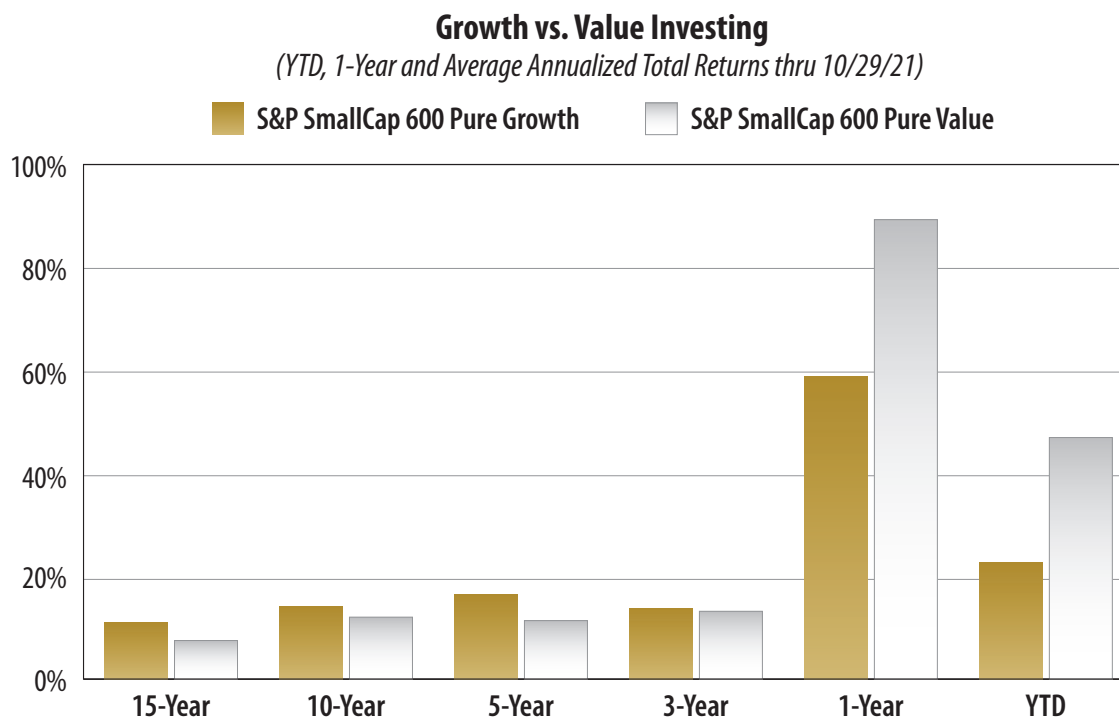


A Snapshot Of Growth vs. Value Investing (Small-Caps)



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.

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 SmallCap 600 Index is an unmanaged index of 600 stocks used to measure small-cap U.S. stock market performance. The S&P SmallCap 600 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 SmallCap 600 Index. The S&P SmallCap 600 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. 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, the Internal Revenue Code or any other regulatory framework. Financial professionals are responsible for evaluating investment risks independently and for exercising independent judgment in determining whether investments are appropriate for their clients.