



# The Historical Tug of War Between Growth and Value

Empirically, a differential of at least 1,000 basis points in favor of Growth has been followed by a significant shift to Value ...

... and recently, the differential in favor of Growth has never been greater.



Source: MSCI Inc. | 12/31/1974-01/31/2021 | Chart illustrates the monthly difference in rolling six-month returns of the MSCI World Value and MSCI World Growth Indexes (local currencies). Bars to the right of center reflect periods when the MSCI World Value Index was ahead of the MSCI World Growth Index; bars to the left reflect periods when Growth was ahead of Value.

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(As of 01/31/2021)**

*The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. Results for the index are inclusive of dividends and net of foreign withholding taxes. Indexes are unmanaged. Investors cannot invest directly in an index.*

*The MSCI style methodology adopts a two-dimensional framework for value/growth segmentation: each security is given an overall style characteristic derived from its value and growth scores and is then placed into either a value or a growth index (or is partially allocated to both). The MSCI World Value Index captures large and mid cap securities exhibiting overall value style characteristics across 23 developed markets. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. The MSCI World Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 23 developed markets. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.*

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*Past performance is no guarantee of future returns. The investment returns presented above represent the past performance of the indices shown above, and should not be considered indicative or representative of the past or future performance of the Funds or any separately managed account of Tweedy, Browne Company LLC.*

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