



## RISKY GROWTH vs VALUE STOCKS

The stock market stumbled in August, declining -1.8% on the S&P 500 and the Nasdaq Composite fell about twice as much. Although the broad market (the S&P 500) is up strongly year-to-date, August showed that gains might not fully hold into year-end. One reason is inflation. I believe it will be sticking around through 2023 and not until mid-2024 will it reach an annual low between 2.5% - 3% range. The Federal Reserve is responsible for managing the inflation challenge and has a goal of 2%. The next inflation number to be announced on Wednesday, September 13, at 7:30 will likely be higher than last month.

This year the S&P 500 (stock market) has proved to be focused on Artificial Intelligence or AI. These tech stocks are all growth companies that pay no, or a very small, dividend of their income.

This brings into question the challenge of growth companies vs. dividend paying value companies. Here is a year-to-date return, 1 year return, and 3 year return look at how they compare.

Category*	Year-to-date Return	1 Year Return (12 months)	3 Year Return (growth per year)
Russell 1000 Growth	30.56%	19.29%	10.72%
Russell 1000 Value	4.94%	5.81%	12.10%
Russell 1000	17.33%	12.67%	11.48%

### Returns from 2021 through 2023.

Category*	2021	2022	2023 Year to Date
Russell 1000 Growth	27.43%	-29.31%	30.44%
Russell 1000 Value	24.25%	-7.74%	4.86%
Russell 1000	26.32%	-19.19%	17.23%

\*All three categories include the largest 1000 companies in the United States and include reinvested dividends.

Therefore, we emphasize the less risky value stocks over growth stocks and we purchase growth at a reasonable price. Most of you own a balance of growth and value. You also own bonds that declined greatly in 2022 (-13%) and have not recovered in 2023 (+1%). Remember, lower inflation rates will cause interest rates to decline, and bonds will increase in value. Therefore, we recommend a higher percentage of your assets in stocks than bonds.

I always welcome your questions and requests for information. Reach out if you would like to discuss your situation and your account(s).

Derrell Crimm, CFP®

---

1800 International Park Drive, Suite 10, Birmingham, AL 35243  
 Phone: 205.235.3500 Fax: 205.235.5170 www.acfinancialpartners.com

Securities and advisory services offered through Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. Fixed insurance products and services offered through AC Financial Partners or CES Insurance Agency.