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# Will Value Stocks Lead Again?

The 2010s were a decade dominated by the superior performance of growth stocks over value stocks.

As we enter a bear market, however, many experts have expected the script to flip—historical growth stocks might flip to value stocks as market confidence contracts, while historic value stocks might be more undervalued than ever.

To recap, a **growth stock** is stock in a company that people expect to grow in value substantially in the near future. These are usually "hot" companies with strong fundamentals and a lot of goodwill in the market.

A **value stock**, by contrast, is stock in a company that is undervalued, but with strong fundamentals to return to the valuation you would expect of that stock based on its dividends, prist-to-book ratio, and price-to-earnings ratio.

Value stocks are usually older companies, household names, most of whom pay dividends. To recoup their value, there usually needs to be a turnaround in market perception of the stock. This is hard to predict, so all things being equal, value investing is considered more risky than growth investing.

What might this look like? Many indicators showed that oil companies were undervalued based on their fundamentals, spurred by a reduction in demand for fossil fuels during the pandemic. However, value investors who jumped at these low-seeming prices may have jumped too soon and may see their portfolios lose even more value before recovering.