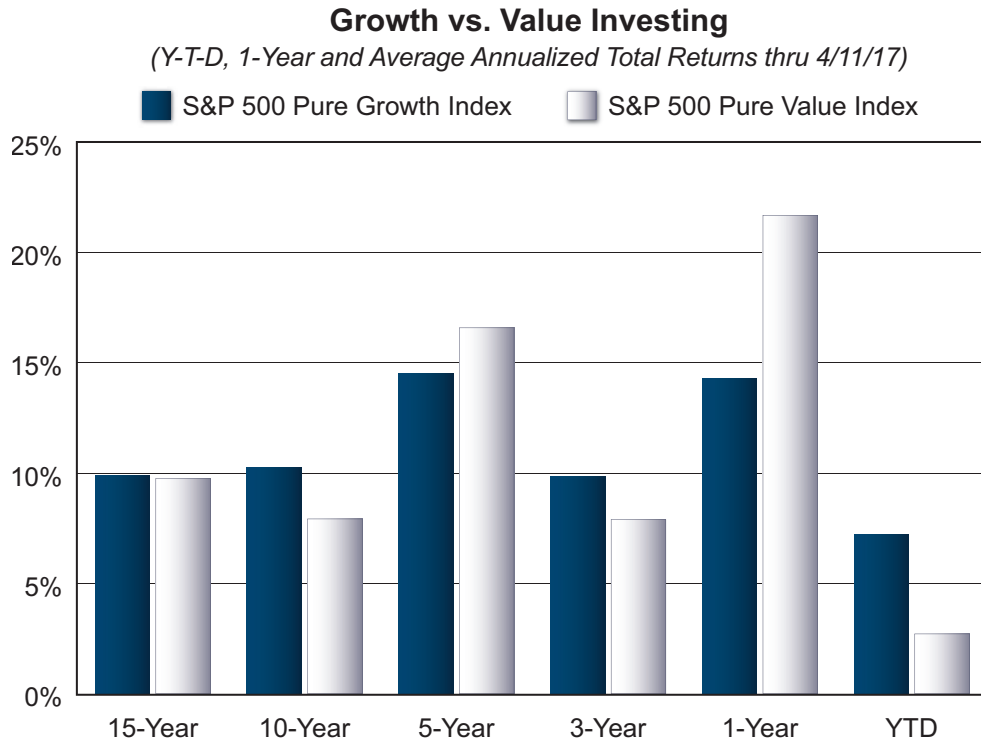


A Snapshot of Growth vs. Value Investing



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 2/7/17 ([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 four of the six periods. Growth investing topped value investing for the 15-year, 10-year, 3-year and year-to-date periods through 4/11/17.
4. The returns were as follows (Pure Value vs. Pure Growth): 15-yr. average annualized (9.75% vs. 9.87%); 10-yr. average annualized (7.92% vs. 10.23%); 5-yr. average annualized (16.58% vs. 14.51%); 3-yr. average annualized (7.89% vs. 9.84%); 1-yr. (21.68% vs. 14.28%) and Y-T-D (2.71% vs. 7.20%).
5. For the 12-month period ended February 2017, estimated net inflows to Large Blend mutual funds and exchange-traded funds totaled \$89.48 billion (\$154.32 billion "Passive" vs. -\$64.84 billion "Active"), according to Morningstar. It was the second-highest total behind the estimated net \$122.99 billion taken in by Intermediate-Term Bond funds and ETFs. This is an indication that many investors may not currently favor one style over the other, in our opinion.
6. Earnings reporting season is about to commence for Q1'17 results. If earnings reflect improvement, growth stocks could maintain their leadership role on a year-to-date basis, in our opinion.

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. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.