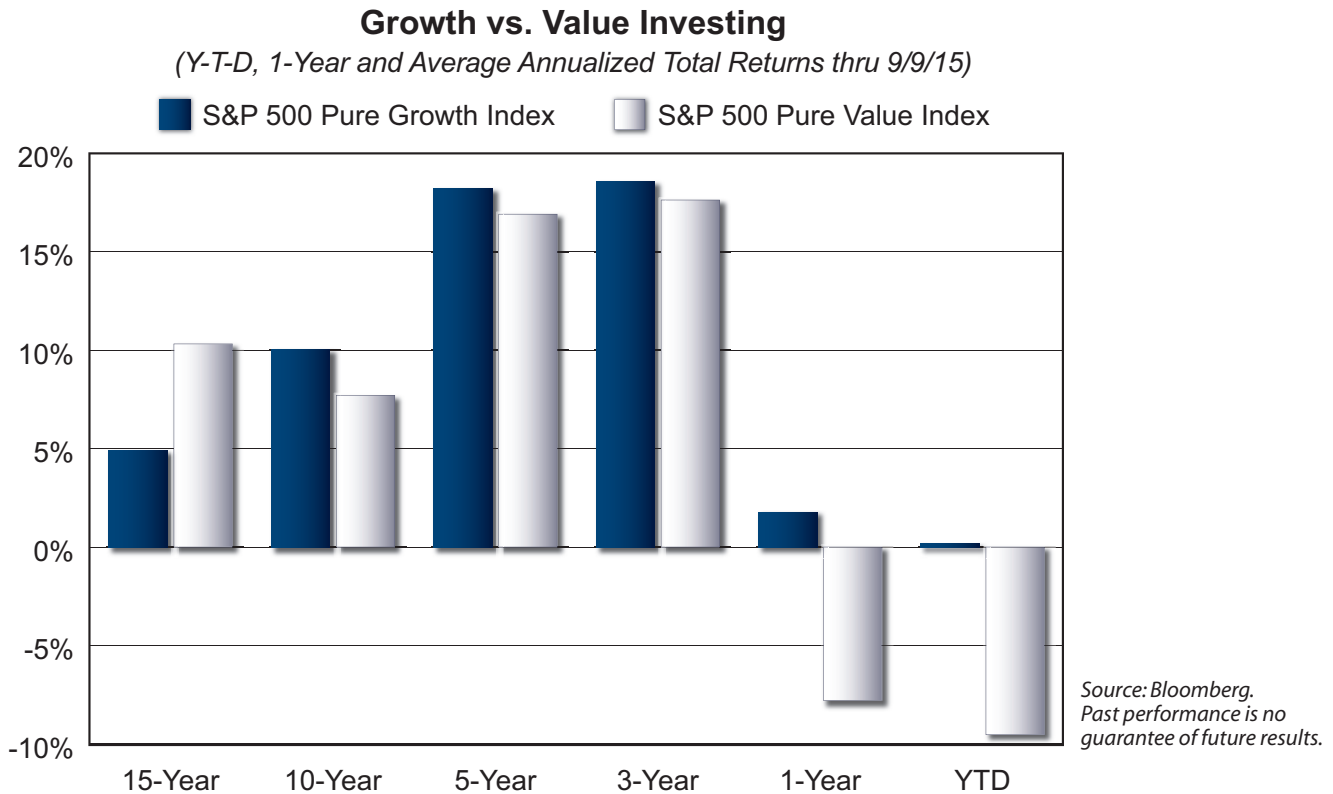


# A Snapshot of Growth vs. Value Investing



## 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 4/16/15 ([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 every comparison except for the 15-year period ended 9/9/15.
4. The returns were as follows (Pure Value vs. Pure Growth): 15-yr. average annualized (10.32% vs. 4.91%); 10-yr. avg. annualized (7.71% vs. 10.04%); 5-yr. avg. annualized (16.91% vs. 18.21%); 3-yr. avg. annualized (17.63% vs. 18.55%); 1-yr. (-7.79% vs. 1.77%) and Y-T-D (-9.53% vs. 0.17%).
5. Despite the fact that the S&P 500 Pure Growth Index was in positive territory year-to-date through 9/9/15, and outperformed the S&P 500 Pure Value Index by 970 basis points, investors pulled a significant amount of capital from Large Growth funds. The Large Value and Large Growth fund categories tracked by Morningstar, which include both open-end mutual funds and ETFs, reported net outflows totaling \$18.67 billion and \$26.78 billion, respectively, in the first seven months of 2015, according to its own release.

*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 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 117 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®. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.*