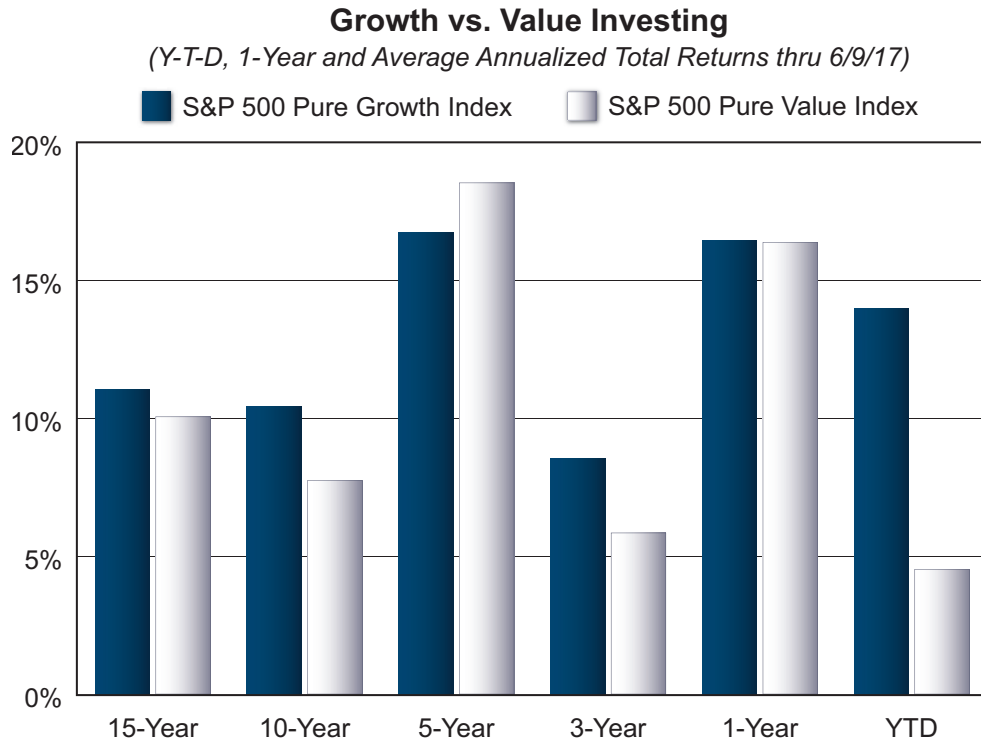


# A Snapshot of Growth vs. Value Investing



Source: Bloomberg.  
Past performance is no  
guarantee of future results.

## View from the Observation Deck

1. Today's blog post is an update of one we do on an ongoing basis. Investors can compare today's snapshot to the one we did on 4/13/17 ([click here to view](#)).
2. Growth style investing tends to outpace value style investing when the earnings growth rates of companies accelerate faster than the broader market, such as right after the economy exits a recession.
3. In today's chart, the S&P 500 Pure Growth Index outperformed its value counterpart in five of the six periods. Growth investing topped value investing for the 15-year, 10-year, 3-year, 1-year and year-to-date periods through 6/9/17.
4. The returns were as follows (Pure Value vs. Pure Growth): 15-yr. average annualized (10.05% vs. 11.04%); 10-yr. average annualized (7.74% vs. 10.44%); 5-yr. average annualized (18.53% vs. 16.73%); 3-yr. average annualized (5.84% vs. 8.54%); 1-yr. (16.37% vs. 16.43%) and Y-T-D (4.52% vs. 13.96%).
5. For the 12-month period ended April 2017, estimated net inflows to Large Blend mutual funds and exchange-traded funds totaled \$108.0 billion (\$168.8 billion "Passive" vs. -\$60.8 billion "Active"), according to Morningstar. It was the second-highest total behind the estimated net \$116.9 billion taken in by Intermediate-Term Bond funds and ETFs.
6. For comparative purposes, Large Growth mutual funds and ETFs reported estimated net outflows totaling \$98.7 billion (\$19.9 billion "Passive" vs. -\$118.6 billion "Active"), while Large Value mutual funds and ETFs reported estimated net inflows totaling \$12.7 billion (\$43.3 billion "Passive" vs. -\$30.6 billion "Active").

*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 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. Constituents are drawn from the S&P 500 Index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance.*

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