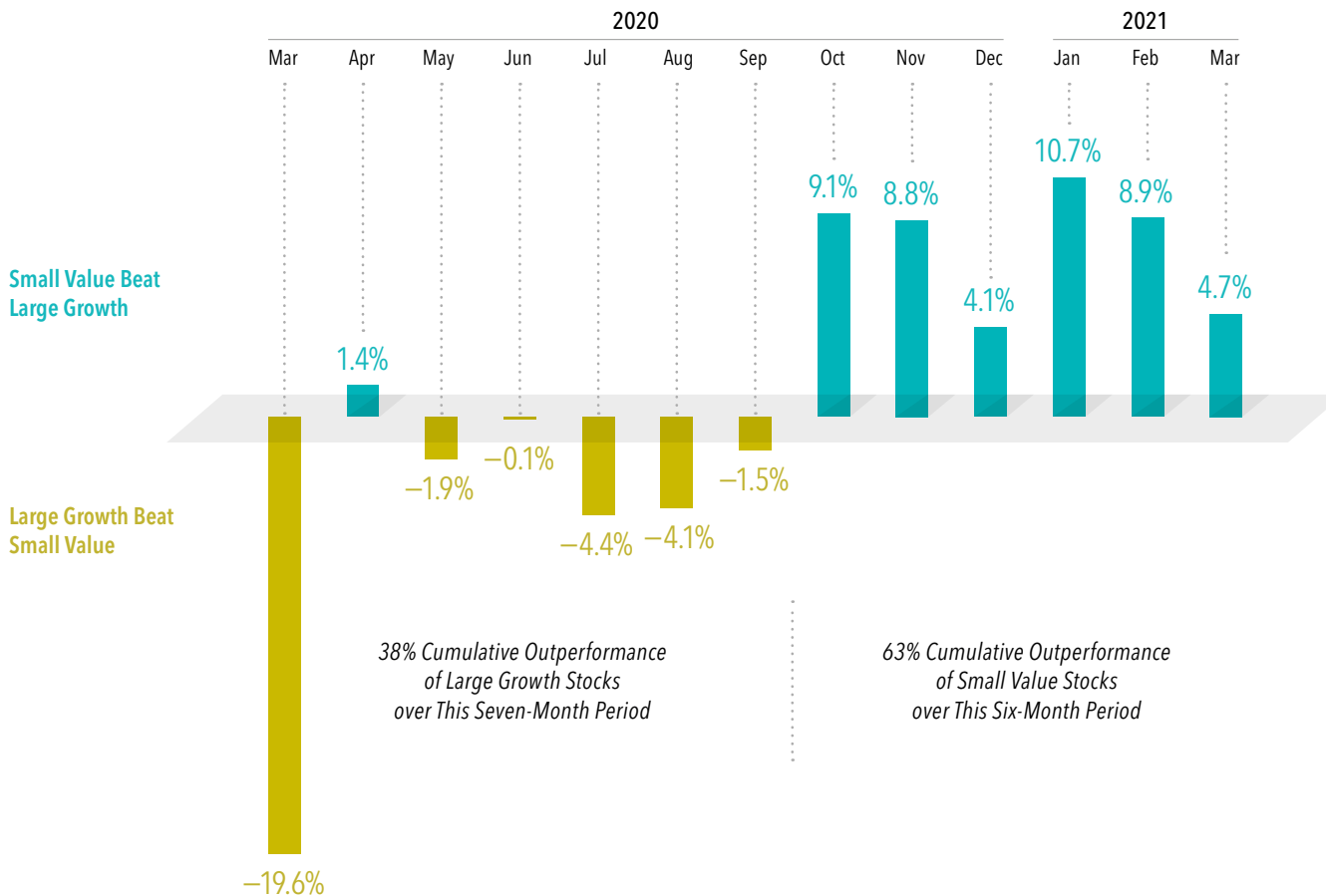


# Swing in Small Value Stocks Shows Benefits of Sticking with a Plan

## MONTHLY RETURN DIFFERENCES: US SMALL VALUE STOCKS VS. US LARGE GROWTH STOCKS

March 2020–March 2021



Value stocks, or those with low relative prices, have outperformed higher-priced growth stocks in the US over the long term. Similarly, small cap stocks have fared better than large caps in the US. But the performance of these stocks has varied at different points in history.

- As the global pandemic rocked markets in March 2020, large growth stocks outdid small value stocks by 19.6%. From March through September, the large growth index beat small value by a cumulative 38%.
- But history has shown that a disappointing period for a premium can be followed by a quick turnaround. From October 2020 through March 2021, the small value index outperformed large growth by 63%.

*Swings in small value stocks can be swift—staying invested is the best way to capture expected gains over time.*

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## SWING IN SMALL VALUE STOCKS SHOWS BENEFITS OF STICKING WITH A PLAN

### Past performance is not a guarantee of future results.

In USD. Small value vs. large growth is the monthly return difference of the Fama/French US Small Value Research Index minus the Fama/French US Large Growth Research Index.

**Note:** From July 1, 1926, through March 31, 2021, the Fama/French US Value Research Index outperformed the Fama/French US Growth Research Index by 2.84 percentage points on an annualized basis. The Fama/French US Small Cap Research Index outperformed the Fama/French US Large Cap Research Index by 1.83 percentage points on an annualized basis over that period.

**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).

**Fama/French US Small 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) that have smaller market capitalization than the median NYSE company.

**Fama/French US Large 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) that have larger market capitalization than the median NYSE company.

The Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment.

Results shown during periods prior to each index's index inception date do not represent actual returns of the respective index. Other periods selected may have different results, including losses. Backtested index performance is hypothetical and is provided for informational purposes only to indicate historical performance had the index been calculated over the relevant time periods. Backtested performance results assume the reinvestment of dividends and capital gains.

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