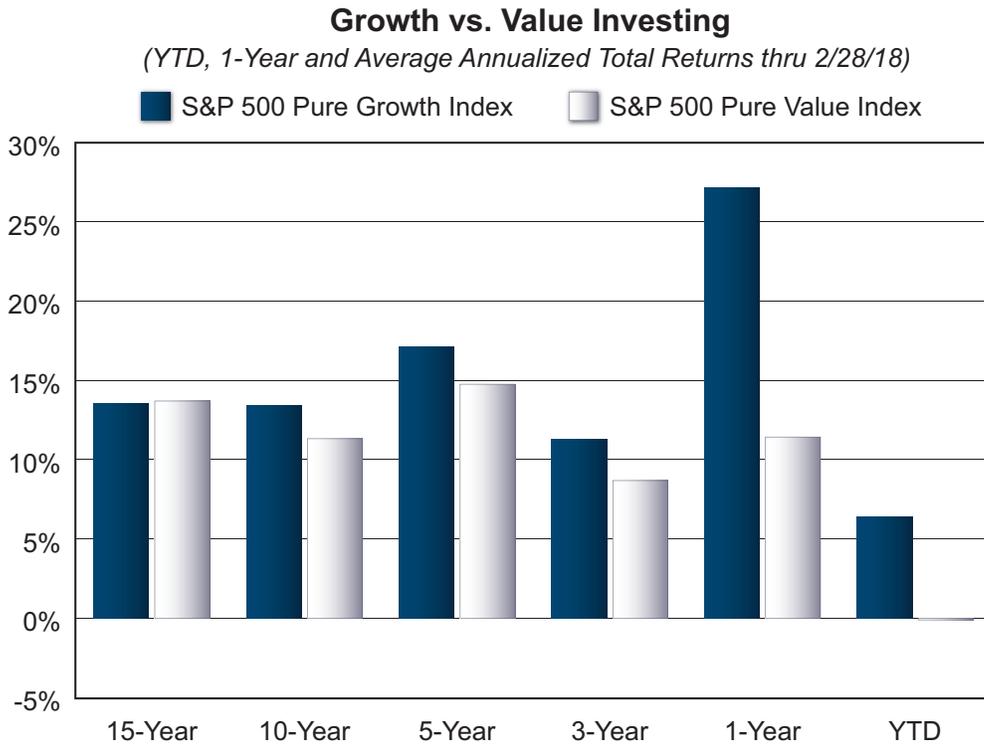


# A Snapshot of Growth vs. Value Investing



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

## View from the Observation Deck

1. Today's blog post is an update we do on an ongoing basis. Growth stocks have significantly outperformed value stocks 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, such as right after the economy exits a recession. Growth stocks may already be getting a bump from the recent passage of the Tax Cuts & Jobs Act, in our opinion.
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 2/28/18.
4. The returns were as follows (Pure Growth vs. Pure Value): 15-year average annualized (13.54% vs. 13.70%); 10-year average annualized (13.42% vs. 11.32%); 5-year average annualized (17.13% vs. 14.76%); 3-year average annualized (11.31% vs. 8.68%); 1-year (27.14% vs. 11.43%) and year-to-date (6.40% vs. -0.11%).
5. As of 2/28/18, the largest sector weighting in the S&P 500 Pure Growth Index was Information Technology at 40.0%, while the most heavily weighted sector in the S&P 500 Pure Value Index was Financials at 28.7%, according to S&P Dow Jones Indices.
6. YTD through 2/28/18, the S&P 500 Information Technology Index posted a total return of 7.73%, compared to 3.51% 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 Index is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance.*

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