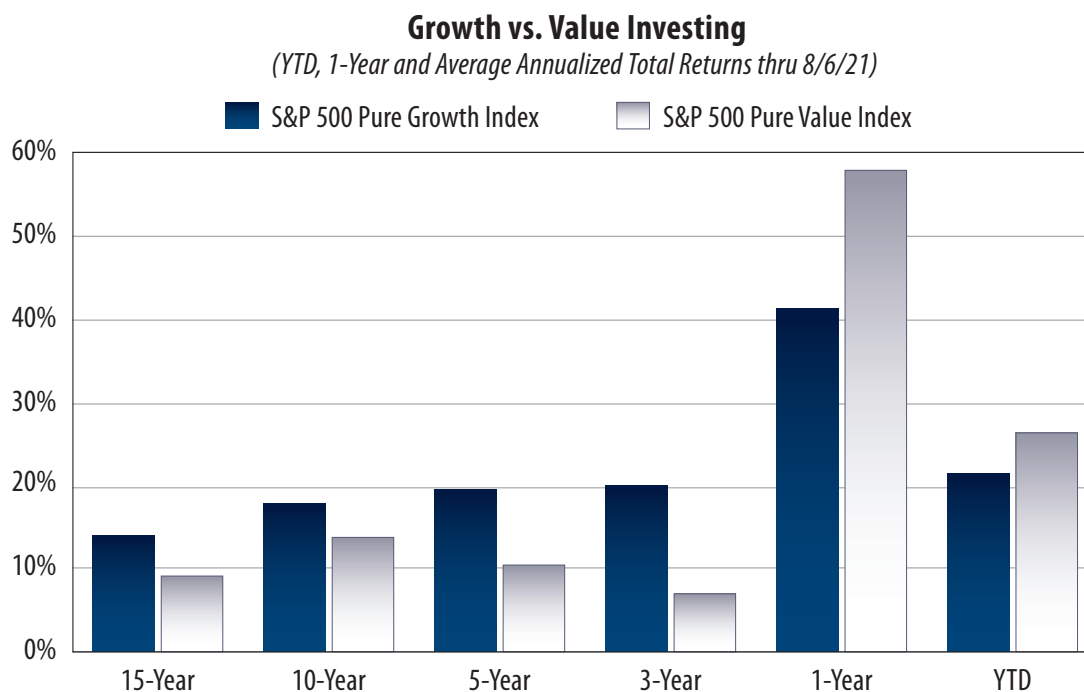


A Snapshot of Growth vs. Value Investing



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 better results.
2. The most recent results clearly show that value stocks are significantly outperforming growth stocks, but the gap recently narrowed significantly with respect to year-to-date returns.
3. Having said that, the S&P 500 Pure Growth Index outperformed its value counterpart in four of the six periods featured in the chart above.
4. The total returns through 8/6/21 were as follows (Pure Growth vs. Pure Value): 15-year avg. annual (13.82% vs. 9.03%); 10-year avg. annual (17.70% vs. 13.64%); 5-year avg. annual (19.37% vs. 10.34%); 3-year avg. annual (19.77% vs. 6.91%); 1-year (40.94% vs. 57.42%); and year-to-date (21.27% vs. 26.10%).
5. As of 7/31/21, the largest sector weighting in the S&P 500 Pure Growth Index was Information Technology at 40.6%, according to S&P Dow Jones Indices. The largest sector weighting in the S&P 500 Pure Value Index was Financials at 43.6%.
6. From 12/31/20 through 8/6/21, the S&P 500 Information Technology Index posted a total return of 19.31%, compared to 29.64% for the S&P 500 Financials Index, according to Bloomberg. The S&P 500 Index was up 19.12% over the same period.
7. The past 12 months have been a tale of two styles. Value stocks thrived when the yield on the benchmark 10-year Treasury note (T-note) rose and vice versa.
8. From 8/6/20-3/31/21, the yield on the 10-year T-note increased by 120 basis points from 0.54% to 1.74%, according to Bloomberg. Over that period, the S&P 500 Pure Value Index posted a total return of 51.09%, compared to 17.18% for the S&P 500 Pure Growth Index.
9. From 3/31/21-8/6/21, the yield on the 10-year T-note decreased by 44 basis points from 1.74% to 1.30%, according to Bloomberg. Over that period, the S&P 500 Pure Value Index posted a total return of 4.19%, compared to 20.27% for the S&P 500 Pure Growth Index.

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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