beats and guidance quality. The nuance is that small- and medium-cap results are still broadly positive, with beat rates above 80%, so the issue is not a collapsed earnings cycle. The issue is conversion: large-caps are turning strong results into upgrades more often because the current macro forces favor companies with scale, liquidity, diversified revenue, and direct exposure to AI infrastructure, financial income, energy cash flow, and industrial backlogs. For positioning, the data supports a large-cap quality bias, with selective exposure to small- and mid-cap companies tied to the same structural drivers and caution toward levered, consumer-sensitive, or litigation-exposed issuers.