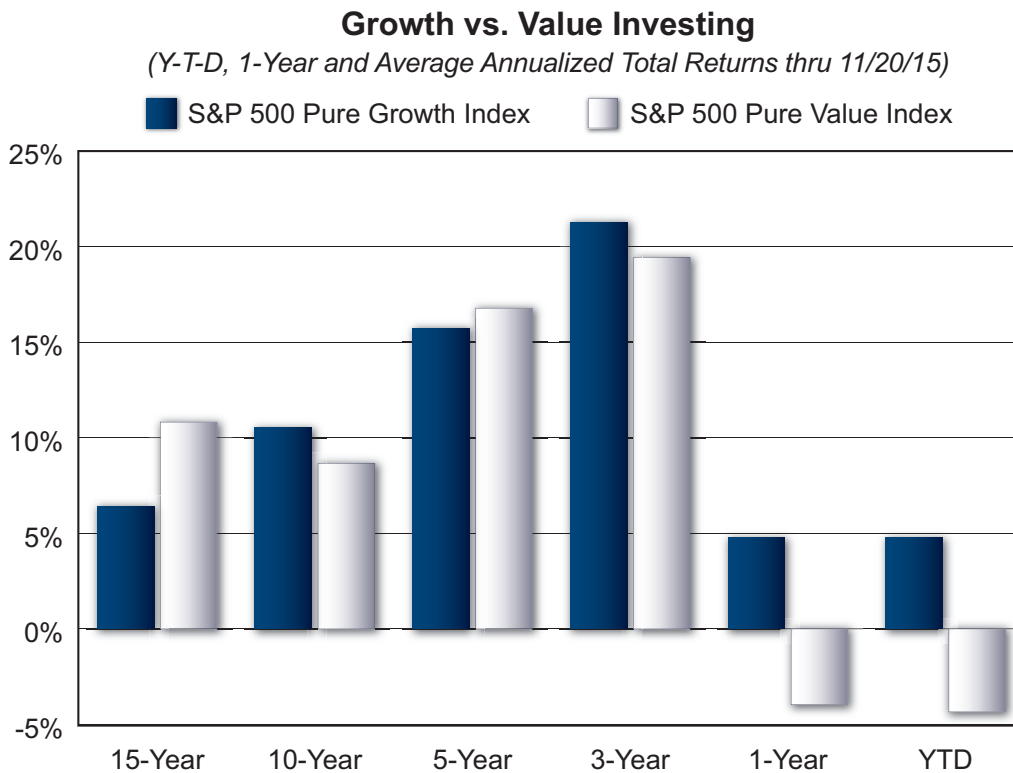


A Snapshot of Growth vs. Value Investing



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

View from the Observation Deck

1. Today's blog post is an update of a previous one. Investors can compare today's snapshot to the one we did on 9/10/15 ([click here to view](#)).
2. 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.
3. In today's chart, the S&P 500 Pure Growth Index outperformed its value counterpart in four of the six periods. More recently, growth investing topped value investing on a year-to-date, 1-year and 3-year basis through 11/20/15.
4. The returns were as follows (Pure Value vs. Pure Growth): 15-yr. average annualized (10.82% vs. 6.43%); 10-yr. avg. annualized (8.66% vs. 10.53%); 5-yr. avg. annualized (16.78% vs. 15.73%); 3-yr. avg. annualized (19.44% vs. 21.26%); 1-yr. (-3.96% vs. 4.79%) and Y-T-D (-4.34% vs. 4.76%).
5. The Large Value and Large Growth fund categories tracked by Morningstar, which include both open-end mutual funds and ETFs, reported net outflows totaling \$24.14 billion and \$22.58 billion, respectively, in the first 10 months of 2015, according to its own release. Investors redeemed capital from Large Growth funds despite the fact that the S&P 500 Pure Growth Index posted gains.
6. Today, Goldman Sachs released its outlook for equity investing in 2016, according to CNBC. It believes that companies with strong balance sheets will outperform in a rising interest rate climate. Goldman also favors companies with high U.S. sales over companies with significant foreign exposure, as well as companies able to boost their profit margins.

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.