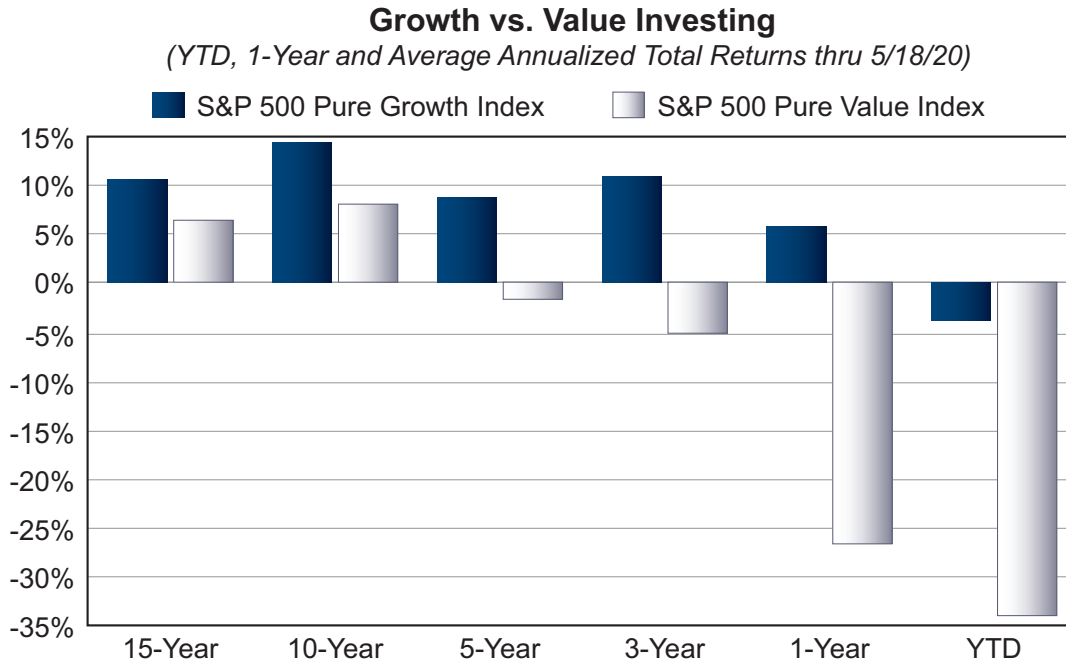


# A Snapshot of Growth vs. Value Investing



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

## View from the Observation Deck

1. We update this post every few months so that investors can see which of the two styles (growth or value) are delivering the best results.
2. The S&P 500 Index closed at 2,953.91 on 5/18/20. It stood 12.76% below its all-time closing high of 3,386.15 on 2/19/20, according to Bloomberg.
3. Despite the fact that stocks have rebounded significantly from their March lows, 68% of the money managers that participated in the most recent Bank of America global fund manager survey believe that stocks are still in a bear market, according to MarketWatch.
4. As indicated in the chart, the S&P 500 Pure Growth Index outperformed its value counterpart in all six periods featured in the chart. Growth stocks have held up exceptionally well year-to-date, which has been shaped by the COVID-19 pandemic.
5. The total returns through 5/18/20 were as follows (Pure Growth vs. Pure Value): 15-year avg. annual (10.63% vs. 6.39%); 10-year avg. annual (14.45% vs. 8.05%); 5-year avg. annual (8.69% vs. -1.76%); 3-year avg. annual (10.91% vs. -5.26%); 1-year (5.69% vs. -26.85%); and year-to-date (-3.96% vs. -34.38%).
6. As of 5/18/20, the largest sector weighting in the S&P 500 Pure Growth Index was Information Technology at 38.2%, according to S&P Dow Jones Indices. The largest sector weighting in the S&P 500 Pure Value Index was Financials at 33.5%.
7. The Large Growth and Large Value fund categories tracked by Morningstar, which include both open-end mutual funds and exchange-traded funds, reported estimated net outflows totaling \$14.214 billion and \$13.140 billion, respectively, in the first four months of 2020, according to its own release.
8. Large Blend funds and ETFs, however, reported estimated net inflows totaling \$4.617 billion over the same period, an indication that investors are presently taking the guesswork out of style investing by owning both, in our opinion.
9. [Click here](#) to see where these two equity styles stood at the close of 2019.

*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 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. 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.*

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