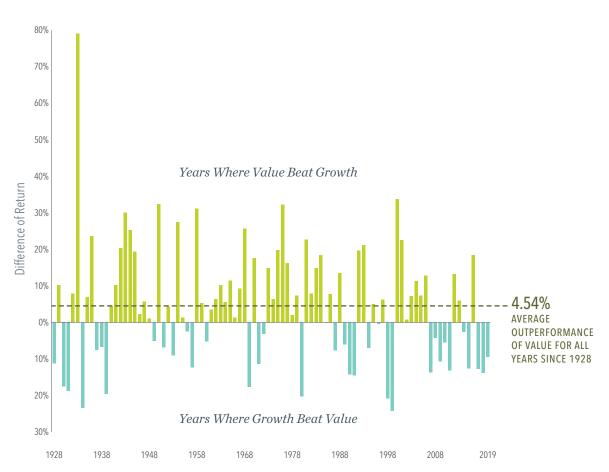


## When It's Value vs. Growth, History Is on Value's Side

YEARLY OBSERVATIONS OF PREMIUMS Value minus Growth: US Markets, 1928–2019



Historically, value stocks have outperformed growth stocks in the US, though recently that hasn't been the case. While disappointing periods emerge from time to time, the principle that lower relative prices lead to higher expected returns remains the same.

- Data covering nearly a century backs up the notion that value stocks—those with lower relative prices—have higher expected returns. On average, they have outperformed growth stocks by 4.54% annually since 1928.
- But there are no guarantees, and results vary over time.
   Growth stocks have recently outperformed value stocks.
   That outperformance has been a stark departure from long-term averages.
- While there's no way to know where stocks are going next, value has trailed growth in the past before rebounding strongly.

Logic and history argue for a commitment to value stocks, so investors can be positioned to take part when those shares outperform in the future. Past performance is no guarantee of future results. Investing risks include loss of principal and fluctuating value. There is no guarantee an investment strategy will be successful. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio.

In US dollars. Yearly premiums are calculated as the difference in one-year returns between the two indices described. Value minus growth: Fama/French US Value Research Index minus the Fama/French US Growth Research Index.

Fama/French US Value Research Index: Provided by Fama/French from CRSP securities data. Includes the lower 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973).

Fama/French US Growth Research Index: Provided by Fama/French from CRSP securities data. Includes the higher 30% in price-to-book of NYSE securities (plus NYSE Amex equivalents since July 1962 and Nasdaq equivalents since 1973).

Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

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