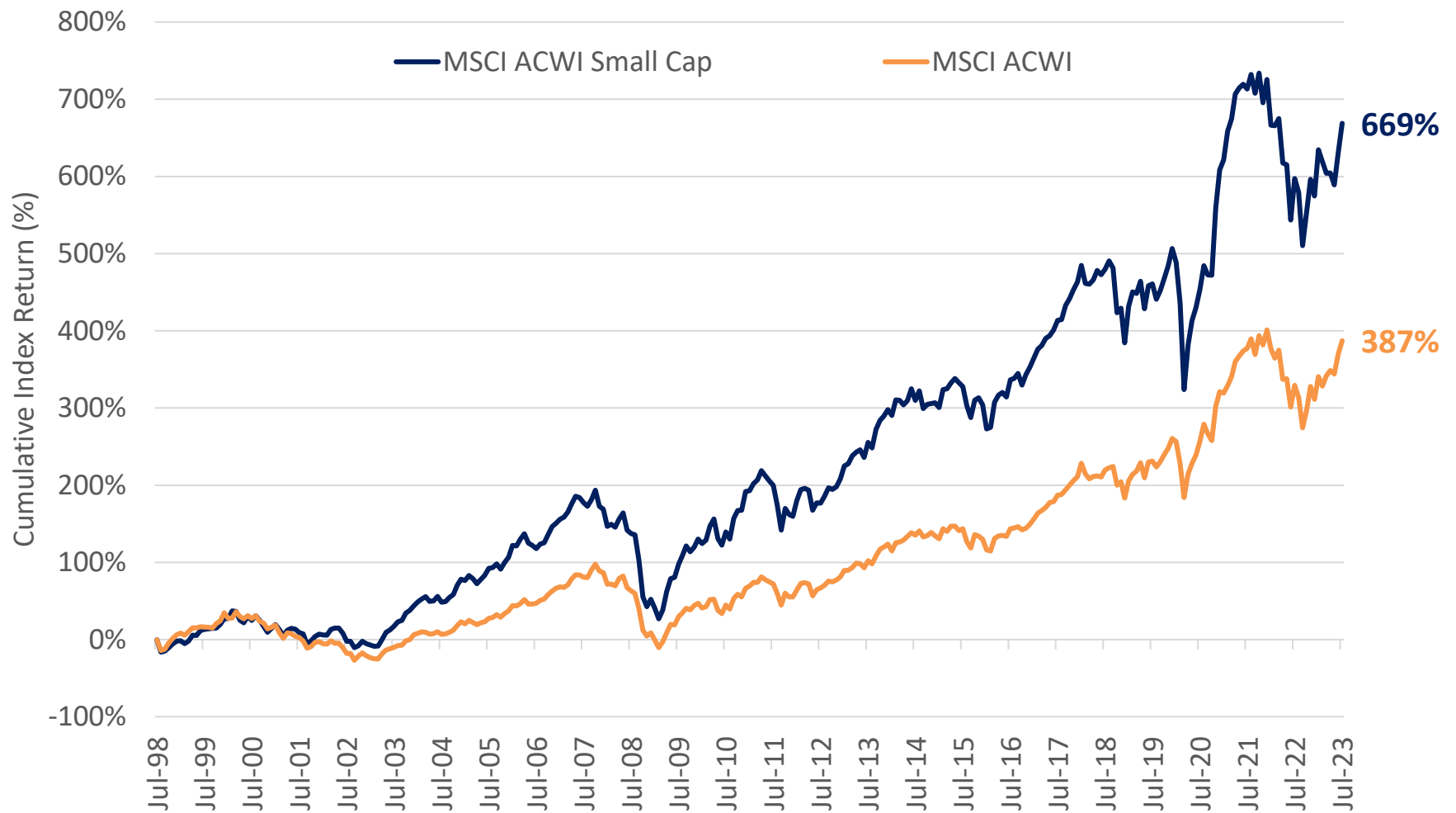


# Small Caps Surprise: Value Matters More than Growth (and it's at a rare discount)

August 2023

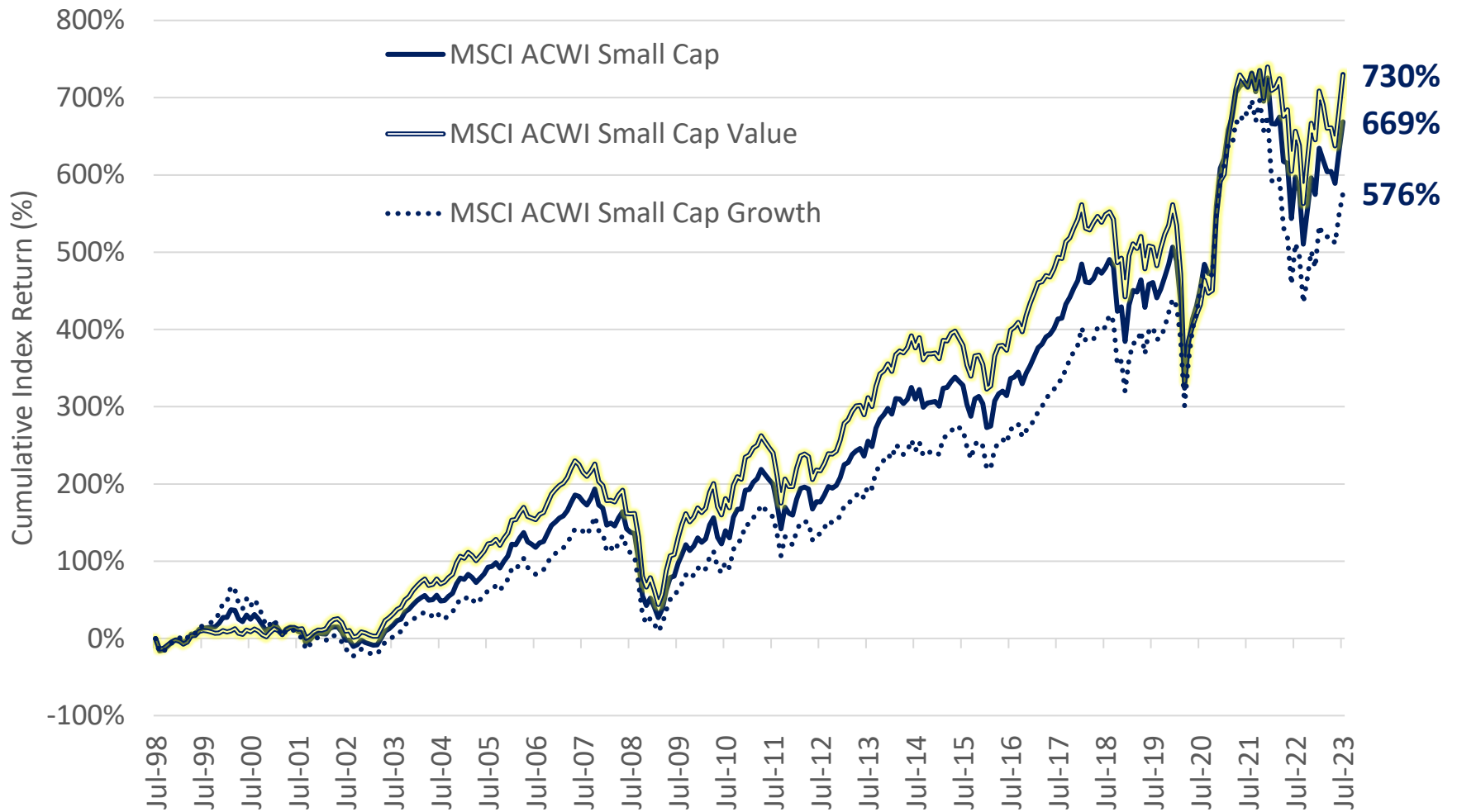
**Causeway Capital Management LLC**  
11111 Santa Monica Blvd.  
15th Floor  
Los Angeles, CA 90025  
[www.causewaycap.com](http://www.causewaycap.com)

## Global small caps have a history of outperforming large caps...



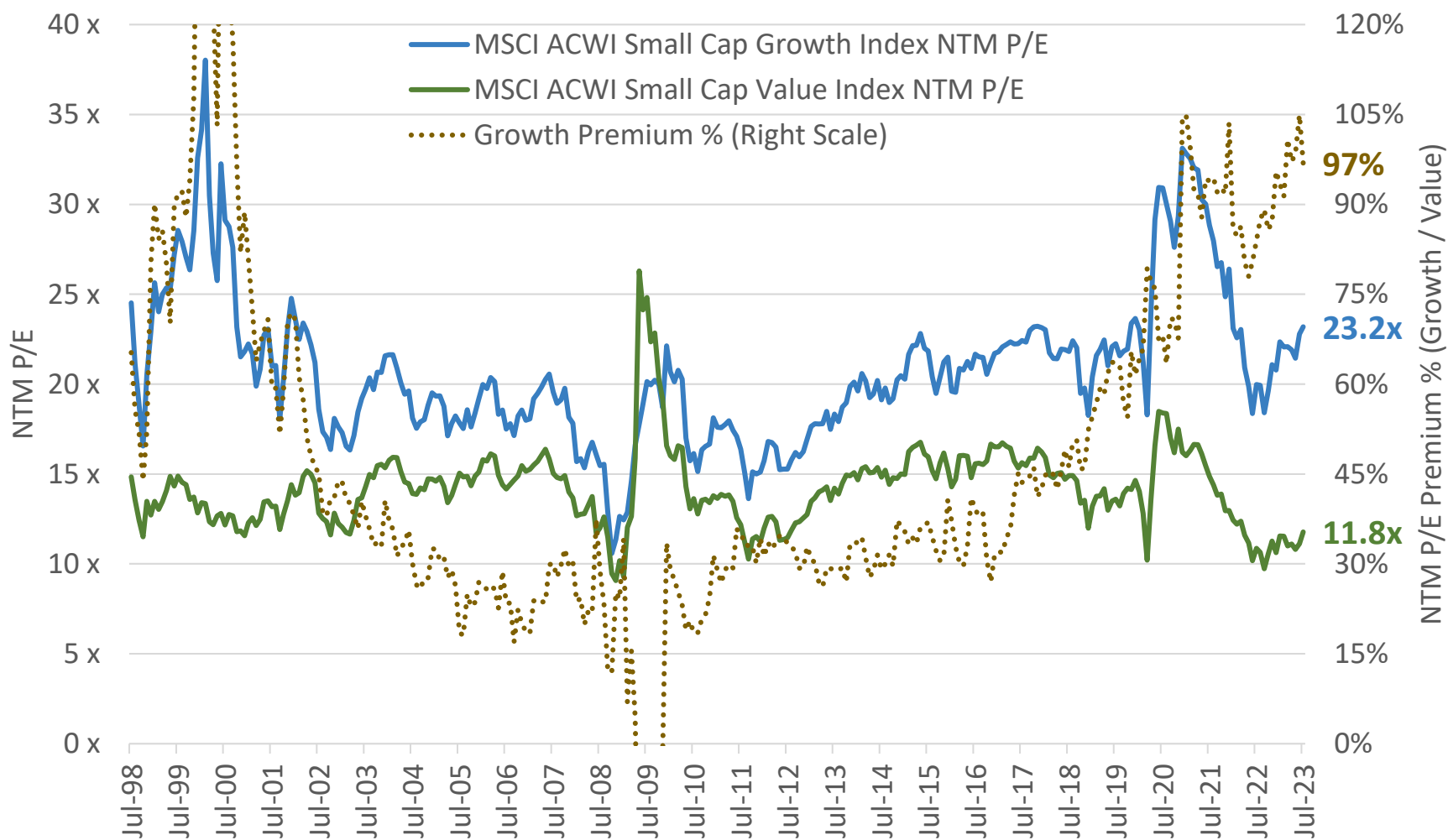
Source: MSCI, FactSet.

## ...and contrary to expectations, value stocks have led



Source: MSCI, FactSet.

## Within global small caps, growth stocks at substantial premium to value



Source: MSCI, FactSet. "NTM P/E" of a stock is its price divided by the consensus EPS estimate for the next twelve months.

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*The Causeway international small cap strategy uses quantitative factors that can be grouped into six categories: valuation, earnings growth, technical indicators, competitive strength, macroeconomic, and country. The relative return attributed to a factor is the difference between the equally-weighted average return of the highest ranked quintile of companies in the strategy's universe based on that factor and that of the lowest ranked quintile of companies. "Alpha" is a measurement of performance return in excess of a benchmark index.*

*The MSCI ACWI Index captures large and mid cap representation across 23 Developed Markets countries and 24 Emerging Markets countries. With 2,935 constituents, the index covers approximately 85% of the global equity opportunity set. The MSCI ACWI Small Cap Index captures small cap representation across 23 developed markets and 24 emerging markets. With 6,246 constituents, the index covers approximately 14% of the global equity opportunity set. The MSCI ACWI Small Cap Value Index captures small cap securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. The MSCI ACWI Small Cap Growth Index captures small cap securities exhibiting overall growth style characteristics. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend.*

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