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Value versus Growth:

RIA Briefing

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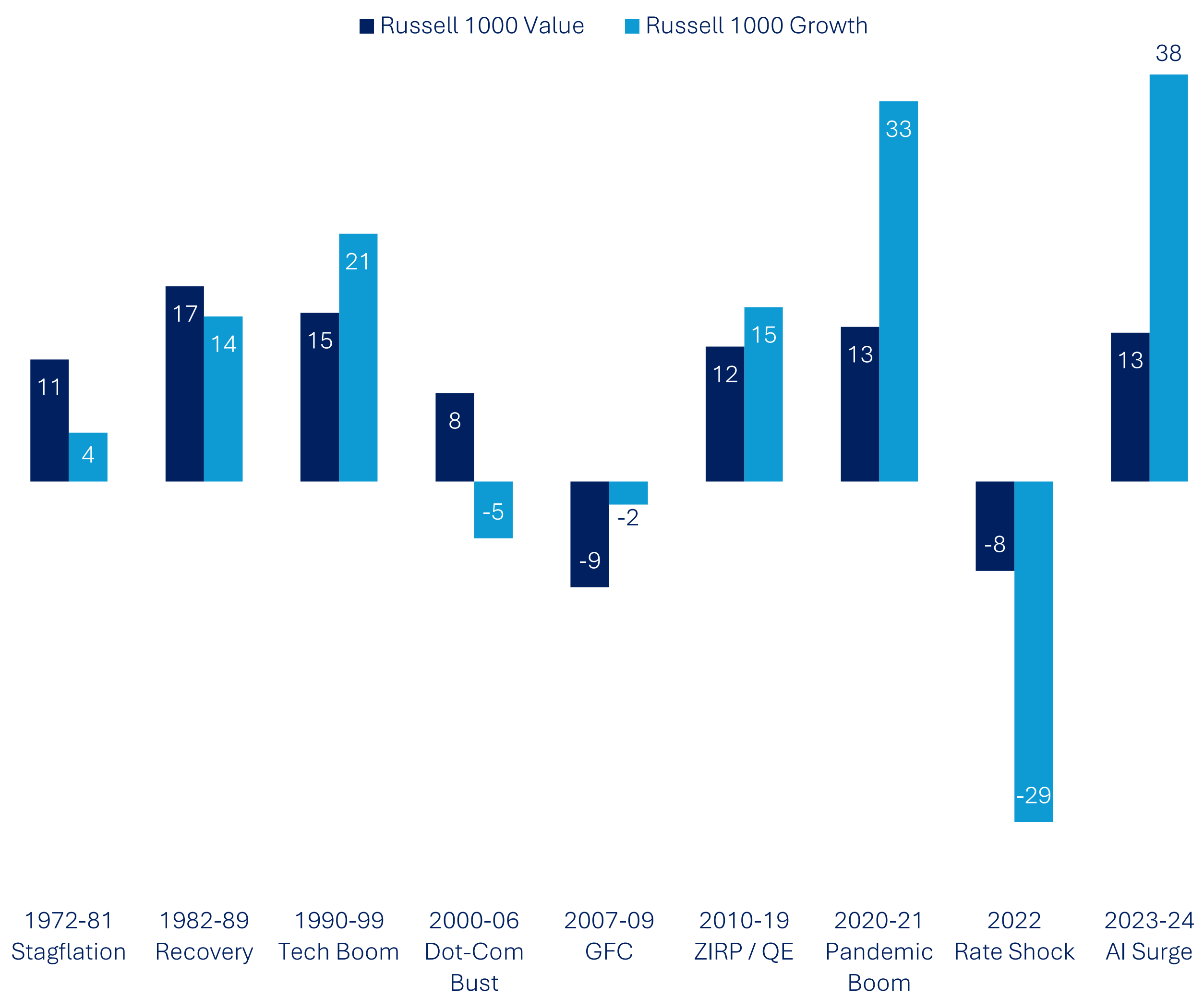
Value vs. Growth: Performance Cycles

The Value-Growth cycle is one of the most persistent -- and most punishing - dynamics in public markets. Value dominates during inflation shocks, rate rises, and post-bubble recoveries, when earnings multiples compress and terminal values are discounted harder. Growth dominates during ZIRP, QE, and tech-driven productivity cycles, when duration is cheap and optionality is priced generously. The current regime of structurally higher rates and fiscal dominance favours value -- the same macro conditions that characterised every prior value cycle.

ANNUALISED RETURN BY HISTORICAL REGIME — RUSSELL 1000 VALUE VS. GROWTH (%)



Value's worst relative decade was 2010-2019: cheap money, zero rates, and winner-take-all platform economics handed a structural advantage to long-duration growth assets. The 2022 rate shock reversed that in a single year -- Growth fell -29.1% vs Value -8.0%, a 21-point single-year swing, the largest since the dot-com bust. The regime logic is straightforward: when the discount rate rises, distant cash flows (growth) are punished more than near-term cash flows (value). Investors in real assets and LMM private equity are effectively long a value/inflation factor.

Sources: iShares Russell 1000 Value (IWD) and Russell 1000 Growth (IWF) ETF annual total returns, Yahoo Finance. Regime CAGRs computed from annual data. 2000-2024 figures are index-derived; 1972-1999 figures are estimates using Fama-French large-cap value/growth factor data (Kenneth French Data Library) and are flagged as approximations -- Russell 1000 style sub-indexes begin ~1979. GFC = calendar years 2007-2009. 2022 single-year; 2023-24 two-year CAGR. Past performance is not indicative of future results.

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