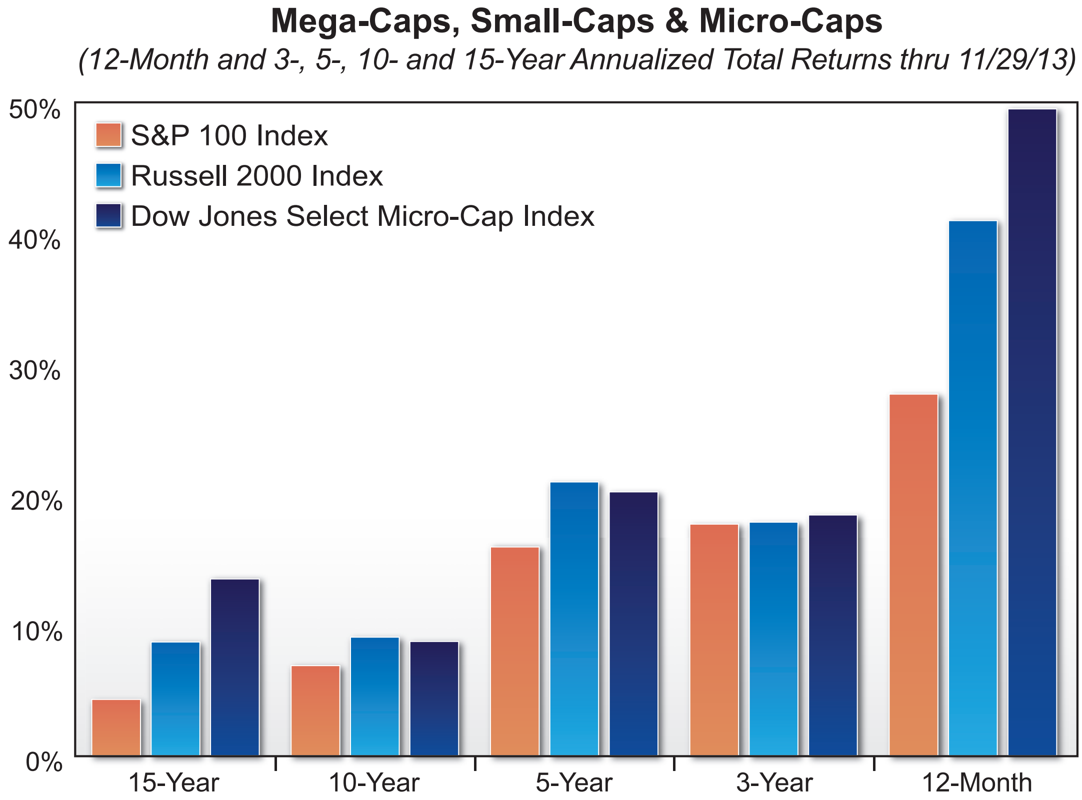
Really? You're Kidding!



Source: Bloomberg. Past performance is no guarantee of future results.

View from the Observation Deck

1. Today's blog post is intended for those equity investors who may have become "overly sensitive" in recent years to the risks associated with investing in the stock market.
2. Thanks to the Internet, news cycles are now truly 24/7 because the news is more easily accessible. The constant barrage of information makes it seem like there is more negativity to navigate.
3. Our primary concern, and it has been so for many years, is this mantra from some of the financial cable outlets that investors can no longer build wealth within the equities markets utilizing a buy and hold strategy.
4. This message seems to be grounded in the illusion that today's bad news is somehow more relevant than in decades past. We don't subscribe to this notion. Bad news is bad news and bull and bear markets come and go.
5. While we acknowledge that understanding one's risk tolerance is critical for achieving one's goals, the returns featured in the chart are what is most relevant, in our opinion.
6. The performance returns show that, despite all the negative events since 1998, micro-cap stocks outperformed both small-cap and mega-cap stocks by a big margin.
7. In fact, micro-cap and small-cap stocks outperformed the most well-capitalized stocks (mega-caps) over every period featured in the chart. The greater the risk, the greater the potential for higher returns.
8. That is the way the financial markets are designed to work. The more things change, the more they stay the same.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 100 Index is capitalization-weighted and is comprised of 100 highly capitalized stocks selected from the S&P 500 for which options are listed. The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index. The Dow Jones Select Micro-Cap Index represents the "investable" portion of U.S. micro-cap companies trading on the major U.S. exchanges.