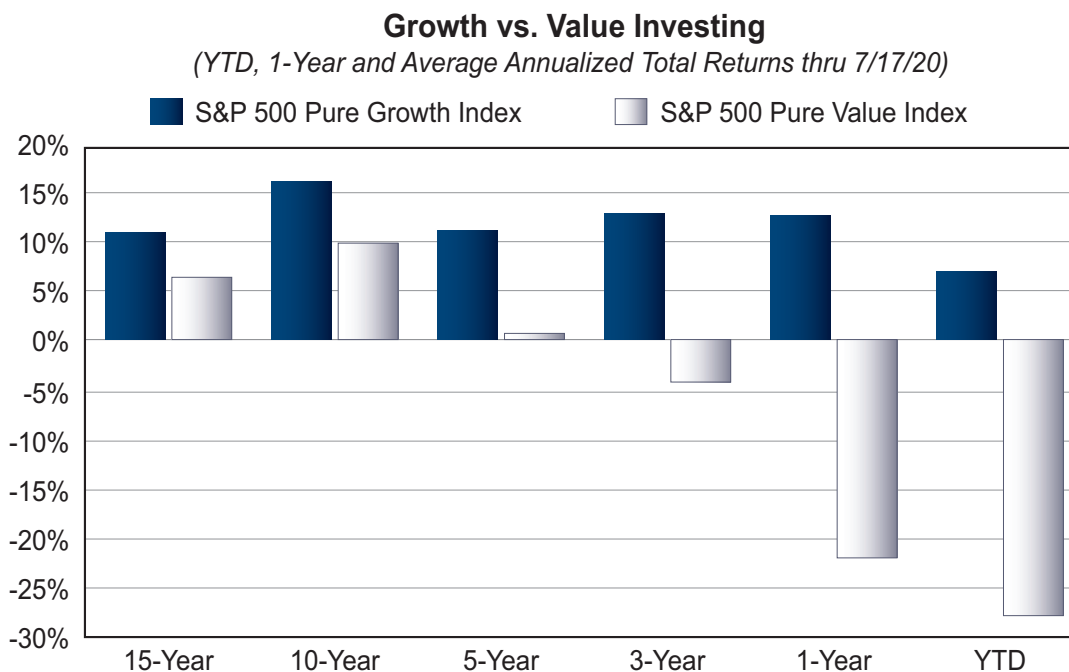


# A Snapshot of Growth vs. Value Investing



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 3,224.73 on 7/17/20. It stood 4.77% below its all-time closing high of 3,386.15 on 2/19/20, according to Bloomberg.
3. 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.
4. The total returns through 7/17/20 were as follows (Pure Growth vs. Pure Value): 15-year avg. annual (10.91% vs. 6.36%); 10-year avg. annual (16.17% vs. 9.85%); 5-year avg. annual (11.11% vs. 0.63%); 3-year avg. annual (12.92% vs. -4.34%); 1-year (12.63% vs. -22.30%); and year-to-date (6.91% vs. -28.20%).
5. As of 5/18/20, the largest sector weighting in the S&P 500 Pure Growth Index was Information Technology at 38.6%, according to S&P Dow Jones Indices. The largest sector weighting in the S&P 500 Pure Value Index was Financials at 33.6%.
6. 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 \$14.518 billion and \$24.082 billion, respectively, in the first half of 2020, according to its own release. Large Blend funds and ETFs reported estimated net outflows totaling \$22.627 billion over the same period.
7. Q2'20 flows varied dramatically. While Large Growth funds and ETFs reported net inflows totaling \$9.470 billion, compared to net outflows of \$15.527 billion and \$51.019 billion for Large Value and Large Blend, respectively.
8. We have been in climates similar to this one before. In 1999 (internet revolution), the S&P 500 Pure Growth Index outperformed the S&P 500 Pure Value index by 62.57 percentage points (59.61% vs. -2.96%) on a total return basis, according to Bloomberg. The following year (2000), the S&P 500 Pure Value Index outperformed the S&P 500 Pure Growth Index by 21.45 percentage points (13.16% vs. -8.29%) on a total return basis.

*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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