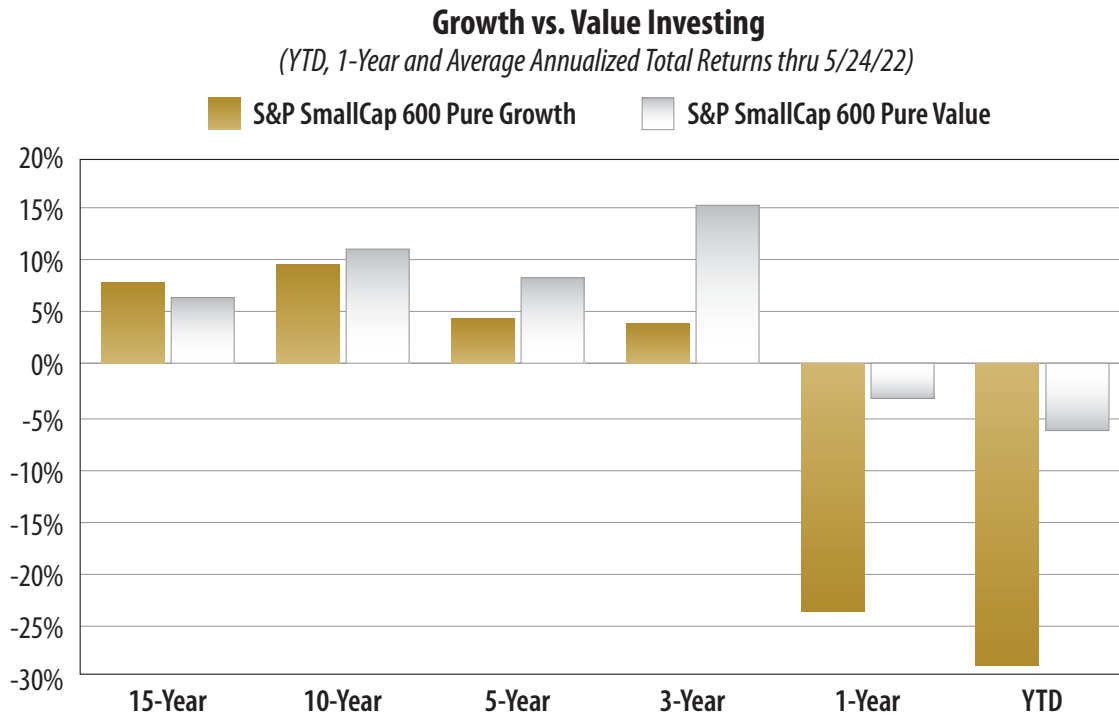


A Snapshot Of Growth vs. Value Investing (Small-Caps)



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 11,974.51 on 5/24/22. It stood 33.67% below its all-time closing high on 11/8/21, according to Bloomberg. The S&P SmallCap 600 Pure Value Index closed at 8,904.00 on 5/24/22. It stood 14.73% below its all-time closing high on 11/8/21.
3. The S&P SmallCap 600 Pure Value Index outperformed its growth counterpart in five of the six periods featured in the chart. The past 15 years is the only period in which the S&P SmallCap 600 Pure Growth Index has the edge.
4. The returns through 5/24/22 were as follows (Pure Growth vs. Pure Value): 15-year average annualized (7.74% vs. 6.33%); 10-year average annualized (9.49% vs. 11.01%); 5-year average annualized (4.27% vs. 8.25%); 3-year average annualized (3.83% vs. 15.24%); 1-year (-23.91% vs. -3.40%) and year-to-date (-29.16% vs. -6.50%).
5. As of 4/30/22, the largest sector weighting in the S&P SmallCap 600 Pure Growth Index was Financials at 22.3%, according to S&P Dow Jones Indices. The largest sector in the S&P SmallCap 600 Pure Value Index was Consumer Discretionary at 20.1%.
6. From 12/31/21 through 5/24/22 (YTD), the S&P SmallCap 600 Consumer Discretionary Index posted a total return of -30.60%, compared to -14.52% for the S&P SmallCap 600 Financials Index, according to Bloomberg. The S&P SmallCap 600 Index was down 16.02% over the same period.
7. At a combined weighting of 22.2%, the S&P SmallCap 600 Pure Value Index's exposure to Energy and Materials was significantly higher than the 5.0% combined weighting in the S&P SmallCap 600 Pure Growth Index as of 4/29/22, according to S&P Dow Jones Indices. They are the two best-performing small-cap sectors so far in 2022. From 12/31/21-5/24/22, the S&P SmallCap 600 Energy Index posted a total return of 47.84%, while the S&P SmallCap 600 Materials Index was down 2.96%, according to Bloomberg.
8. [Click here](#) to access the recent post comparing growth and value stocks in the S&P 500 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 SmallCap 600 Index is an unmanaged index of 600 companies 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 respective S&P SmallCap 600 Sector Indices are capitalization-weighted and comprised of S&P SmallCap 600 constituents representing a specific sector.

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.