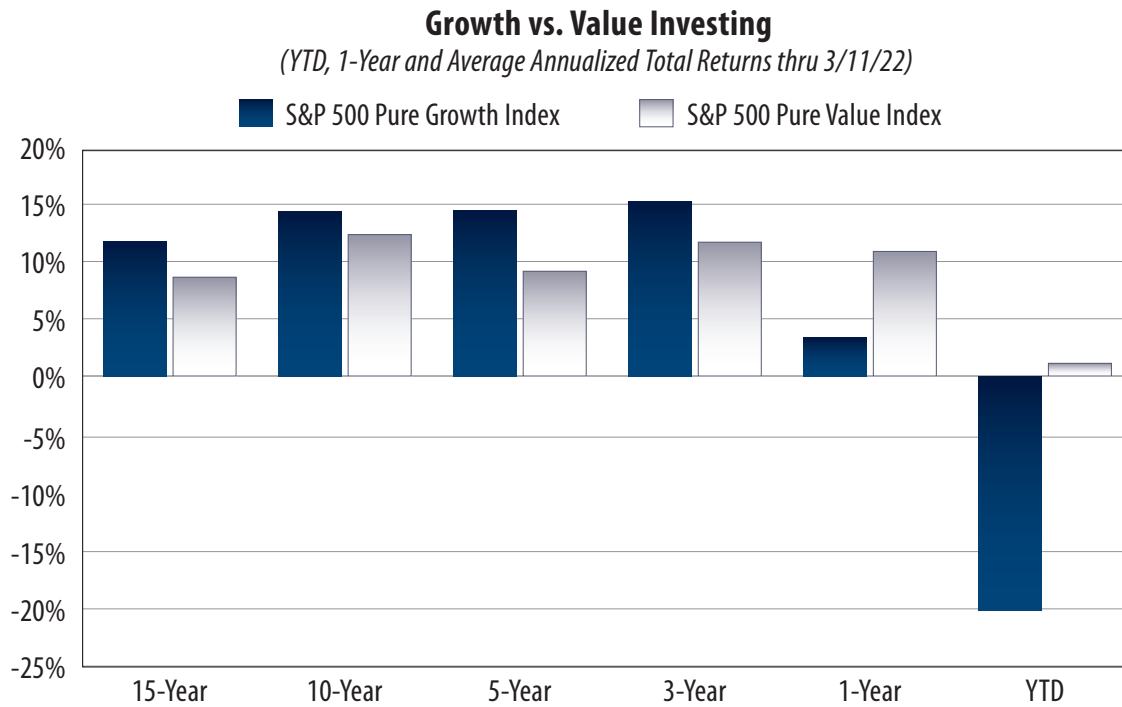


A Snapshot of Growth vs. Value Investing



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

View from the Observation Deck

1. We update this post every few months so that investors can see which of the two styles (growth or value) are delivering the better results.
2. The most recent results show that value stocks are outperforming growth stocks significantly on a 1-year and year-to-date basis.
3. Having said that, the S&P 500 Pure Growth Index outperformed its value counterpart in four of the six periods featured in the chart above.
4. The total returns through 3/11/22 were as follows (Pure Growth vs. Pure Value): 15-year avg. annual (11.77% vs. 8.63%); 10-year avg. annual (14.37% vs. 12.35%); 5-year avg. annual (14.47% vs. 9.15%); 3-year avg. annual (15.25% vs. 11.69%); 1-year (3.33% vs. 10.88%); and year-to-date (-20.44% vs. 1.11%).
5. As of 2/28/22, the largest sector weighting in the S&P 500 Pure Growth Index was Information Technology at 35.4%, according to S&P Dow Jones Indices. The largest sector weighting in the S&P 500 Pure Value Index was Financials at 32.1%.
6. From 12/31/21 through 3/11/22 (YTD), the S&P 500 Information Technology Index posted a total return of -17.23%, compared to -6.75% for the S&P 500 Financials Index, according to Bloomberg. The S&P 500 Index was down 11.53% over the same period.
7. Value stocks have tended to outperform growth stocks when the yield on the benchmark 10-year Treasury note (T-note) rises, and vice versa. In the current climate, the yield on the 10-year T-note is rising.
8. From 12/31/21-3/11/22 (YTD), the yield on the 10-year T-note rose sharply from 1.51% to 2.00%, or 49 basis points, according to Bloomberg. As noted in point #4, year-to-date through 3/11/22, the S&P 500 Pure Value Index posted a total return of 1.11%, compared to -20.44% for the S&P 500 Pure Growth Index. The S&P 500 Pure Value Index return has been bolstered some by its exposure to energy and utilities. They are the only sectors that have outperformed financials so far in 2022.

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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