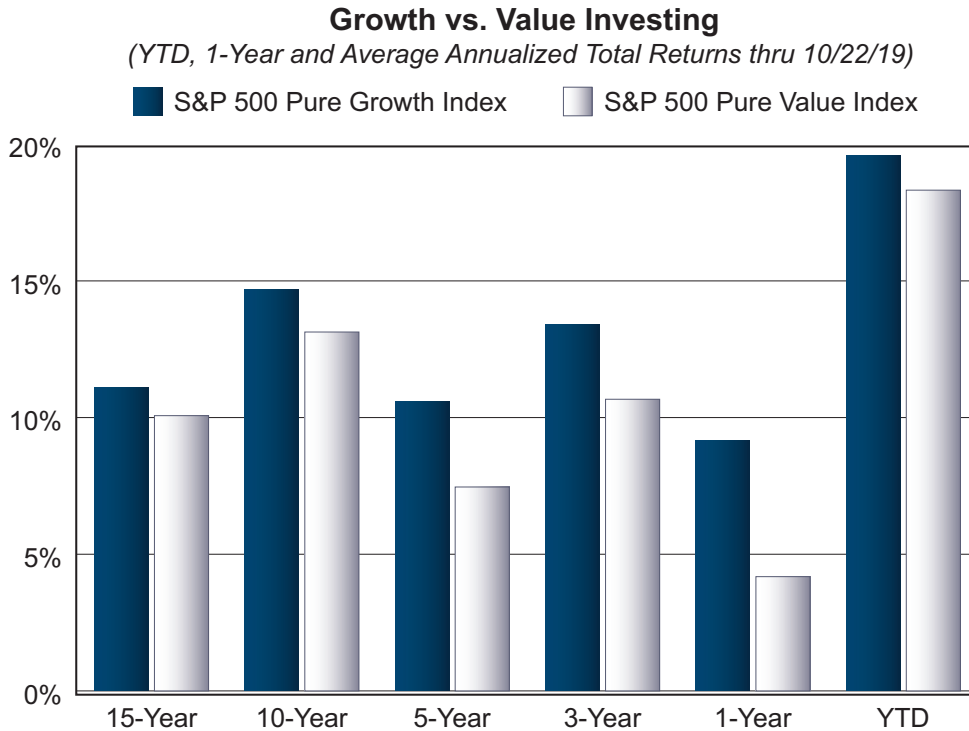


A Snapshot of Growth vs. Value Investing



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

View from the Observation Deck

1. Stocks have staged a strong rebound from 2018's disappointing showing. We update this post every few months so that investors can see which of the two styles (growth or value) are delivering the best results.
2. The S&P 500 Index closed at 2,995.99 on 10/22/19. It stood 0.99% below its all-time closing high of 3,025.86 on 7/26/19, according to Bloomberg.
3. The S&P 500 Pure Growth Index outperformed its value counterpart in all six periods featured in the chart.
4. The returns through 10/22/19 were as follows (Pure Growth vs. Pure Value): 15-year average annualized (11.10% vs. 10.07%); 10-year average annualized (14.69% vs. 13.13%); 5-year average annualized (10.59% vs. 7.46%); 3-year average annualized (13.40% vs. 10.67%); 1-year (9.15% vs. 4.18%) and year-to-date (19.57% vs. 18.32%).
5. As of 9/30/19, the two largest sector weightings in the S&P 500 Pure Growth Index were Information Technology (23.2%) and Health Care (15.5%), compared to Financials (33.4%) and Consumer Discretionary (16.8%) for the S&P 500 Pure Value Index, according to S&P Dow Jones Indices.
6. The Large Growth and Large Value fund categories tracked by Morningstar, which include both open-end mutual funds and exchange-traded funds, reported estimated net outflows totaling \$41.72 billion and \$23.42 billion, respectively, in the first nine months of 2019, according to its own release.
7. Large Blend funds and ETFs, however, reported estimated net inflows totaling \$82.95 billion over the same period, an indication that investors are presently taking the guesswork out of style investing by owning both, in our opinion.

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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