

Growth vs. Value: Capturing Complementary Factor Exposure

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Key Takeaways

- In 2023 and 2024, the [WisdomTree U.S. Quality Growth Fund \(QGRW\)](#) significantly outperformed SPY, capturing upside in innovation-driven markets with returns of 55.94% and 34.81%, respectively.
- A 50/50 blend of [QGRW](#) and the [WisdomTree U.S. Value Fund \(WTV\)](#) outpaced SPY over the past two years, offering a balanced and risk-adjusted approach that delivered excess returns even through early 2025 market volatility.
- By combining high-growth exposure with value-based quality screens, a blended strategy provides lower valuations, stronger profitability metrics and improved resilience across market regimes.

For decades, investors have debated the merits of growth versus value investing. Growth companies offer the potential for rapid earnings expansion, often tied to innovation and long-term structural themes. Value stocks, by contrast, tend to trade at lower multiples and provide steadier returns, particularly when economic conditions or interest rates shift against richly valued sectors.

Historically, leadership has rotated between the two styles depending on the macroeconomic backdrop, with growth outperforming during periods of falling interest rates and strong innovation cycles, while value has shined in inflationary or rate-sensitive environments.

Rather than trying to time these cycles, blending growth and value can provide a more balanced exposure that captures upside potential while mitigating concentration risk.

Benefits of Blending Growth and Value Factors

The [WisdomTree U.S. Value Fund \(WTV\)](#), through its value-oriented methodology, provides exposure to companies trading at attractive multiples with stronger fundamentals than traditional value benchmarks. The Fund invests in U.S. large- and mid-capitalization companies with high total shareholder yield (dividends + share buybacks) and favorable quality metrics. To avoid value traps or cheap stocks with poor fundamentals, the methodology incorporates profitability screens using return on equity (ROE) and return on assets (ROA). With over 130 holdings and broad sector exposure, [WTV](#) offers diversification.

The [WisdomTree U.S. Quality Growth Fund \(QGRW\)](#), by contrast, tilts toward large-cap growth companies with persistent earnings momentum and balance sheet strength, characteristics historically rewarded

in disinflationary or innovation-driven cycles. Its Index methodology emphasizes profitability, screening for companies with strong growth and quality metrics. The Fund holds a significant concentration of Magnificent Seven stocks, which have heavily driven market performance in recent years.

When combined, the two offer factor diversification. Value's mean-reversion characteristics reduce draw-down sensitivity in inflationary or rate-driven environments, while quality growth captures upside during periods of declining discount rates and secular expansion.

Alpha Generation vs. SPY

SPDR S&P 500 ETF Trust (SPY) remains a popular choice for investors seeking broad exposure to the U.S. equity market. However, like the index it tracks, its performance is heavily influenced by a handful of mega-cap constituents.

To assess relative effectiveness of various strategies, we evaluate the performance of SPY, [WTV](#) and [QGRW](#) on a stand-alone basis, alongside a 50/50 [WTV/QGRW](#) blend.

- **QGRW vs. SPY:** Since inception in December 2022, [QGRW](#) outperformed SPY, most notably in 2023, 55.94% vs. 26.14%, and 2024, 34.81% vs. 24.87%, demonstrating stronger upside capture in growth-driven markets.
- **50/50 Blend vs. SPY:** The blend has generated excess returns in 2024, 2023, the trailing one-year period and over the common period, though it slightly lagged year-to-date (YTD).
- **Risk/Return Profile:** The blend offers a more balanced performance stream relative to [QGRW](#) or [WTV](#) alone, while still delivering superior long-term excess returns versus SPY, suggesting a favorable risk-adjusted profile.

Figure 1: Performance

Fund	YTD	2024	2023	1-Year	Common Period 12/15/22-9/30/25
QGRW	16.52%	34.81%	55.94%	25.78%	36.14%
WTV	10.36%	23.90%	22.11%	15.57%	19.87%
SPY	14.74%	24.87%	26.14%	17.48%	22.97%
50/50 QGRW/WTV (Blend)	13.44%	29.36%	39.02%	20.68%	28.01%
Excess Returns: Blend vs. SPY	-1.30%	4.49%	12.89%	3.20%	5.04%

Sources: FactSet, WisdomTree, as of 9/30/25. The performance data quoted represents past performance and is not indicative of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end and standardized performances, click the respective ticker: [QGRW](#), [WTV](#), [SPY](#).

Valuation and Profitability Characteristics

Beyond performance, the blended allocation offers clear fundamental advantages when compared with SPY.

- **Valuation advantage:** The 50/50 blend offers lower multiples than SPY, providing relative value.
- **Superior profitability:** The blend has higher ROE, ROA and margins, suggesting stronger operational and financial efficiency.
- **Balanced exposure:** By combining growth with a value/quality tilt, the blend captures a more attractive risk/return profile than SPY alone.

Figure 2: Characteristics

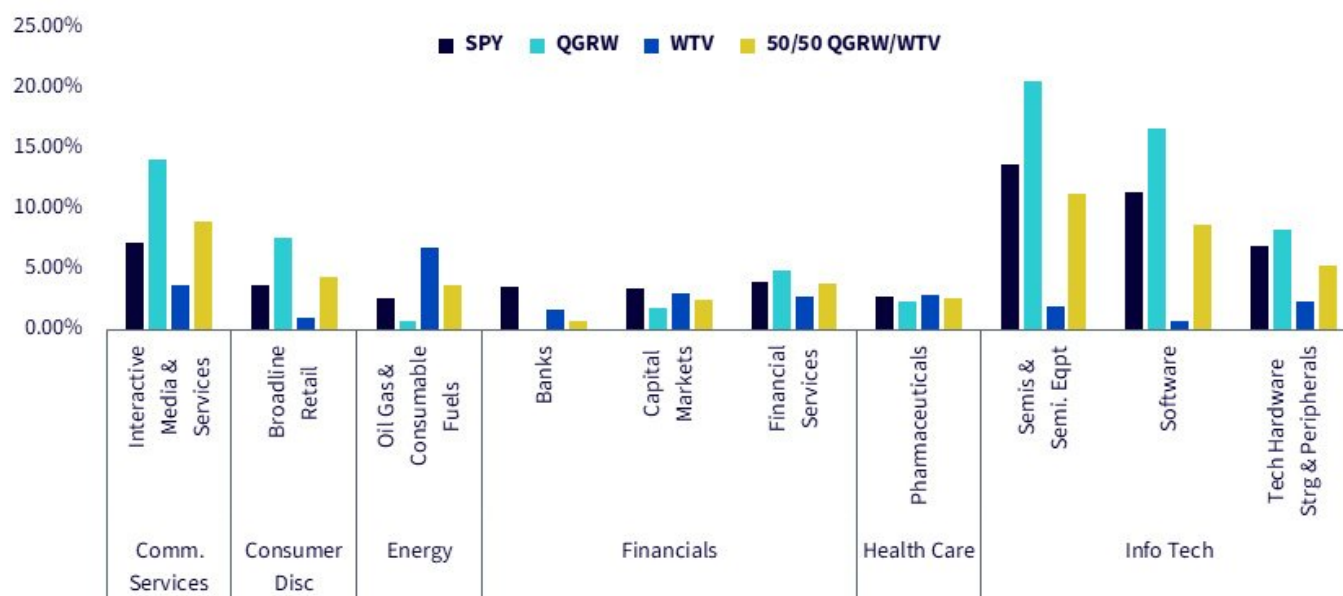
Characteristics	QGRW	WTV	SPY	50/50 QGRW/WTV
Price-to-Earnings (P/E)	38.60x	15.83x	27.76x	27.21x
Estimated P/E	31.98x	13.24x	23.48x	22.61x
Return on Assets (ROA)	13.82%	3.38%	4.41%	8.60%
Return on Equity (ROE)	31.43%	15.19%	18.26%	23.31%
Return on Sales	25.76%	10.33%	15.88%	18.05%

Sources: FactSet, WisdomTree, as of 9/30/25. P/E and Estimated P/E calculations exclude companies with negative earnings. For definitions of terms in the table above, please visit the [glossary](#).

Looking Deeper into Industry Positioning and Relative Tilts

The blended portfolio broadly mirrors the industry composition of SPY and by extension, the S&P 500, which it tracks, maintaining comparable exposures across most industries.

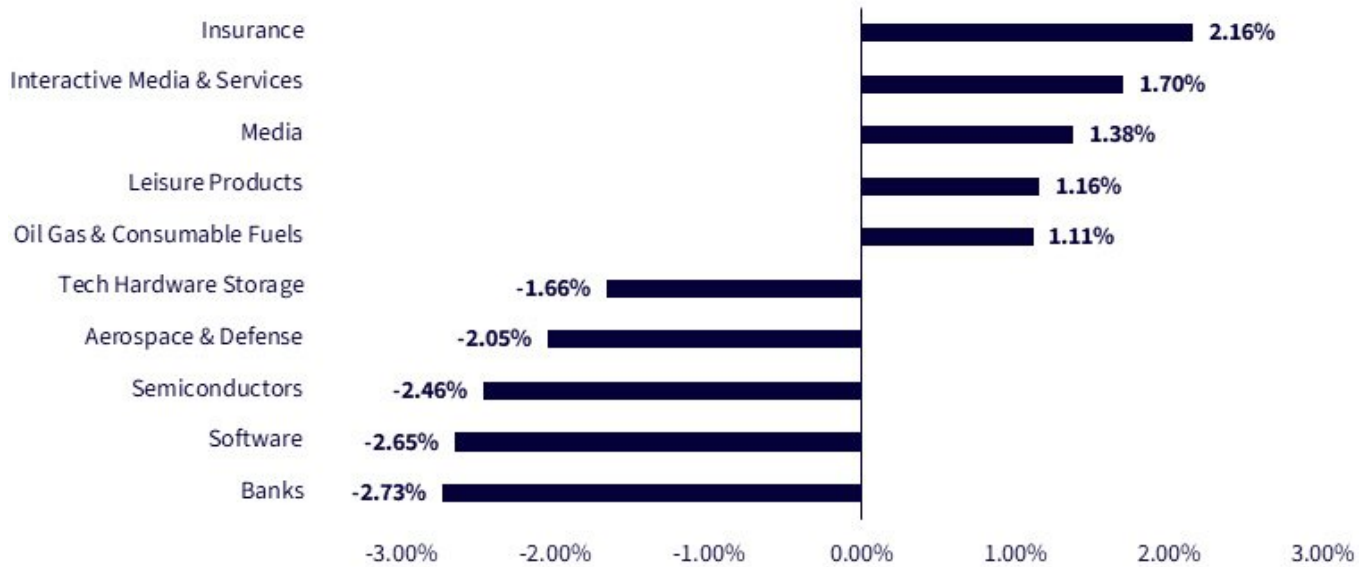
Figure 3: Top 10 Industry Weights



Sources: FactSet, WisdomTree. Top 10 industry weights in SPY relative to QGRW, WTV and 50/50 blend as of 9/30/25.

The 50/50 [QGRW/WTV](#) blend provides Magnificent Seven exposure similar to SPY, capturing the secular growth of the U.S. technology and communication leaders while embedding a value overlay that strengthens portfolio resilience across market cycles. This balance enables upside participation in growth-led environments and more defensive performance during valuation corrections or sector rotations.

Figure 4: 50/50 QGRW/WTV Blend Over/Under-Weights vs. SPY



Sources: FactSet, WisdomTree. Top 5 over/under-weight industry groups as of 9/30/25.

While the neutral 50/50 blend provides balanced exposure, investors with stronger growth or value bias can rebalance to over-weight growth or value strategies, enhancing alignment with their forward-looking convictions.

Conclusion

The blend's balanced nature allows it to navigate different market regimes effectively. During periods favoring growth, like 2023/24, it participated in rallies. During volatile phases, like early Q2 2025, it demonstrated resilience, capturing upside potential while providing more defensive performance. Combining the two creates a style-diversified portfolio, mitigating dependence on any single market factor or trend.

Figure 5: Additional Information

Fundamentals	QGRW	WTV	SPY
Inception Date	12/15/2022	2/23/2007	3/12/1996
Objective	The WisdomTree U.S. Quality Growth Fund seeks to track the price and yield performance, before fees and expenses, of the WisdomTree U.S. Quality Growth Index.	The WisdomTree U.S. Value Fund seeks income and capital appreciation by investing primarily in U.S. equity securities that provide a high total shareholder yield with favorable relative quality characteristics.	The SPDR S&P 500 ETF Trust seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500 Index.
Expense Ratio	0.28%	0.12%	0.09%
Index	WisdomTree U.S. Quality Growth Index	-	S&P 500 Index
30-day SEC Yield	0.07%	1.78%	1.05%
Assets under Management	\$1,779.17	\$1,779.07	\$672,726.67

Sources: WisdomTree, FactSet, as of 09/30/25. You cannot invest directly in an index. WTV and QGRW were chosen for comparison because they represent complementary yet distinct exposures within U.S. large-cap equities. SPY, which tracks the S&P 500 Index, serves as a baseline for broad market performance.

Important Risks Related to this Article

There are risks associated with investing, including the possible loss of principal. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.

QGRW: Growth stocks, as a group, may be out of favor with the market and underperform value stocks or the overall equity market. Growth stocks are generally more sensitive to market movements than other types of stocks. The Fund is non-diversified and, as a result, changes in the market value of a single security could cause greater fluctuations in the value of Fund shares than would occur in a diversified fund. The Fund invests in the securities included in, or representative of, its Index regardless of their investment merit. The Fund does not attempt to outperform its Index or take defensive positions in declining markets and the Index may not perform as intended.

WTV: Funds focusing their investments on certain sectors increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. While the Fund is actively managed, the Fund's investment process is expected to be heavily dependent on quantitative models and the models may not perform as intended.

SPY: The fund is subject to risk, including possible loss of principal. The fund seeks to track the performance of the S&P 500 Index and does not attempt to outperform it. Equity securities may fluctuate in value in response to the activities of individual companies and general market and economic conditions. The fund is subject to general market risk, equity investing risk and passive investment risk. ETFs may trade at prices above or below their net asset value (NAV) and are subject to brokerage commissions and trading costs.

Before investing, consider the fund's investment objectives, risks, charges and expenses. For more information, obtain a prospectus or summary prospectus at www.ssga.com or call 1-866-787-2257. Read it carefully.