

Snapshot of U.S. Equity Styles/Market Caps

Y-T-D Total Returns, Earnings Growth Rates & Price-to-Earnings (P/E) Ratios For U.S. Styles/Market Caps

Index	Y-T-D Total Returns	2016 EPS Growth Est.	2016 P/E Est.	2017 EPS Growth Est.	2017 P/E Est.	3-Year Avg. P/E
S&P 500 Growth	-0.08%	15.32%	19.27	13.47%	16.98	20.37
S&P 500 Value	1.18%	1.32%	15.64	14.13%	13.71	15.10
S&P MidCap 400 Growth	0.22%	18.28%	19.81	12.76%	17.57	24.01
S&P MidCap 400 Value	4.50%	-0.07%	17.57	12.55%	15.61	19.69
S&P SmallCap 600 Growth	-1.43%	28.29%	19.93	13.36%	17.58	25.47
S&P SmallCap 600 Value	2.30%	14.64%	18.61	18.20%	15.75	24.27

Source: Bloomberg. Data thru 4/11/16. EPS growth and P/Es are consensus estimates.

View from the Observation Deck

1. Today's blog post is intended to expose potential opportunities within the growth and value styles of investing, as well as by market capitalization (market cap).
2. At any given time, the equities markets are likely being led up or down by one of the three market cap classifications (large-cap, mid-cap or small-cap). Often this leadership role can be held for a multi-year period.
3. From 1995-1999, large-cap stocks outperformed their mid- and small-cap counterparts by a sizable margin. From 2000-2012, mid- and small-caps outperformed large-caps by an even bigger margin.
4. From 12/31/12 through 4/11/16, the S&P 500 Index outperformed its two counterparts. The S&P 500, S&P MidCap 400 and the S&P SmallCap 600 indices posted cumulative total returns of 53.41%, 46.71% and 46.99%, respectively.
5. Value stocks have the edge early on year-to-date through 4/11/16, with the S&P MidCap 400 Value Index as the top performer. Growth stocks outperformed value stocks in each of the three respective market caps in 2015.
6. With respect to earnings growth rate estimates, growth stocks have a significant edge in 2016, but the prospects for value stocks look better in 2017 relative to 2016 (see chart).
7. Five of the six indices have 2016 and 2017 estimated P/E ratios below their respective three-year averages as of 4/11/16. The only one that does not is the S&P 500 Value Index.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any of the projections cited will occur. The S&P 500, S&P MidCap 400 and S&P SmallCap 600 indices are capitalization-weighted indices designed to measure large-capitalization, mid-capitalization and small-capitalization U.S. stock market performance. The Growth and Value sub-indices of the S&P 500, S&P MidCap 400 and S&P SmallCap 600 indices are designed to measure the performance of growth stocks and value stocks, respectively, within the S&P 500, S&P MidCap 400 and S&P SmallCap 600 indices.