CHIEF INVESTMENT OFFICE

Educational Series

Growth and Value: Two Approaches to Investing

All data, projections and opinions are as of May 13, 2025 and subject to change.

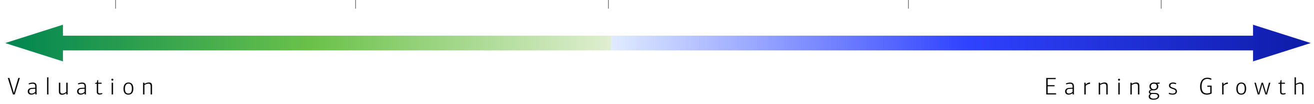
An investment style refers to a specific strategy used by investors to select or manage their investment portfolios. Among the most prominent and well-researched investment styles are Growth and Value. Understanding these fundamental approaches can be helpful in making informed investment decisions. Below we define Growth and Value Investing.

Value Investing	Growth Investing
Targets companies that are undervalued by the market or trading at a price below their intrinsic value. These stocks or funds often have low valuation ratios such as price-to-earnings (P/E) or price-to-book (P/B), making them appear “cheap” compared to their intrinsic value. Key characteristics of Value investing includes lower valuation metrics, strong or improving company fundamentals, and potentially lower risk or volatility when compared to growth stocks. Well-known examples of Value stocks include mature companies in stable industries such as Utilities and Consumer Staples or more economically sensitive areas such as Financials and Energy.	Focuses on companies that are expected to grow revenues, earnings, and/or market share faster than the industry on average. Key characteristics of Growth investments include higher earnings growth rates, premium valuations and potentially greater volatility. These companies aim to reinvest their profits to fuel future growth. Examples of Growth companies might include startups or established firms in innovative fields like Information Technology, renewable energy or biotechnology.
Intrinsic Value: Actual value of an asset, stock or investment based on fundamental analysis.	***Earnings Growth: Increase in a company’s net profit over a specific period.***

While both investment approaches aim to generate competitive risk-adjusted returns, each comes with its own unique characteristics. Growth investing emphasizes capital appreciation of a stock through growth of a company’s earnings and revenue at an above-average rate. Value investing, in contrast, focuses on buying companies at a discount and may benefit shareholders through price appreciation of the stock as well as distribution of earnings in the form of dividends. Growth and Value investments can be classified into sub-styles depending on the emphasis placed on valuation and long-term earnings growth of stocks in an investment process.

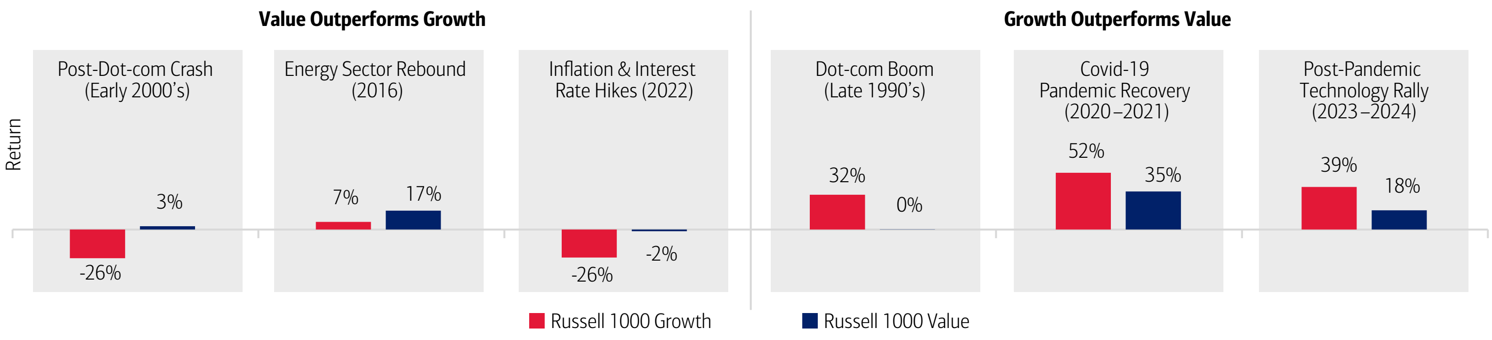
Exhibit 1: Sub-Styles of Growth and Value Investing.

Value			Growth		
Deep Value	**Traditional Value**	**Relative Value**	**Growth-at-a-Reasonable-Price (GARP)**	**Traditional Growth**	**High Growth**
Focuses on companies that are extremely undervalued relative to their intrinsic worth.	Involves finding stocks that are undervalued relative to their intrinsic value.	Focuses on securities that are undervalued or overvalued relative to their peers, sector or the broader market.	Combines elements of growth and value by looking for companies that show growth potential but are not excessively overvalued.	Looks for companies expected to grow their earnings, revenue and/or market share higher than the overall market or industry peers.	Approach that buys companies experiencing or expected to have rapid growth.



Which strategy, Growth or Value, or both, is right for me? The returns generated from Growth and Value investing styles will likely vary depending on market conditions and where we may be in the business cycle. Growth stocks, in general, have the potential to outperform in low or falling interest rate periods as companies can reinvest profits at lower costs. This investment style also tends to perform well when earnings growth is scarce as investors are willing to purchase a company at higher multiples for future earnings. Value stocks, often companies of cyclical industries, may do well early in an economic recovery when company profits are accelerating or rebounding. On the other hand, Value stocks of more defensive companies may fare better in economic downturns given strong and stable business fundamentals. While it can be difficult to predict exactly when one style might outperform another, using both investment approaches can help smooth investment returns over longer periods of time. Some investors combine both strategies, adopting a blended approach to diversify their portfolios and balance risk. Each style has shown the ability to generate strong risk-adjusted returns for investors at different times throughout a market cycle.

Exhibit 2: Growth vs. Value: Comparing Performance



Source: Morningstar Direct. As of March 2025. Please refer to index definitions at the end of this report. It is not possible to invest directly in an index. **Past performance is no guarantee of future results**.

By understanding these investment styles, investors can make more informed decisions to align their investment portfolio with their financial goals. Combining multiple investment styles can help reduce risk by spreading exposures across various factors, sectors or industries. While market environments may favor Growth and Value investment styles at different times, understanding these dynamics can help investors capitalize on possible investment opportunities, provide a framework for selecting investments and reduce emotional decision-making during market volatility.

Glossary

Deep Value refers to stocks that are significantly undervalued, often trading at extremely low prices compared to their intrinsic value.

Traditional Value is a stock-picking strategy where investors seek to buy securities priced below their perceived intrinsic value

Relative Value investing is a strategy that focuses on identifying mispricings or inefficiencies in the market by comparing the value of one asset to other similar assets or benchmarks.

Growth-at-a-Reasonable-Price (GARP) is an investment strategy that combines aspects of both growth and value investing.

Traditional Growth is a strategy of buying stock in companies with greater potential to grow compared to their industry or overall market.

Momentum Growth is an investment strategy that focuses on capitalizing on the short-term price appreciation of securities by buying stocks that are already rising and selling them before they fall.

Index Definitions

Russell 1000 Growth Index measures the performance of the large- cap growth segment of the US equity universe.

Russell 1000 Value Index is an index that tracks large cap, value stocks. Value stocks, in comparison to growth stocks, are considered companies with a stable cash flow, and more mature business model.

Important Disclosures

Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.

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Investing in growth stocks incurs the possibility of losses because their prices are sensitive to changes in current or expected earnings.

Value stocks are securities of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor. If the manager's assessment of a company's prospects is wrong, the price of its stock may not approach the value the manager has placed on it.