

Best Investment Opportunity in Over 25 Years
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Stock valuations are currently very attractive. On Monday November 17, 2008, Value Line estimated the median stock price appreciation potential is 160% for the next three to five years. Since January 1968, Value Line has published their estimated median price appreciation potential for the 1700 stocks they analyze. Value Line is one of the most trusted and prestigious names in the investment field. The last time Value Line estimated a median price appreciation potential of 160% or more was August 1982. Three years later the S&P 500 had returned over 150% and five years later the S&P 500 had generated returns over 250%.

In the long-run, changes in stock values are driven by business success as measured by current and future company earnings, corporate profitability, cash flows and dividends. Over time, well-run profitable companies create wealth for shareholders. In the short term, stock prices can move dramatically. These price swings can create tremendous investment opportunities.

Since many of Value Line's 1700 companies are small capitalized companies, we used the Ibbotson Small Cap Stock Index in our analysis. As Table 1 shows, historically, when Value Line estimated median price appreciation potential exceeded 150%, small cap stocks produced returns of 178%, on average, in the following 4 years. This equates to an average annual return of 29%. In contrast, small cap stocks generated significantly smaller returns when Value Line estimated median price appreciation potential was less than 50%.

Stock Valuations and Following Four-Year Stock Returns

1970-2007

Table 1 VALUE LINE'S ESTIMATED MEDIAN PRICE APPRECIATION POTENTIAL OF ALL 1700 STOCKS FOR THE FOLLOWING 3 TO 5 YEARS	SUBSEQUENT 48-MONTH TOTAL RETURN IBBOTSON SMALL CAP STOCK INDEX	CURRENT READING
Greater than 150%	177.84%	Current Reading
125% to 150%	154.63%	
100% to 124%	125.99%	
75% to 99%	90.85%	
50% to 74%	51.49%	
Less than 50%	30.03%	

Source: American Strategic Capital, Inc.

As Table 2 demonstrates, over shorter and longer time frames, small cap stocks produced excellent returns historically when Value Line had an estimated median price appreciation potential greater than 150%, as it is presently.

Stock Valuations and Subsequent Stock Returns

1970-2007

Table 2 VALUE LINE'S ESTIMATED MEDIAN PRICE APPRECIATION POTENTIAL OF ALL 1700 STOCKS FOR THE FOLLOWING 3 TO 5 YEARS	SUBSEQUENT 12-MONTH TOTAL RETURN IBBOTSON SMALL CAP STOCK INDEX	SUBSEQUENT 60-MONTH TOTAL RETURN IBBOTSON SMALL CAP STOCK INDEX	CURRENT READING
Greater than 150%	48.62%	238.10%	Current Reading
125% to 150%	36.08%	218.47%	
100% to 124%	26.54%	165.50%	
75% to 99%	17.02%	125.49%	
50% to 74%	9.57%	75.33%	
Less than 50%	0.24%	34.56%	

Source: American Strategic Capital, Inc.

Looking forward, we believe courage will be greatly rewarded. The financial crisis has created the best investment opportunities in over 25 years.