



Redefining value: From style category to investment discipline

 **BostonPartners**

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The Investment Engineers

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In this paper, we explore the fluid nature of value classifications, outline how we assess intrinsic value, and how our process allows us to identify and act on value where and when we see it emerge.

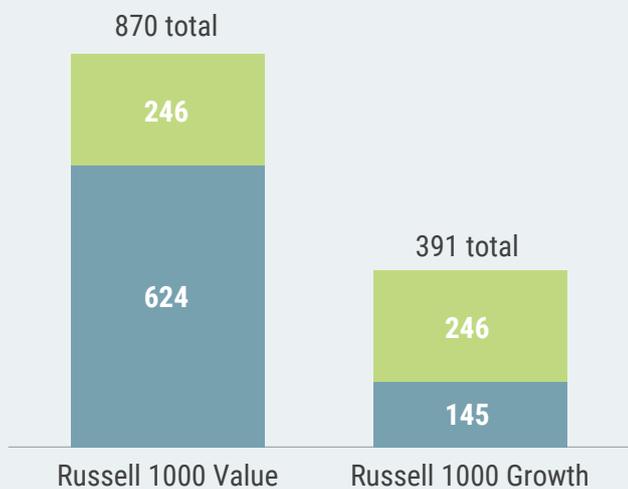
The traditional separation of value and growth implies two distinct styles with different return profiles, yet companies themselves evolve as earnings trajectories, capital allocation decisions, and valuation regimes change. Benchmark construction reinforces this fluidity, with meaningful overlap between growth and value indexes underscoring that style is a classification convention rather than a durable economic identity. At Boston Partners, we distinguish durable value from superficial cheapness through a broader assessment of business quality, cash-flow resilience, and capital allocation discipline – paired with a sell framework designed to mitigate value traps and respond as fundamentals shift.

The spectrum of value and growth

The investment industry conventionally frames growth and value as opposing styles – distinct categories that imply different philosophies, factor exposures, and expected return profiles. Asset allocation models, consultant databases, and manager lineups are often built around this divide. Yet the lived reality of equity markets is far less binary. Growth and value are not mutually exclusive economic identities; they are interpretive lenses applied to companies whose fundamentals, valuations, and expectations evolve over time.

This fluidity is visible within the construction of major benchmarks. The Russell 1000 Value Index and the Russell 1000 Growth Index are widely used to represent the two style universes across large US companies. However, index methodology permits meaningful overlap between them. Constituents are not permanently assigned to a single economic camp; rather, they are scored along a continuum of characteristics, which can result in partial inclusion across style segments. The implication is straightforward but important: even at the benchmark level, the growth-value divide is porous by design.

The Russell 1000 Growth and Value indexes share 246 stocks, including many household names



Source: FTSE Russell; Boston Partners, 2026. Past performance does not guarantee future results. The value of your investment may fluctuate. You cannot invest directly in an index. See last page for important definitions. The companies shown in this image are for illustrative purposes only. This is not a buy, sell, or hold recommendation. No inference can be made on the future development of a company shown.

At the end of 2025, nearly 250 companies were constituents of both the Russell 1000 Value Index and the Russell 1000 Growth Index, including many household names with meaningful allocations in each index. These are not incidental inclusions; they represent economically meaningful exposures within both style constructs.

The structural takeaway is clear: growth and value are not mutually exclusive economic categories but overlapping classification frameworks applied to the same underlying businesses. Businesses such as Alphabet, Amazon, and Meta¹ are often labeled 'growth' by default, as if they were growth archetypes. Yet their profitability profiles, free cash flow generation, and capital return policies increasingly resemble traits historically associated with value. Conversely, companies like Coca-Cola and American Express¹, commonly characterized as value archetypes, have demonstrated durable earnings expansion and pricing power more typically linked to growth narratives. Even a semiconductor innovator such as Advanced Micro Devices¹ may simultaneously exhibit high forward growth expectations and valuation dynamics that shift its style classification over time.

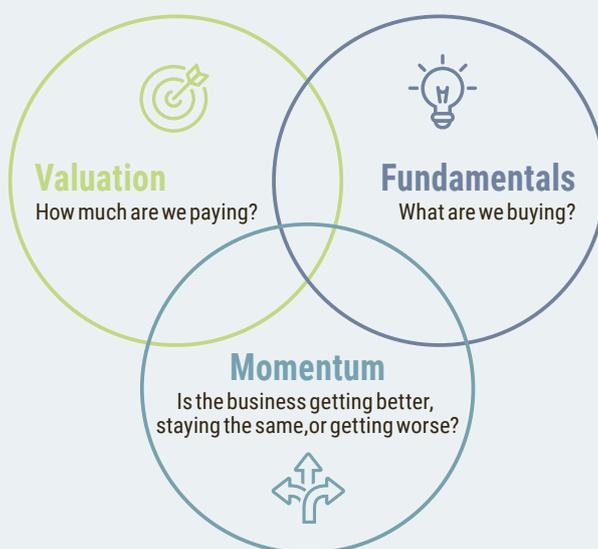
The concept of 'drift' must therefore be evaluated in context. At what point does deviation from a style label constitute a breach of mandate – and at what point is it a rational response to changing economic conditions? More importantly, when does apparent 'drift' simply reflect the consistent application of an investment philosophy designed to underwrite key fundamentals – such as valuation discipline, earnings durability, balance sheet strength, and wise capital allocation – whose evolution naturally alters a company's surface-level style profile? In that light, what appears as stylistic movement may, in fact, be evidence of process discipline rather than process breakdown.

How we define value

Not all stocks that screen as 'value' necessarily represent compelling value. Our research highlights the limitations of relying too heavily on static price multiples as a primary investment criterion. Such approaches can increase exposure to 'value traps' – businesses that appear inexpensive but lack the fundamental trajectory required to unlock that discount. For that reason, we focus on identifying companies where attractive valuation is supported by durable fundamentals and improving operating momentum, rather than price alone. Our 'Three Circle' approach to investing, as we call it, has value as a defining characteristic, but our decision-making is driven by a multifaceted analysis of investment potential.

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For us, valuation is foundational – but never isolated. We assess it in the context of business quality, capital allocation discipline, and the sustainability of earnings growth.

A good illustration of this approach can be found in our forward-looking pipeline of potential investments. Each analyst maintains a quality watch list of ‘two-circle’ companies – businesses that exhibit some combination of two out of three of our criteria; for example, a company that shows compelling fundamentals and positive business momentum but that does not yet satisfy our valuation criteria. These two-circle stocks are not idle placeholders; they represent pre-underwritten opportunities that we watch closely for signs of change.

During periods of market stress or style rotation, valuation gaps can close rapidly. When they do, two-circle stocks can transition into actionable three-circle investments, which we remain prepared to move on with speed and conviction. This structure enables us to act decisively when volatility creates dislocations – regardless of whether the market temporarily categorizes those businesses as ‘growth’ or ‘value’. In environments where style leadership can rotate abruptly, that flexibility is not cosmetic; it is essential to maintaining return discipline without sacrificing opportunity.

Beyond the style box

At Boston Partners, we are genuine value managers. That characterization reflects our respect for valuation discipline, but it does not fully describe our process. The integration of three distinct but interdependent dimensions – valuation, fundamentals, and momentum – must align to support a compelling, investable thesis.

Companies can remain inexpensive for structural reasons. Conversely, high-quality franchises can compound intrinsic value for extended periods before appearing optically cheap. Momentum, when unsupported by underlying business strength, can prove transient. Each dimension in isolation is incomplete. What matters is the intersection.

We believe durable returns across market cycles are more likely when a business demonstrates fundamental resilience, trades at a reasonable valuation relative to its prospects, and exhibits improving market recognition. The alignment of those three factors creates a reinforcing dynamic: fundamentals underpin conviction, valuation frames risk and return asymmetry, and momentum reflects the tangible evidence of a business’ stagnation or dynamism. Together, they form a disciplined framework for underwriting change beyond style labels and for compounding capital as businesses evolve.



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Boston Partners is a value equity manager with a distinctive approach to investing – one that combines attractive valuation characteristics with strong business fundamentals and positive business momentum in every portfolio. The consistent application of this approach over more than 30 years by an experienced and long-tenured team has created a proven record of performance across economic cycles, market capitalizations, and geographies.

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Terms and definitions

Factor exposures refer to observable drivers of return – such as value, size, and quality – beyond traditional classifications. Free cash flow generation is the total cash generated from operations minus capital expenditures. The Russell 1000 Value Index tracks the performance of those large-cap US equities in the Russell 1000 index with value style characteristics. The Russell 1000 growth Index tracks the performance of the large-cap US equities in the Russell 1000 Index with growth style characteristics. It is not possible to invest directly in an index.

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