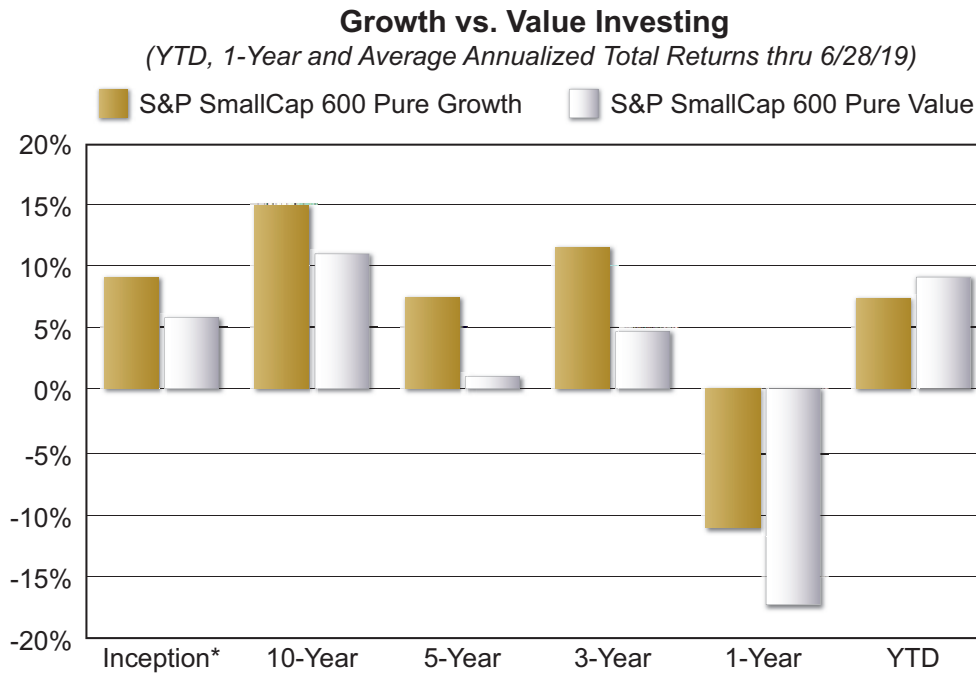


# A Snapshot Of Growth vs. Value Investing (Small-Caps)



## View from the Observation Deck

1. As indicated in the chart, stocks are off to a positive start in 2019. We intend to update this post on small-capitalization (cap) stocks moving forward so that investors can see which of the two styles (growth or value) have delivered the best results.
2. The S&P SmallCap 600 Index closed at 953.25 on 6/28/19. It stood 13.21% below its all-time closing high of 1,098.36 on 8/31/18, according to Bloomberg.
3. The S&P SmallCap 600 Pure Growth Index outperformed its value counterpart in five of the six periods featured in the chart. Value has outpaced growth on a year-to-date basis.
4. The returns through 6/28/19 were as follows (Pure Growth vs. Pure Value): Since Inception (12/16/05) average annualized (9.05% vs. 5.77%); 10-year average annualized (14.91% vs. 10.96%); 5-year average annualized (7.38% vs. 0.99%); 3-year average annualized (11.50% vs. 4.64%); 1-year (-11.28% vs. -17.56%) and year-to-date (7.34% vs. 9.07%).
5. As of 6/28/19, the two largest sector weightings in the S&P Small-Cap 600 Pure Growth Index were Health Care (22.5%) and Consumer Discretionary (16.4%), compared to Consumer Discretionary (33.7%) and Industrials (20.5%) for the S&P 600 Pure Value Index, according to S&P Dow Jones Indices.
6. Small-cap stocks have struggled more than their large-cap counterparts over the past year. We believe that the ongoing trade conflict with China (15 months and counting) has negatively impacted their performance. The escalation of tariffs has tempered the outlook on global growth in general. There is also concern that a relatively flat yield curve in the U.S. government bond market is potentially signaling that a recession might be looming for the U.S. economy. Small-cap stocks inherently carry a higher degree of market risk than do large-cap stocks.
7. [Click here](#) to see the most our recent review of growth stocks versus value stocks in the large-cap space.

*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 SmallCap 600 Index is an unmanaged index of 600 stocks used to measure small-cap U.S. stock market performance. The S&P SmallCap 600 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 SmallCap 600 Index. The S&P SmallCap 600 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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