A Snapshot Of Growth vs. Value Investing (Small-Caps)

Growth vs. Value Investing
(YTD, 1-Year and Average Annualized Total Returns thru 10/29/21)

S&P SmallCap 600 Pure Growth **S&P SmallCap 600 Pure Value**
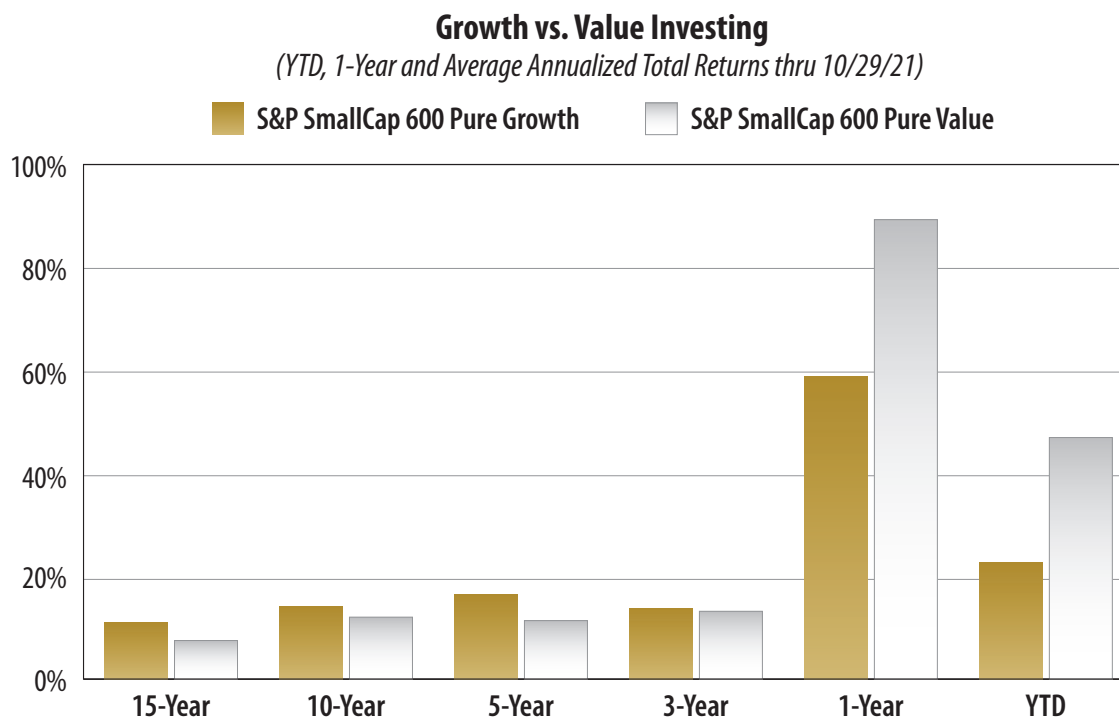
Source: Bloomberg. **Past performance is no guarantee of future results.**

View from the Observation Deck

1. We update this post on small-capitalization (cap) stocks every now and then so that investors can see which of the two styles (growth or value) are delivering the better results.

2. The S&P SmallCap 600 Pure Growth Index closed at 17,143.34 on 10/29/21. It stood 3.23% below its all-time closing high on 2/9/21, according to Bloomberg. The S&P SmallCap 600 Pure Value Index closed at 9,612.85 on 12/29/21. It stood 2.94% below its all-time closing high on 6/8/21.

3. While the S&P SmallCap 600 Pure Growth Index outperformed its value counterpart in four of the six periods, the S&P SmallCap 600 Pure Value Index has the edge over the past year, including year-to-date.

4. The returns through 10/29/21 were as follows (Pure Growth vs. Pure Value): 15-year average annualized (11.03% vs. 7.46%); 10-year average annualized (13.95% vs. 11.97%); 5-year average annualized (16.29% vs. 11.30%); 3-year average annualized (13.67% vs. 13.10%); 1-year (58.32% vs. 88.66%) and year-to-date (22.43% vs. 46.62%).

5. As of 10/29/21, the largest sector weighting in the S&P Small-Cap 600 Pure Growth Index was Health Care at 24.0%, according to S&P Dow Jones Indices. The largest sector in the S&P SmallCap 600 Pure Value Index was Financials at 20.4%.

6. Data from FactSet indicates that small-cap stocks, as measured by the S&P SmallCap 600 Index, are currently trading at their second-biggest discount relative to the S&P 500 Index in the last 20 years, according to MarketWatch.

7. Investors have far more exposure to large-caps than small-caps. As of 9/30/21, Large Blend, Large Growth and Large Value mutual funds and exchange-traded funds (ETFs) in the U.S. reported net assets totaling a combined $9.98 trillion, compared to the $1.11 trillion invested in Small Blend, Small Growth and Small Value mutual funds and ETFs, according to Morningstar.