



11.09.23 | INVESTMENT MANAGEMENT

## Framing the Big Picture

Kevin T. Grimes, CFA, CFP® – CEO | Chief Investment Officer

In Chart 1 below, which security would you rather have invested in?

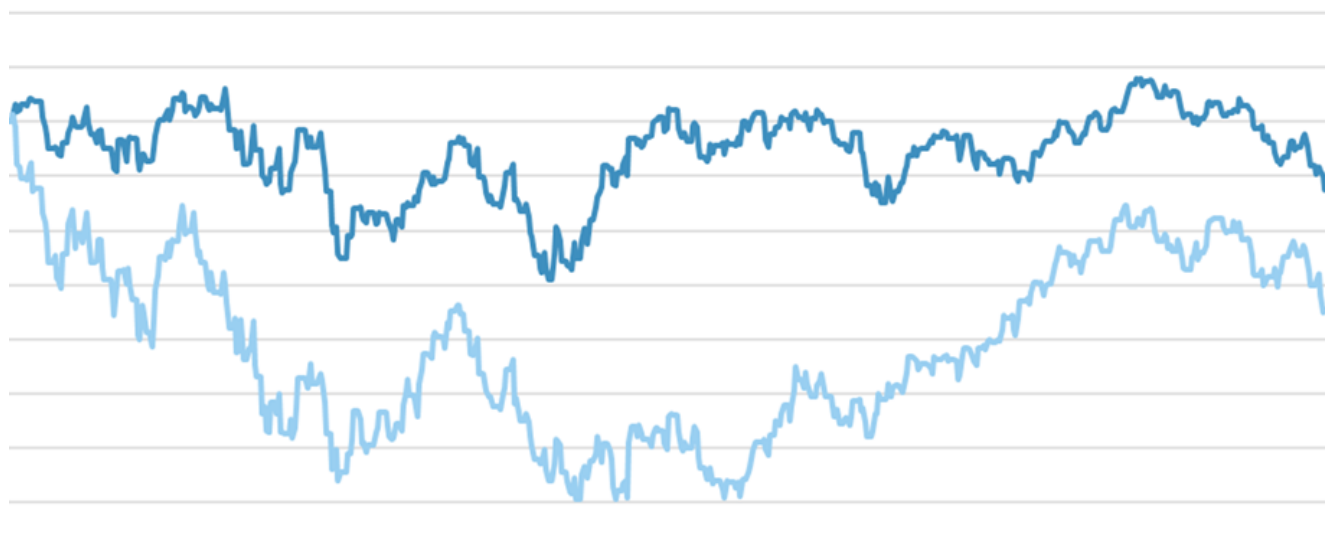


Chart 1

I cannot speak for you, but I would have chosen the Dark Blue investment. It had far less volatility and drawdown than the other choice. If I told you that the charts were only just price return, not including income, and that the Dark Blue investment had a dividend yield of 2.65% while the other yielded next to nothing, that would make the dark blue line even more attractive on a relative basis – the obvious choice.

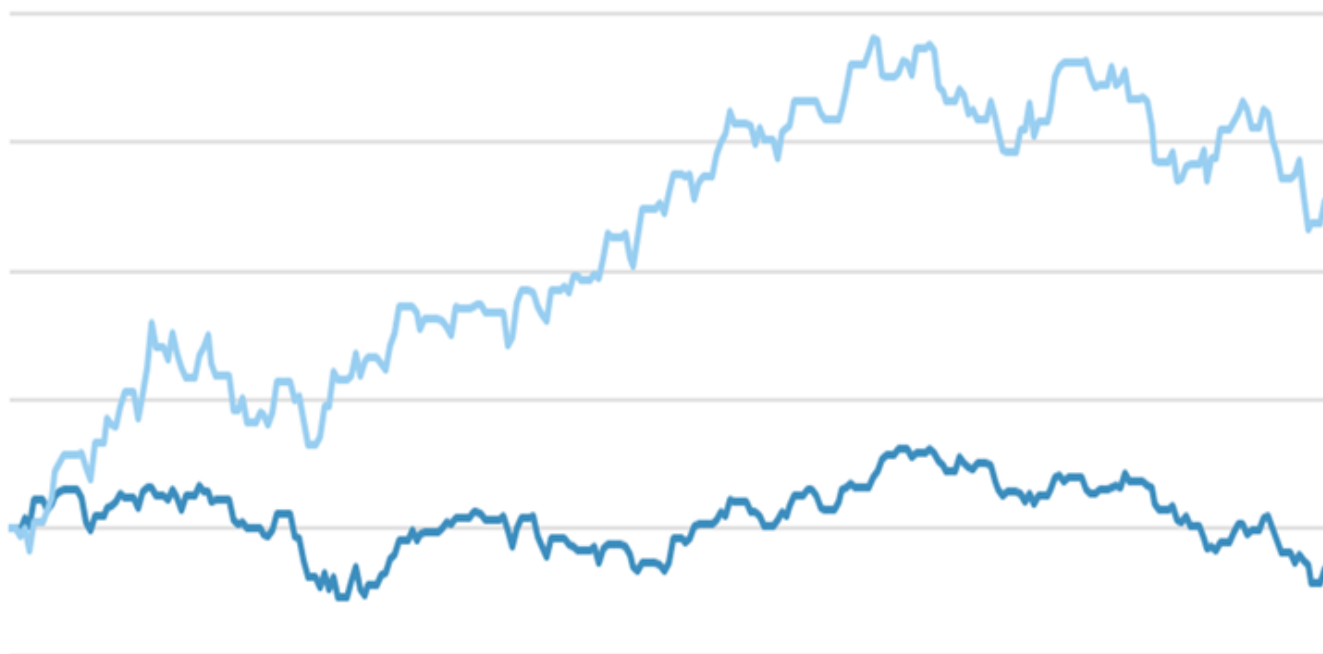


Chart 2

Chart 2 tells a very different story, and this time the Light Blue investment is the clear choice, with strong returns relative to the slightly negative results for the Dark Blue investment. Why would anyone be satisfied with the Dark Blue investment? Well, what if I told you that you were looking at the same thing?

Time for the unveiling: the dark blue line is the Vanguard Value Index, and the light blue is the Vanguard Growth Index. The difference is that Chart 1 is from the beginning of 2022 to present, and Chart 2 is year-to-date 2023. Chart two is essentially the second half of chart one, but with a new even starting point. So, which one is the better investment?

Spoiler alert – if you back this up to the beginning of 2021, then Value is still the big winner, but if you ratchet it back to 2020, then Growth comes out on top. But they are BOTH very good long-term investments. They are two different but successful investment strategies that each have their time in the sun. The long-term investor that sticks with the one they believe in more (innovation and earnings growth versus income and stability) ultimately wins and reaches their financial goals. Perhaps even better, the investor that blends the two together may have an easier ride, not subject to the inevitable periods of significant under-performance of owning only one strategy.

The big loser is the investor that hops on the prior year's big winner, only to be disappointed and frustrated – again. It is very important to assess performance over various time frames, not relying only on the most recent.

#### IMPORTANT DISCLOSURES:

Sources include eSignal.com, Bureau of Economic Analysis, Bureau of Labor Statistics and FactSet.

Please remember that past performance is no guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by

Grimes & Company, Inc. ("Grimes"), or any non-investment related content, made reference to directly or indirectly in this blog will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this blog serves as the receipt of, or as a substitute for, personalized investment advice from Grimes. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. No amount of prior experience or success should be construed that a certain level of results or satisfaction will be achieved if Grimes is engaged, or continues to be engaged, to provide investment advisory services. Grimes is neither a law firm nor a certified public accounting firm and no portion of the blog content should be construed as legal or accounting advice. A copy of the Grimes' current written disclosure Brochure discussing our advisory services and fees is available for review upon request or at <https://www.grimesco.com/form-crs-adv/>. Please Note: Grimes does not make any representations or warranties as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party, whether linked to Grimes' web site or blog or incorporated herein, and takes no responsibility for any such content. All such information is provided solely for convenience purposes only and all users thereof should be guided accordingly. Please Remember: If you are a Grimes client, please contact Grimes, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. Unless, and until, you notify us, in writing, to the contrary, we shall continue to provide services as we do currently. Please Also Remember to advise us if you have not been receiving account statements (at least quarterly) from the account custodian.