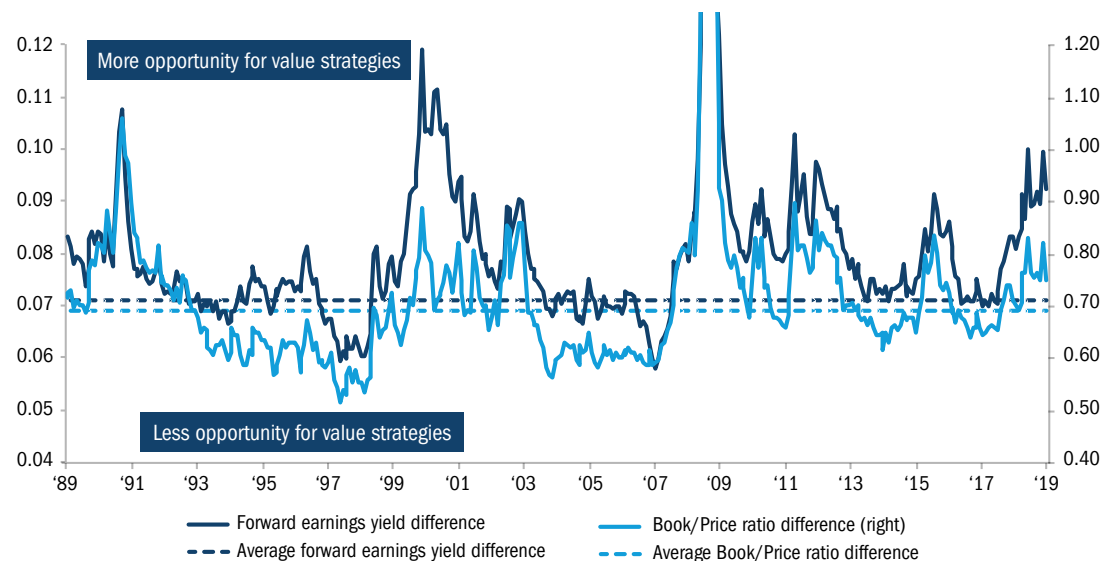


### ▶ Valuations suggest value strategies may outperform

Valuation ratio differences between cheap stocks and the most expensive stocks



Source: Columbia Threadneedle Investments as of 06/30/19. Starting universe: Russell 1000. Cheap stocks defined as top 20% of stocks in each sector based on forward earnings yield and book/price ratio. Expensive stocks defined as bottom 20% of stocks in each sector based on forward earnings yield and book/price ratio.  
**Forward Earnings Yield** – Forecasted forward 12-month earnings divided by stock month-end close price;  
**Book/Price** – Reported Common Book Equity per share divided by stock month-end close price.

**Ed Kerschner,**  
**Chief Portfolio Strategist**

**Value has underperformed growth.** Value has lagged growth 75% of the time over the past five years by an average of 5.8% per year.\*

**There are more opportunities for value now.** The differences in the valuation ratios between “cheap” stocks and the “most expensive” stocks, measured on both a forward earnings yield (i.e., PE inverted) and Book/Price ratio, suggest that there’s an opportunity in utilizing value strategies today.

\*Past performance is not a guarantee of future results. As of 3/31/19, based on calendar quarter performance of Russell 1000 Growth Index and Russell 1000 Value Index. The Russell 1000 Index tracks the performance of 1000 of the largest U.S. companies, based on market capitalization. The Russell 1000 Growth Index measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000 Value Index measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values. It is not possible to invest directly in an index. Forward Earnings Yield – Forecasted forward 12-month earnings divided by stock month-end close price; Book/Price – Reported Common Book Equity per share divided by stock month-end close price. Valuation is the analytical process of determining the current (or projected) worth of an asset or a company. A valuation ratio is a calculation that determines whether a particular security is cheap or expensive. Market risk may affect a single issuer, sector of the economy, industry or the market as a whole. Value securities may be unprofitable if the market fails to recognize their intrinsic worth or that worth has been misgauged. Investment products offered through Columbia Management Investment Distributors, Inc., member FINRA. Advisory services provided by Columbia Management Investment Advisers, LLC. Columbia Threadneedle Investments (Columbia Threadneedle) is the global brand name of the Columbia and Threadneedle group of companies. © 2019 Columbia Management Investment Advisers, LLC. All rights reserved.