

CLiENTFIRST

Strategy, Inc.



*Written by Mitchell O. Goldberg
ClientFirst Strategy, Inc
April 15th, 2011
For immediate distribution*

Growth vs. Value... Ready...Set...Patience!

When you invest in stocks, it is critical to determine from the outset whether you are expecting earnings growth now or in the future. After all, the earnings health of corporations is the most important determinant of long term investment performance.

In order to help you confidently figure this out, let's just say for arguments' sake that there are two different kinds of investors; growth investors and value investors.

The growth ones are the "now" investors. They are buying companies that have earnings growth now and are expected to grow earnings into the future. The value ones are the "later" investors. They are buying companies whose earnings are somewhat level and not showing immediate acceleration. The key for value investors is that you buy them because you expect their earnings to accelerate some time in the future. In this case, you would be willing to wait for as long as it takes for your selected company to begin to grow its earnings. Meaning, value investors are willing to tie up money in a stock for a long time until the underlying company begins a new cycle of increased profitability.

And since companies often go through recurring cycles of maturity (i.e. Market saturation and decelerating earnings growth) and renewal (i.e. new product launch and accelerating earnings growth), your value stock may have the potential to become a renewed growth stock. That is the best time to purchase it; before that transition from value to growth stock. On the other hand, growth stocks, no matter how strong their fundamentals are, typically hit a wall and slow down; in Wall Street parlance, this is commonly referred to as "the law of large numbers".

Since both styles of investing, growth and value, have the potential to provide you with positive investment returns, it would be wise to adhere to a combination of the two. Just know exactly which style you are using to pick stocks. It'll help you to remain patient

and at the same time, help you realize when it is time to eliminate a position from your account.

Thanks for reading this. Please forward this to anyone you know who may find it interesting. Please reply me if you'd like to comment.

Interested in becoming a client? Call me. Let's talk about it.

All the views expressed in this report/commentary accurately reflect our personal views about any and all of the subject securities or issuers and no part of our compensation was, is, or will be, directly or indirectly related to the specific recommendations or views we have expressed in this report. This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments, or strategies mentioned herein may not be suitable for all investors. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only correct as of the stated date of their issue. Prices, values, or income from securities or investments mentioned in this report may fall against your interests, and you may get back less than the amount you invested. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. You should consult with your tax advisor regarding your specific situation.

Diversification does not guarantee against market losses. It is a method used to manage investment risk.

We are registered to sell securities in the following states: AZ, CA, CO, CT, FL, IL, KS, KY, MD, NJ, NY, PA, VA, WA

This information is provided for informational purposes only and is not a solicitation or recommendation that any particular investor should purchase or sell any security. The information contained herein is obtained from sources believed to be reliable but its accuracy or completeness is not guaranteed. Any opinions expressed here in are subject to change without notice. Past performance is not a guarantee of future results.

*Securities & Investment Advisory Services Offered through NEXT Financial Group, Inc., member FINRA/SIPC.
CliENTFIRST Strategy, Inc. is not an affiliate of NEXT Financial Group, Inc.*