



HISTORY REPEATS

Or does it? The cycles always look different but the outcome is the same – RECOVERY.

It is different this time – due to: the internet; globalization; and the culprit-creative, derivative, opaque leverage.

It is different but the outcome will be RECOVERY. While the timing is inexact, one can reasonably believe that portfolio values will be substantially higher in three years' time.

Value is here. The machinery of finance is starting to move slowly; after an obviously unforeseen Lehman lock-down. Fundamentals such as real cash flow and useful products and services will be rewarded.

The History (See Chart Attached):

1970 – 2008: \$100,000 → \$2,974,019: Compound Total Return 9.1%
7 downturns, averaging 31%!
i.e. to get this return, one had to lose about 1/3 of one's money
approximately every six years!

*It takes nerve but compounding and patience can work!

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