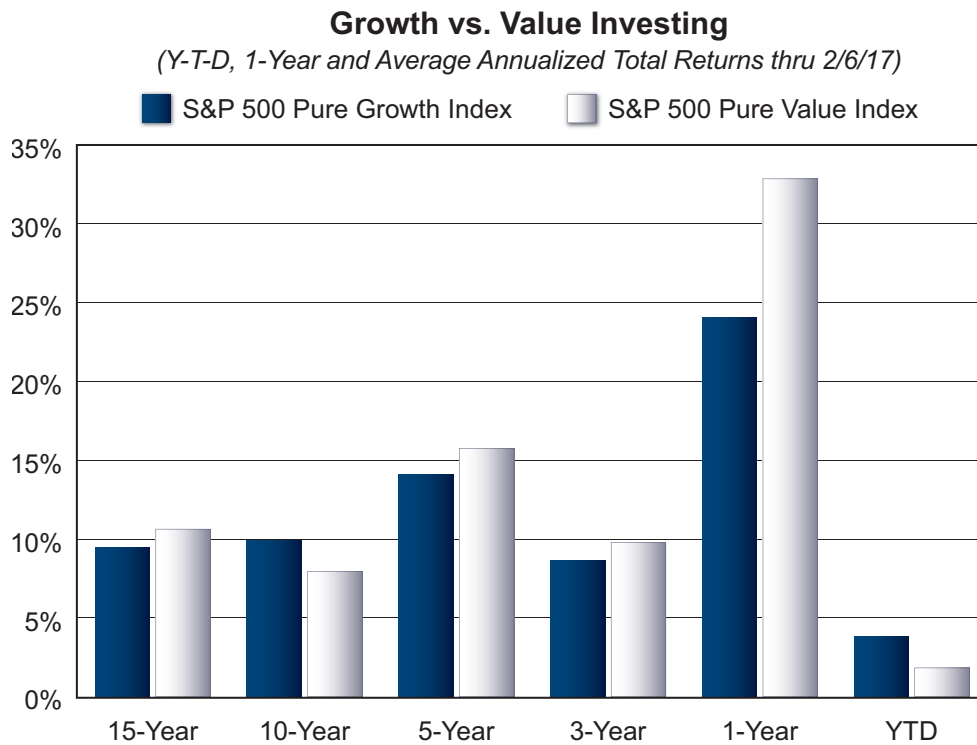


# A Snapshot of Growth vs. Value Investing



*Source: Bloomberg. Past performance is no guarantee of future results*

## View from the Observation Deck

1. Today's blog post is an update of one we do on an ongoing basis. Investors can compare today's snapshot to the one we did on 10/27/16 ([click here to view](#)).
2. Growth style investing tends to outpace value style investing when the earnings growth rates of companies accelerate faster than the broader market, such as right after the economy exits a recession.
3. In today's chart, the S&P 500 Pure Growth Index outperformed its value counterpart in two of the six periods. Growth investing topped value investing for the 10-year and year-to-date periods through 2/6/17.
4. The returns were as follows (Pure Value vs. Pure Growth): 15-yr. average annualized (10.63% vs. 9.45%); 10-yr. average annualized (7.94% vs. 9.92%); 5-yr. average annualized (15.76% vs. 14.09%); 3-yr. average annualized (9.78% vs. 8.67%); 1-yr. (32.85% vs. 24.05%) and Y-T-D (1.83% vs. 3.85%).
5. In 2016, the Large Value and Large Growth fund categories tracked by Morningstar, which include both open-end mutual funds and exchange-traded funds, reported estimated net flows totaling \$15.38 billion and -\$101.78 billion, respectively, according to its own release. Large Blend funds and ETFs reported estimated net inflows totaling \$86.87 billion over the same period, an indication that many investors may not currently favor one style over the other, in our opinion.
6. It will be interesting to see if President Trump's pro-growth, pro-U.S. agenda tilts investor sentiment towards growth stocks in 2017 and 2018. We intend to monitor this moving forward.

*This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Pure Growth Index is a style-concentrated index designed to track the performance of stocks that exhibit the strongest growth characteristics based on three factors: sales growth, the ratio of earnings change to price, and momentum. It includes only those components of the parent index that exhibit strong growth characteristics, and weights them by growth score. Constituents are drawn from the S&P 500 Index. The S&P 500 Pure Value Index is a style-concentrated index designed to track the performance of stocks that exhibit the strongest value characteristics based on three factors: the ratios of book value, earnings, and sales to price. It includes only those components of the parent index that exhibit strong value characteristics, and weights them by value score. Constituents are drawn from the S&P 500 Index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.*