A Snapshot of Growth vs. Value Investing

Growth vs. Value Investing
(YTD, 1-Year and Average Annualized Total Returns thru 4/9/19)

0% 5% 10% 15% 20%
15-Year 10-Year 5-Year 3-Year 1-Year YTD

S&P 500 Pure Growth Index S&P 500 Pure Value Index

View from the Observation Deck

1. As indicated in the chart, stocks are off to a strong start in 2019. 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 2,878.20 on 4/9/19. It stood 1.79% below its all-time closing high of 2,930.75 on 9/20/18, according to Bloomberg.

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 15-year, 5-year, 1-year, and year-to-date periods ended 4/9/19.

4. The returns through 4/9/19 were as follows (Pure Growth vs. Pure Value): 15-year average annualized (10.71% vs. 10.01%); 10-year average annualized (18.42% vs. 19.17%); 5-year average annualized (11.03% vs. 7.12%); 3-year average annualized (14.86% vs. 12.04%); 1-year (9.79% vs. 2.99%) and year-to-date (18.01% vs. 14.23%).

5. As of 3/29/19, the two largest sector weightings in the S&P 500 Pure Growth Index were Information Technology (23.1%) and Healthcare (15.5%), compared to Financials (33.6%) and Consumer Discretionary (16.0%) for the S&P 500 Pure Value Index, according to S&P Dow Jones Indices.

6. The International Monetary Fund (IMF) lowered its global growth estimate from the 3.5% target it set in January 2019 to 3.3% in April 2019, according to Bloomberg. The IMF also lowered its estimate for U.S. growth, from 2.5% in January to 2.3%.

7. Despite the tempered growth projections, growth stocks have outperformed value stocks year-to-date through 4/9/19.