Investing in S&P 500 Stocks
Do Size and Value Still Matter?
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Advisors: Dr. Robert Dean and Dr. Tony Caporale

• Study Purpose
  In this study I test
  Two hypotheses: (1) Small cap stocks
  outperform large cap stocks and (2) value
  stocks outperform growth stocks.
• Period of Analysis: 2009-2016
• Stock Universe: S&P 500
• Firm Size: Stock’s market value
• Value/growth: Stock’s price to book
• Research Design
  Stocks sorted by
  (1) Market Value and
  (2) Price to Book
  Top and bottom 50 stocks by size
  and value used to form portfolios of
  25 stocks each
• Portfolio Characteristics
  (1) Large Cap Value (LCV)
  (2) Large Cap Growth (LCG)
  (3) Small Cap Value (SCV)
  (4) Small Cap Growth (SCG)
• Portfolio Weighting Factors
  (1) HMV – Highest Market Value
  (2) LMV – Lowest Market Value
  (3) H P/B – Highest Price to Book
  (4) L P/B – Lowest Price to Book

Table 1
Cumulative Returns
2009 - 2016

<table>
<thead>
<tr>
<th>Factor</th>
<th>Large Cap</th>
<th>Small Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMV</td>
<td>122%</td>
<td>100%</td>
</tr>
<tr>
<td>LMV</td>
<td>132%</td>
<td>172%</td>
</tr>
<tr>
<td>H P/B</td>
<td>186%</td>
<td>129%</td>
</tr>
<tr>
<td>L P/B</td>
<td>140%</td>
<td>155%</td>
</tr>
</tbody>
</table>

Table 2
Cumulative Returns
2009-2016

<table>
<thead>
<tr>
<th>Factor</th>
<th>SCV</th>
<th>LCV</th>
<th>SCG</th>
<th>LCG</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMV</td>
<td>406%</td>
<td>99%</td>
<td>203%</td>
<td>122%</td>
</tr>
<tr>
<td>LMV</td>
<td>620%</td>
<td>177%</td>
<td>489%</td>
<td>132%</td>
</tr>
<tr>
<td>H P/B</td>
<td>398%</td>
<td>129%</td>
<td>253%</td>
<td>186%</td>
</tr>
<tr>
<td>L P/B</td>
<td>696%</td>
<td>155%</td>
<td>236%</td>
<td>140%</td>
</tr>
</tbody>
</table>

• Conclusion:
  • LCV vs LCG: Results mixed;
    Hypothesis not confirmed
  • SCV vs SCG: Hypothesis confirmed
  • SCV vs LCV: Hypothesis confirmed
  • SCG vs LCG: Hypothesis confirmed
  • Best Overall Performance: SCV