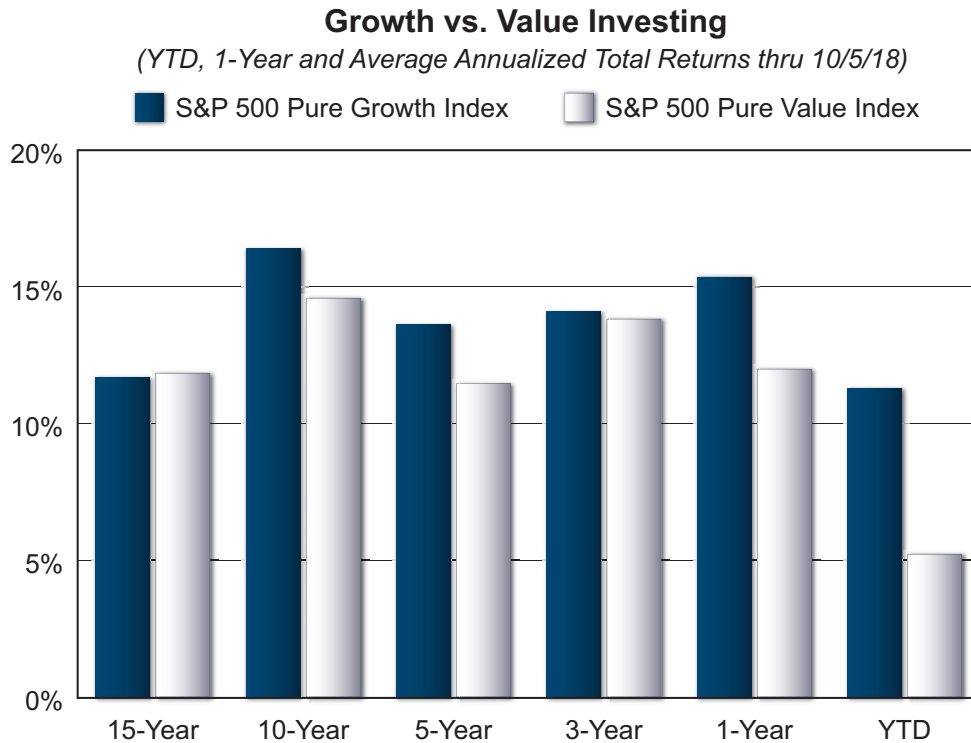


A Snapshot of Growth vs. Value Investing



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

View from the Observation Deck

1. Today's blog post is updated throughout the year. Growth stocks have significantly outperformed value stocks year-to-date and over the past 12 months.
2. Growth tends to outpace value when the earnings growth rates of companies characterized as growth-oriented accelerate faster than the pace of earnings for the broader market.
3. The S&P 500 Pure Growth Index outperformed its value counterpart in five of the six periods featured in the chart. Growth investing topped value investing for the 10-year, 5-year, 3-year, 1-year and year-to-date periods ended 10/5/18.
4. The returns were as follows (Pure Growth vs. Pure Value): 15-year average annualized (11.70% vs. 11.84%); 10-year average annualized (16.40% vs. 14.58%); 5-year average annualized (13.61% vs. 11.46%); 3-year average annualized (14.10% vs. 13.82%); 1-year (15.36% vs. 11.99%) and year-to-date (11.27% vs. 5.21%).
5. As of 9/28/18, the largest sector weighting in the S&P 500 Pure Growth Index was Information Technology at 35.6%, while the most heavily weighted sector in the S&P 500 Pure Value Index was Financials at 25.1%, according to S&P Dow Jones Indices.
6. YTD through 10/5/18, the S&P 500 Information Technology Index posted a total return of 17.97%, compared to 1.69% for the S&P 500 Financials Index, according to Bloomberg.

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 Information Technology Index is a capitalization-weighted index comprised of S&P 500 constituents in the information technology sector. The S&P 500 Financials Index is a capitalization-weighted index comprised of S&P 500 constituents in the financials 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 and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.