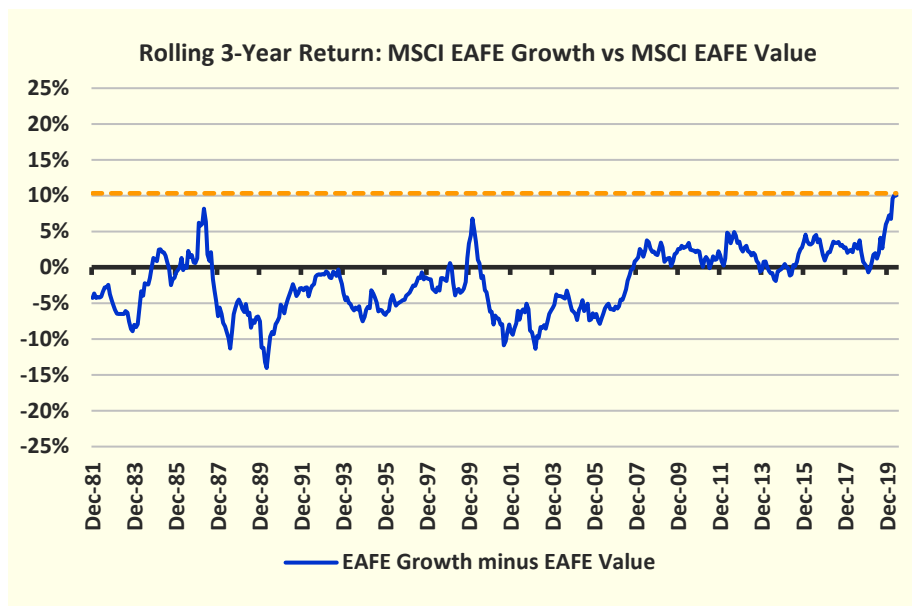
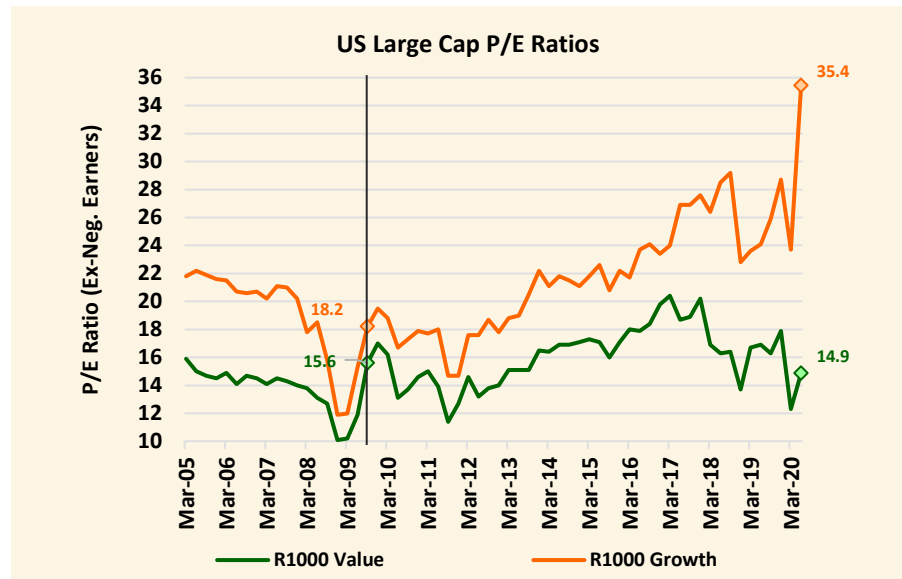
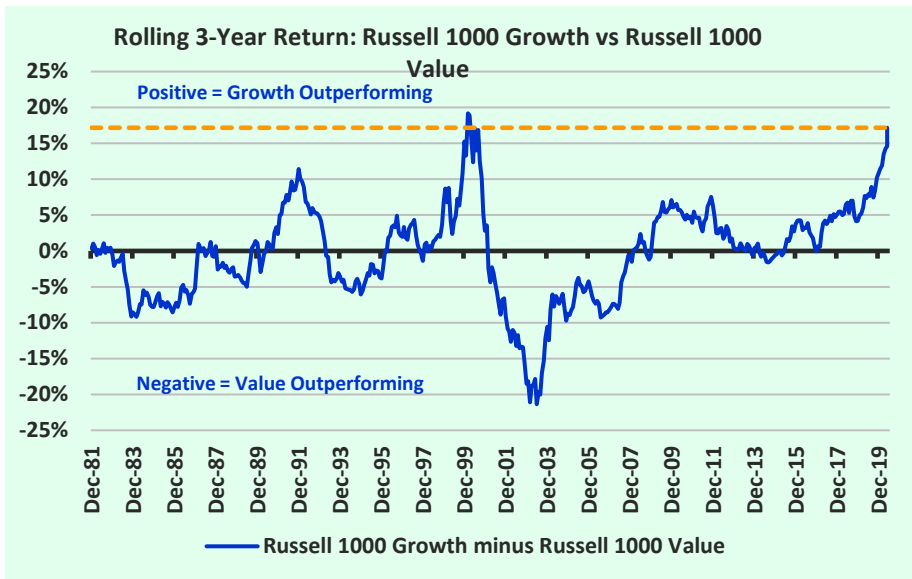


## MARKET MICROSCOPE – Growth’s Outperformance Versus Value Approaching “Tech Bubble” Level



Across the global equity markets, the outperformance of growth relative to value is at or approaching an all-time high. Since mid-2009 (immediately after the Global Financial Crisis), the P/E of US large value stocks is almost unchanged, while the P/E of large growth stocks has nearly doubled.

The charts on the left show the rolling 3-year returns for US and Non-US large cap stocks since the inception of the Russell indices. In the US, the Russell 1000 Growth index outperformed the Russell 1000 Value by an annualized 17.2% for the 3-year period ending 6/30/2020 – a level of outperformance that almost matches the peak of the Tech Bubble. Non-US large growth stocks outperformed value by 10.3%, an all-time high. The pattern is similar for U.S. small cap and emerging markets stocks.

The P/E ratio (ex-negative earners) of the Russell 1000 Growth Index now sits at 35.4X, more than double that of the Russell 1000 Value Index.