TRANSCRIPT

2 schools of investing: Growth vs. value

Brian Isabel: Thank you, everyone, for coming out today and joining us. Definitely appreciate you taking some time out of your busy day to spend this time with us. So today, we are talking about two schools or styles of investing: growth versus value. Now, a lot of people may have heard those terms, and maybe not really fully understood what they're about. So today, we're going to try and put a nice foundation to give you an idea of what both of schools or styles of investing entail, and how can you use them, and at the end, we'll do some live demonstration to see how you can actually use some of the tools here that we have at Fidelity to help you implement strategies using either or both of those school or strategies of investing.

So before I get started, I do want to tell a quick little anecdote. The other night I was finishing up dinner, and my wife said to me, you know, we really got to go online and order our son's school supplies tonight. I thought, okay, well great, let's go do that. And as soon as we started doing that, I had this weird feeling, I thought wow, this is so weird, because in the past, we'd always gone to our local store and, you know, jostled with all the other parents to get all the school supplies we needed, you know, maybe we're rushing to get that last box of crayons before some other parent took it, and it was really not exactly a

pleasant experience. So, it was actually really interesting to order school supplies online and really not have to deal with that whole jostling. So, I think during these crazy times, if there's one thing I'm going to take out of it, it's going to be getting my son's school supplies online going forward. But it made me think, wow, we're getting him school supplies already? Summer's already over. And what was so weird about that was it seems like this has been the fastest summer ever; it's just gone by so fast. But then on the other hand, I look back to Memorial Day Weekend, and I think, wow, that seems like a lifetime ago. It's been this really interesting expansion and compression of time, now that I'm looking back recently or over a longer period of time. Really interesting times we're in right now, and I hope everybody out there, you're all safe and well, and thanks for joining us. So, let's get started.

So, what are we going to cover today? What's on our agenda? Well I really want to start with setting the foundation of what is fundamental analysis and fundamental research, and some of the styles and styles of growth and value; we'll talk a little bit about that. And then we'll talk about what exactly is this growth style of investing, and then we'll delve into what is the value style of investing, and then we'll talk a little bit about growth versus value, and performance, one versus the other over the years, and how you might be able to also incorporate them into your investing.

Now, I do not have a ton of slides today, so the slide portion will take the early part, and then we'll finish with live demo.

So let's move on to what exactly the agenda's going to look like, while we're going to just get ourselves started with fundamentals, we'll talk about growth, value, and then growth versus value. Really what we're trying to do today is give you a solid foundation to continue learning. So, there is growth versus value, but there is a lot more than you can do as far as research is concerned. So I want to give you a solid foundation so that you can actually continue your learning in whatever direction that you choose.

So with that being said, I think it's important that we first talk about, what exactly is fundamental analysis? Now, fundamental analysis is probably most familiar to you in the sense that, whenever you hear -- or usually, I should say, usually when you hear, you know, stock research analyst XYZ put a buy, hold, or sell recommendation on this particular stock. Usually that person is performing some form of fundamental analysis. How do they do this? Well, they take a look at the balance sheet of the company, and they look at all the money coming in, all the money going out, look at all the different ratios of how they're using the money, and how they're using debt, and how they're

profiting, or not profiting, and they take all that information, and they try to come up with a value for the company. They also will listen to earnings reports. Most companies will have the quarterly earnings report. They'll come out every quarter and say, here's how we're doing, this is what we've had happen in the past, and they also will give something called forward guidance. So, they'll also talk about what they see going forward, whether there's headwinds, meaning things that are going to potentially hold them back, or whether there's tailwinds, things that might help them go forward, they'll talk about all those things. Fundamental analysts will not only just look at the balance sheet, but they will listen to those calls.

And I mention that because sometimes there can be some nuance in what the speaker says, whether it's the CEO, or whoever's representing the company on those calls, and there can be a little bit more than what you just see on the actual paper of the balance sheet.

Now, why don't they call value companies the exact same way, right? They're -- in they look, so if you go to Fidelity's Equity Summary Score, for instance, you may see ten different analysts covering a company, and you may see three different opinions divided amongst them. Why is that? Right, they're all looking at the same information. Well the reality is, is part of that is going to

be intangible assets. And those are things like brand name, good will, how do you value those things? What's the value of a particular brand name? It could be very difficult to put a value on that, right? What's the value of Joe's Chicken Shack versus, say, Kentucky Fried Chicken, right? There's different values in those two names, but what is that value? And different analysts may come up with different values, and that may influence what they value the company at.

Now they also are going to be looking at the past do help determine what they think is going to happen in the future. And they may not all agree on what's going to happen in the future. That can also affect what they value the company at.

So in short, we joke around, people in the marketplace, we say, you know, that's what makes a market, differences of opinion. If everybody had the exact same opinion, there would be no market. Everything would be priced perfectly, and no one would pay more or less. But those differences of opinion are what makes the marketplace, different valuations. And not every analyst -- I really want to stress this, not every analyst is going to come up with the same view on a particular stock's value or company's value, or even price for its intrinsic value.

So, now that we have a basis of understanding of what fundamentals are, let's talk about factors and styles, right? So when you talk about growth versus value, we're talking about two different styles of investing. But they can also be referred to as "factors," so they are factors in the relative performance of an individual stock relative to the market in general. When you talk about value and growth, they both have pretty long histories. So if we look at value, value as a style really came about in the 1930s, with a man named Benjamin Graham. You may have heard of him; he's very famous, and he's considered to be the godfather of value investing, or the grandfather of value investing. He first laid out the ideas in value investing in a textbook called "Securities Analysis" around 1934. So, there's a long history there with value; it's been around for a long time. Interestingly enough, though, Benjamin Graham never called it "value investing," he just laid out the groundwork and the framework to actually do the value investing. It wasn't until later when one of his biographers actually labeled the process that he used "value investing."

Now on the other hand, you have growth. Growth goes back to about 1950. A man named Thomas Rowe Price. He started a fund that is considered sort of the beginning of the growth investment style. He actually opened his shop in '37, but didn't open the fund until 1950, and that's really considered the beginning of growth style. So, have a pretty long history in growth as well.

Both of them were around, maybe not specifically called what they're called today, maybe not looked at exactly like they are now. But there were ideas and styles of investing.

A lot of time went by until 1992, when two professors, Chicago School of Business, French and Fama, came out with a study that finally quantified some of these factors that tended to outperform the marketplace. So what they did was, they looked at 1964 from 1990 and various stocks, and looked at their performance, and tried to determine what made them outperform, what factors, if you will, made them outperform other stocks within the same marketplace. And what they found during that time period is that stocks that were "the value style," and we'll talk more about what that actually is and means, and smaller companies tend to outperform in that, over that time period. Now, one thing I'll mention here is, a lot of people, their first introduction to growth versus value oftentimes is the equity style box, or a Morningstar report. There's a nine-box grid, and I'll show it when we do the live demonstration in a few minutes, that across the bottom, or the top, will have growth on one side, value on the other, and then along the vertical, it'll have small, medium, and large. Small, medium, and large refers to the market capitalization, and smaller companies, companies valued less than two billion

are considered small-cap, small capitalization. Large companies that are valued over $10 billion are considered large cap. Anything in between the two is mid cap.

Now you have the same structure with value; you have total value on one side, growth on the absolute other side, but there's a section in the middle called "blended." Now, when we talk about blend, I want to mention this because, it's going to help lay the foundation for this idea that these don't have to be mutually exclusive, all of these things. And, in fact, probably one of the most famous investors here at Fidelity, was a man named Peter Lynch. In the '70s and '80s, he actually ran the Fidelity Magellan Fund, and excellent performance over that time period, because he sort of pioneered this idea of a blend of value and growth. He's famous for something called GARP, Growth At a Reasonable Price. He also invented the PEG ratio, which is Price versus Earnings to Growth. So, there is area in between growth and value, and we'll talk a little bit more about that as we get closer to the end here.

But I wanted to point out that things are constantly evolving, right? And we really in the beginning had just growth, and then we had value, and then Peter Lynch comes along and he starts talking about this idea of using a little bit of both. And then, right up until just this January, this year in January, French

and Fama, the two individuals who created that first groundbreaking study in 1992, came out with a new study. And what they found was that the advantage that value stocks had had during their initial study from 1963-1990 had actually declined. So, when they took a look at it -- I'm summarizing, and you can go look at the study online -- but ultimately what they said was, in the past, during '63-1990, less people were familiar with value as a style. There wasn't as much information, and because of that, those value stocks tended to considered riskier, and because they were considered riskier, investors needed to be compensated for that extra risk, so there was this extra premium built in, or the price of the stock was lower because of that extra risk. And what they found in this new study, was that as value became more known, as information about the markets became more widely available, that extra premia actually started to decrease, so there wasn't as much of a benefit to the value style as there was in 1953-1990. Which is making sense when you think about it in a sense that, well, whenever there's an advantage that's found by one, unless they somehow manage to never tell anybody about it, or have them discover it, when other people find out about it, what do they naturally do? Well, they start to take advantage of it as well. Right, French and Fama saw the value in small cap stocks, outperformed. What did people do after that? Well they may have had higher allocations of those in an attempt to take

advantage of that benefit. Well as more and more people do that, what does it do? It dilutes your original benefit.

So my point is, is to keep in mind, the landscape of investing is always changing. So what worked in the past many not necessarily work in the future. You hear that all the time in disclosures, but this is a great point of that. So just keep that in mind, that it's always evolving, and always changing. So just bear that in mind, and keep fighting, keep learning, keep growth in education.

So, the first style we're going to talk about today is the growth style, and what is a growth investor looking for? Well, ultimately a growth investor is looking for future potential, right? They're looking for something that is going to grow faster relative to its peers. So, how do they do this? Often, they'll look for a company that has a competitive advantage. Maybe it has some sort of a niche product that others can't produce, or have a hard time producing. Maybe they have some special specific advantage that helps them to grow faster than the rest of the market. So typically, what do those companies do to continue to further their growth? Well they take most, if not all, of their earnings, and essentially put them back into the company to help further that growth. So think of it, in a sense that maybe they will take some of their earnings and buy a new machines to make production faster, or hire new employees to make

things more efficient, so they're constantly reinvesting in the company to grow.

Now, what does that mean for stockholders? Well, one of the things that they may not receive is a dividend. Not all growth-style companies don't pay a dividend, but by-and-large, most do not pay a dividend, because they're taking all of those earnings, and reinvesting it into the company, as opposed to paying them out as a dividend to their stockholders. Now, what are these individuals looking for in particular? Well they're looking for things like, a company that grows its profits faster than other companies, and has strong earnings growth in the past, and strong potential for future growth, and good profit margin, maybe because they have a niche product. Typically, they have strong price performance, right? Their price tends to move faster than the rest of the market. They're often more expensive than their peers. So, when you think growth companies, when you think about the idea that they're often more expensive, they don't pay a dividend, they trade at higher multiples, typically, of earnings to their peers. What does that usually end up meaning? Well, it usually means that they can be more volatile as well. So because they have such high expectations that are set out for them in the beginning, it can be difficult to meet those expectations year-over-year, quarter-after-quarter, and when they don't, that can make them usually -- very volatile price spikes.

In addition to that, they typically don't pay a dividend, and a dividend is not there to help make up for some of that volatility, to smooth out the value, so to speak, of the stock overall.

So to recap: ultimately, you're looking for the future growth. You're looking for something that is going to grow faster than the market, is going to grow its profits faster, it's going to reinvest its profits into the company to help sustain that future growth and further it. Typically, they're going to be more expensive because they have a strong price performance relative to the market, which is going to make them more expensive. And because of all of these factors, they tend to have more volatility.

So I pose a question to you: do you think Apple is a growth stock? For a long time, Apple was the quintessential growth stock. They took all their profits, poured them back in the company, back into the company, never paid a dividend. Then all of a sudden, they paid a special dividend; I believe it was $2. They paid a cash dividend, and then all of a sudden, shortly after that, it turned into a quarterly dividend, regular quarterly dividend. So now, is it still a growth stock? They pour a ton of profits back into the company, but they pay a dividend.

On the other hand, look at something like Microsoft, same type of classic story, was forever classic growth stock, just pouring funds back into the growth and development of future products. Now they're pretty regular -- or not pretty regular, they are a regular dividend payer. Does that mean they're not a growth stock anymore? If you pay a dividend, it does preclude you from being a growth stock; it just is less likely.

Now I say, I've been using "stock" or growth stock, and value, we'll talk about value stock. But keep in mind that these are styles as well. So a mutual fund manager, or an ETF manager, their style may be growth; they may scoop out only growth companies. So, keep in mind it's not just stocks, but you can have growth stocks, and then you can have growth ETFs or growth mutual funds, but specifically invest in those growth companies. Additionally, we have the same on the value side, where you can have mutual funds and ETFs that look for just value, or you can have mutual funds and ETFs that look for a blend of all those things.

So, I also want to remind everyone that growth and value, and blend, they're not the only factors that contribute to a particular stock's outperformance, or overperformance relative to the market. There's actually been thousands of different factors to identify. This one area is particularly well-researched within

academia. There's been a ton of papers out there that talk about various factors that contribute to stock performance, individual stock performance, and talk about various investment styles in their performance and outperformance. It's really fascinating, and because of all of that academic research, it goes back to one of the things that I've been really trying to make sure everyone's aware of is that, things are always changing.

So things are always changing; let's go back to what's essentially considered the oldest investment style: value. So if you were looking at growth for future potential, like the possibility of things that could happen in the future, well, what is on the other side of that? Well the other side of that is value, and typically, value is considered "diamonds in the rough." So if you think of a value stock, you could think of it as almost like a "diamond in the rough," or if it's an mutual fund or an ETF that invests in the value-style, it's looking for those diamonds in the rough. There can be a lot of reasons why something could be considered a "value stock." Ultimately, all value really means is that it is trading below what the investor or the analyst thinks the intrinsic value of the shares are. So if you think a company is worth $10 a share and it's trading at $9, that could be a value stock, because it's trading less than what you think, or what the analyst thinks is the intrinsic value. Remember, we're looking the

balance sheet, we're listening to earnings calls, trying to figure out what this is worth, and if it's trading below that, then that is considered a value stock.

Now, how you identify a value stock, where are people often looking for when they look for a value stock? Well ultimately, usually, if I'm looking for sort of something that's generally going to be steady eddy, right? Something that's growing steadily, usually you're going to pay a relatively high dividend yield. It's going to have a low price-to-book ratio, that's the range between the book price, it could be considered the intrinsic value if it's trading low to the book price, and it's not trading higher than what its intrinsic value is. Low price-to-earnings multiples, so remember, we talked about growth, high price-to-earning multiples; value: low price-to-earnings multiples. Sort of the other side of the coin here.

Who's the most famous value investor? Well, if you pay attention to any market news or any of the journals, or a journal, you've probably heard of a gentleman called Warren Buffet. And Warren Buffet had many, many well-known phrases. One of them is he's trying to find an outstanding company at a sensible price. Warren Buffet, Charlie Munger, his right-hand man, they're probably the two most famous about value investors. Probably the one that

you've heard of, if you heard of Berkshire Hathaway, or heard of value investing, those are the names that come to mind most readily.

And really, what are they looking for? They're just looking for these companies that they believe the marketplace is not fairly valuing. And some of the ways you can look for those are looking for those things that have those low price multiples, high dividend yields. Now what's the tradeoff? Well they typically, steady eddy, they pay a nice dividend, they aren't going to all-of-a-sudden blow up and go to the moon over the course of a few days. They're going to be more or less volatile, and part of the benefit there is that not only are they going to be less volatile in their price, and their prices don't tend to move as much, but they also help pay out -- they also help by paying out a dividend. So they're returning some of their profits. So you get to participate in those profits via the dividend that they pay out.

So, two different styles, but I want to stress that they don't have to be mutually exclusive, right? You don't have to say, I'm only a value investor, or I'm only a growth investor. Point today is to teach you what both of them are looking for, and why they're looking for them, and what they're seeking, so that you can think about how it might help you in your portfolio.

So let's take a look at growth versus value, right? So this is probably what everybody came here for today. Which one's better? Which one has been better over the longest period of time? Which one should I be looking at? Unfortunately, you're going to be a little bit disappointed, because it really depends. Like so many things, when it comes to investing, it depends on you. It depends on what your goals are. What are you willing to risk to achieve those goals? What's your timeframe? I know that you've probably heard all these things said before, but it is very true.

Let me give you an idea to think about. We talked about the value being more steady eddy and paying a dividend, and we talked about growth historically being more volatile, doesn't pay a dividend. Well if you're a retiree, and you're living off of a fixed income, and part of that is dividends, would a growth strategy make sense for you? Not necessarily; not likely, in fact. Would a value? More likely. Conversely, if you're young, and you just started investing, and you've got your whole life ahead of you, and you have some extra savings that you can have, does growth potentially make more sense? Well you can withstand that volatility, you don't necessarily need the dividends for income, so maybe value is not as appropriate for you, and maybe growth is.

But even more than that, I would say, I keep going back to the risk one in my mind, that risk tolerance has a huge part to play. Now you don't need the dividend, but you can't stand volatile price spikes. If you look at the chart on the left here, it's the Russell Growth versus the Russell Value Index, the multi-color, red, and green, is the Russell Growth, and the Value is the blue line. And if you look over time, looking at different time periods, how does it look? Well, if you look at it right now, it looks like there's massive outperformance from growth, right? In the past ten years, for the most part, growth has been the winner, beating value. Except for maybe in 2017, value was a little bit better.

But I would also call your attention to looking at the whole chart. There are times when they are in tandem; they both are performing about the same. And then there are other times when the value is outperforming growth. So what might cause these things and how might it affect your risk tolerance?

Well think of the right side, the far right side of the chart. That's mostly, look at the violent swing in the growth, the red and green line, versus the much more subdued swing in the value. If you're someone who's very risk-averse, that violent swing might have caused you to get out far too early. And if you did, you may not have been able to take advantage of that quicker bounce back in

growth, whereas the more subdued drop in value may have cushioned some of, or allayed some of your fears, but it didn't come back as quickly, or it's still coming back, kind of not back as quick.

For those of you moved to the middle of the chart, well look at what's happening there. You were getting outperformance from value relative to growth. And then further to the left, growth once again was the winner. Notice what's happening here, they go back and forth. Sometimes they're in sync and they're basically doing the same; sometimes growth is outperforming; sometimes value is outperforming.

And everybody's probably thinking well, haven't there been studies? Yes, many, many studies have been done. And a lot of what it comes down to is how you slice and dice your time periods. If you were to look at the past ten years, well, clearly, there was outperformance from growth. Must be growth is better. But remember, French and Fama went back '63 to '90, and they found that value was better. So, this ebbs and flows and changes, and it has a lot to do with where we are in the economic cycle. So historically, value stocks tend to outperform when there's economic uncertainty. When people are concerned about the economy, where will they go? They go to safe havens. They go where dividends are being paid. So even if the price of the stock goes

up and down, they're getting something from it. They're getting some income. All right, they've got something that they can look to for some level of certainty, right, given that they're not certain they can move up down change the stock, but at least there's the potential of getting something from it. And that lower volatility, when there's uncertainty, it might be calming or might ameliorate some of the concern that something that has a much higher volatility would have. On the other hand, during periods of great economic expansion, bull markets, in bull markets, growth stocks have outperformed.

Now this last point, which will perform better over time, will be affected by where we are in the economic cycle. And I bring that up because although we can look at all of the academic research and look at all of the information that's out there, and all of the slicing and dicing of time periods, but what it comes down to is where are we right now? And where are we going to be in the future? If you know that, then yeah, you could probably pick which is going to be the better one to perform going forward. But unfortunately, no one really knows that. Even if you look at where we are in the economic cycle, there can be some disagreement between economists. Some might say we're further along than some others; some might say we're not as far as along as the others. If you think about the bull market, right, it's -- you've probably heard someone call it the most painful market in history. It lasted far longer than

anybody would have anticipated. And then when it stopped, it stopped pretty hard. Right, you see that on this chart. So, it does depend, if you look at all the studies, you can find one that says, value is better over longer periods of time, and growth tends to be better during shorter periods of time.

So what does that mean to you as an investor? Well it really comes down to you, what's your time frame, right? Maybe if you have a really long time and the data shows that value has a slight edge over a hundred years, and you think you have a hundred years, maybe you have a leaning toward value, versus maybe you think we're at the beginning of a historic bull market, and you think, well, you know, maybe I'll tilt a little bit towards growth. But, I will remind you, it does not have to be all in on one side or the other. You can have some growth with some value, and the idea there will be to have a nice diversified portfolio. If you have some growth, you can take advantage when those bull markets, and you can participate in them. And on the other hand, when things aren't so rosy and aren't so great, you can have some value in there to help cushion the blow. That's, when we talk about portfolio diversification, that's really what we're talking about. We're talking about this ides of having the different performance factors, or outperformance factors, to help offset the conditions, the economic conditions at the time.

So, if you leave here with one thing, keep in mind, it doesn't have to growth; it doesn't have to be value. It can be growth, can be value, but it can also be a mixture of the two. And I would also remind you, you have the tools here at Fidelity, I'm going to go through some in just a moment, you do have, you can always give us a call, call your advisor if you want to have a deeper discussion about this, take advantage of the tools that are available and the resources that are available to you.

So some of the key takeaways from today: the growth style of investing, ultimately what does it come down to in one sentence, seek to maximize returns using fast-growing companies. Sometimes people will call growth capital appreciation. It's the same thing.

On the other hand, value in a sentence, it seeks to find companies priced below their intrinsic value. So, sometimes you'll hear people refer to it as "trading at a discount towards intrinsic value." And then growth versus value, is one better than the other? No, not necessarily. It depends. It depends on what your risk tolerance is, what your timeframe is, and what is your goal? Are you saving this for your grandkids? Are you saving this to spend on a new house next week? That has to be taken into account; it always has to be taken into account when you consider any investments. Never discount that you

have to take that into account. Neither style is inherently better. Historically, depending on what time frame you chose, and where you slice and dice the data, and where we were in the business cycle, where the economy was, they either outperform each other, or they actually worked in lockstep, and you never know which one, what is going to happen in the future. So consider diversification.

So I am going to switch over to my screenshare. I'm going to switch over to my screenshare, and while I do that, you can digest that last slide. So it does take a few moments, and while I do that, I will essentially give you an outline of what I'm going to do. I'm going to show you some simple screens that you can use for finding mutual funds, finding ETFs, and finding stocks that may have a bent toward value, or a bent toward growth, or maybe a blend, depending on what you're looking for. We do have some great tools for each of those.

I will start with mutual funds. I'm just going to give it just a couple more seconds just to make sure that it's loaded and you can see it before I try to switch over to it. Okay, it's up now. So I'm just starting on the news page on Fidelity.com. I'm going to start with mutual funds, and we're going to take a look at where you can find some screens for mutual funds that might fit one of

those two styles. If you go to "News & Research," go down here to "Mutual Funds," click on it, it's going to bring you to the mutual fund home page, essentially. And this is a single screener, but if you notice over here on the left, there's a carrot that you can click on that will bring up more criteria. Here is where you can actually screen for all different factors, or features of different mutual funds. To wrap up here today, I am going to go through fund family and type, I'm going to click the plus, and now you're going to list fund families, and fund type. This time I'm going to click "Fund Type," I'm going to have to just say yes to view the results. Now, when I get to this page, notice I've now received additional things that I can screen by. If I come down here and I scroll down, the last one, US Equity, so looking for mutual funds that invest in the US Equities, where a particular set of values. So in this case, I can look for large blend, large growth, large value, mid-cap blend, mid-cap growth, mid-cap value, small blend, small growth, small value. Remember when I said earlier that these are probably the two most common factors, and that's size and type. So size: small-, medium-, or large cap; type: growth, value, blend.

So I'm just going to pick another one here, "mid-cap blend," so you can actually pick any of these. But here's where you can pick -- or I will pick "value," since we were talking about growth and value today. Now you have large value. I'm just going to click on the first one here. When I click on that,

it's going to bring you to the mutual fund page, and I just -- why I wanted to bring you here, because I wanted to show you, A, this is where you can do more research on that particular mutual fund, which click on "composition." Notice over here the equity style map. This is what I was describing earlier; it's nine boxes across the top, you have value, blend, and growth. Across the side, you have large, medium, small. What does this mean? Well it's taking a look and saying, what does this typically invest in? Does it invest in value-type stocks, or does it invest in growth-type stocks, or maybe a blend in between, and on top of that, what kind of capitalization is it? And you'll notice, there's this red circle that's telling you this particular fund is a large value fund. Now, it could be in any of these boxes. Sometimes you'll see a couple of boxes shaded here, it may stray a little bit into one of the other styles; it may not fit into a box perfectly. So that's how you can find a particular mutual fund using the mutual fund screener if you prefer value, growth, blend, small-, medium-, or large.

Now, what if you're more of an ETF investor? How can we do that with ETFs? Well, go back up to News & Research. And go down to ETFs this time, and we're going to come to the ETF screener. On this ETF screener, you'll see -- or ETF home page, I should say. You'll notice down here, there's "Launch ETF Screener," and we launch that ETF screener. It's just like the mutual fund

screener, and have those categories that you can select from over here on the left. Down here, you'll see there's one labeled "objectives." So what are the objectives of this ETF? Well, I'm going to look for something with equity, since we've been mostly talking about stocks. Equities, and then notice you have sector objective, capitalization objective; remember small, medium, and large, but you also have style objective. So if I click on "style," you notice I have core blend, growth, or value. So in this case, I select "growth," because we picked value last time, and now it's filtered down to various ETFS with filters on growth style of investment.

I do also want to stress, this is not the end-all be-all, right, because you're still going to have 59 choices to look at. You do have the ability to continue screen with all of these other factors, all of these other criteria that may help tailor the results to a more specific lead of yours. But this is a great way to start your search, and then add on, and it will continue to reduce down until you get to what you're looking for. And so notice there's all these other objectives you can also use.

So now I'm just talking about mutual funds, how you can find some that have particular styles. You can do the same things with ETFs, but we have the exact same thing for stocks as well. So you can find "News & Research" once again,

go down to stocks, and we're going to come to the stock research center. Over here on the left, you'll see stock screeners. And one of things I particularly like about the stock screener, if you're looking for individual securities, if you click on "Start Screen," on this screen, notice what we have here already: growth, growth and value, and value, right off the bat. These are preset screeners that were designed by experts for us at Fidelity. And if you click on any of those, they're going to give you additional criteria. So maybe you want a growth strategy, but not sure the exact growth, but look, now you have all these additional screeners. If you are new to screen for individual securities, I would encourage you to take a look at these. You may not find one that you like, but I would take a look at them. What I like about them is, what stage you're looking for, growth at a reasonable price, remember we talked about Peter Lynch popularized this idea. If you click on that, notice here, it tells you, hey, who came up with this screen, what were they looking for, what's the strategy being used, what are some things to watch out for, so what might be different in pages -- in the results that you come up with, to be aware of, and then see the summary of what it all looks like. You notice, when I clicked on it, it applied to screener, and it gave me five stocks that fit that criteria. Also notice, both are here; these are all the criteria that it's selected. So maybe I want to adjust it. If I click on, say, EPS Growth, maybe I want to change that to medium. If I click on that, now it's going to readjust what fits in

that new screening. And if I like, I can also see that some I screened -- in the future, I can always come back and run it again. So I really do like these pre-built screeners, and you'll notice that they have quite a few of them, and if you are new to looking for individual securities, I find that they can be very useful for, even if you're just using them just, okay, well what are these -- screening for when they're looking for growth, or what are they screening for when they're looking for value? What are some of those things?

Now, I'll also bring your attention to the fact that over here on the left, just like the mutual fund and the ETF Screener, you have all this criteria that you can use to select the different aspects that you may want in a particular stock. I'll bring your attention down here. Notice there's company value. And what's right next to that? Company growth. So if you click on "company value," the values that people typically use when they're looking for a value company: PEG ratio, price-to-book, price-to-sale, price-to-cash flow, PE, remember when we talked about those earlier? On the other hand, if I click on "company growth," EPS growth, book value growth, revenue growth, cash flow growth rate, all the things that people typically use to evaluate growth companies, or to screen for growth companies.

So great way to start looking at those strategies, look for the individual ones that are professionally devised for us, or if you're more confident and you want to look for something very specific to you, we have all these criteria over here, and they make it easy to determine between growth and value.

END OF AUDIO FILE

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

Growth stocks can perform differently from the market as a whole and other types of stocks and can be more volatile than other types of stocks.

Value stocks can perform differently from other types of stocks and can continue to be undervalued by the market for long periods of time.

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