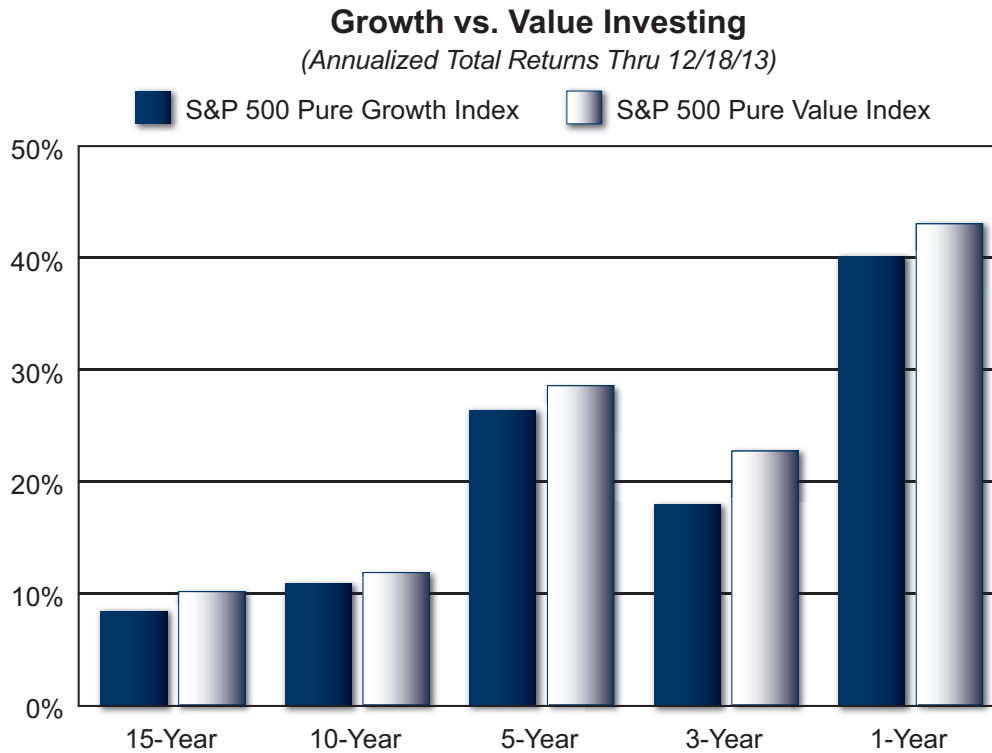


# Style Is A Function Of The Times



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

## View from the Observation Deck

1. The S&P 500 Growth Index and S&P 500 Value Index are comprised of 300 members and 355 members, respectively. How can this be if the S&P 500 has only 500 constituents?
2. The number exceeds 500 because some of the constituents can possess both growth and value characteristics at a given time – a blend if you will.
3. In order to track the performance of each style more accurately, Standard & Poor's created the S&P 500 Pure Growth Index (112 members) and S&P 500 Pure Value Index (110 members).
4. Conventional thought suggests that, over time, the value style of investing should have an edge in performance over the growth style due to the compounding of higher stock dividend payouts.
5. Investing for growth tends to outpace value investing when the earnings growth rates of said companies accelerate faster than the broader market, such as right after the economy exits a recession.
6. The S&P 500 Pure Value Index outperformed the S&P 500 Pure Growth Index in all five periods featured in the chart.
7. Those returns were as follows (Pure Value vs. Pure Growth): 15-yr. (10.14% vs. 8.40%); 10-yr. (11.84% vs. 10.88%); 5-yr. (28.56% vs. 26.38%); 3-yr. (22.72% vs. 17.90%); and 1-yr. (43.05% vs. 40.08%).
8. For the time being, it looks like conventional thought is right on the money.

*This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. 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 comprised of 112 growth stocks selected via the following 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®. The S&P 500 Pure Value Index is comprised of 110 value stocks selected via the following 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®.*