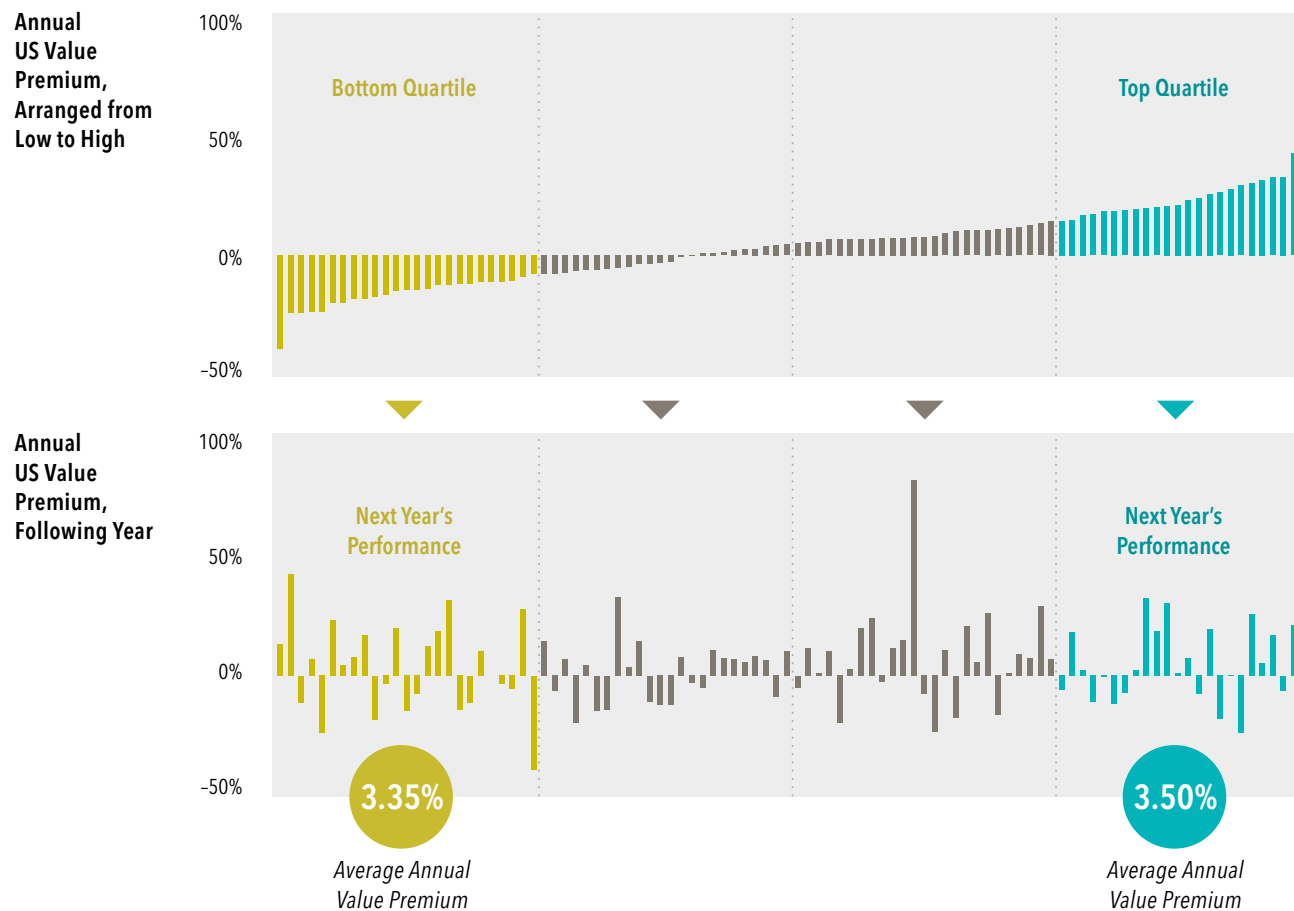


Staying the Course with Value Stocks

ANNUAL VALUE PREMIUM AND FOLLOWING-YEAR VALUE PREMIUM

US market, 1927–2024



Investors often wonder about what a strong or a weak year for value stocks might suggest about value's performance versus growth the next year.

- Value stocks are expected to perform better than growth stocks every day, because a lower relative price is associated with a higher expected return.
- To evaluate value's performance from one year to the next, we arranged years based on the annual value premium, then looked at the next year's performance.
- The bottom-quartile years—those with the weakest value performance—were followed by an average annual value premium of 3.35%. The top-quartile years were followed by an average annual value premium of 3.50%.

Value's average relative performance has been positive after the strongest and weakest years for the premium. Having consistent exposure can help capture long-term returns.

Past performance is not a guarantee of future results. Actual returns may be lower. Investing risks include loss of principal and fluctuating value. There is no guarantee an investment strategy will be successful.

In USD. Annual value premium is the return difference between the Fama/French US Value Research Index and the Fama/French US Growth Research Index. Source: CRSP and Compustat data calculated by Dimensional. Fama/French data provided by Fama/French.

Yearly premiums in top chart are arranged from low to high rather than chronologically, covering 1927–2024. Premiums in bottom chart are arranged in the order of the top chart, but one year later in each instance, to show next-year performance.

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).

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 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.

Eugene Fama and Ken French are members of the Board of Directors of the general partner of, and provide consulting services to, Dimensional Fund Advisors LP.

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