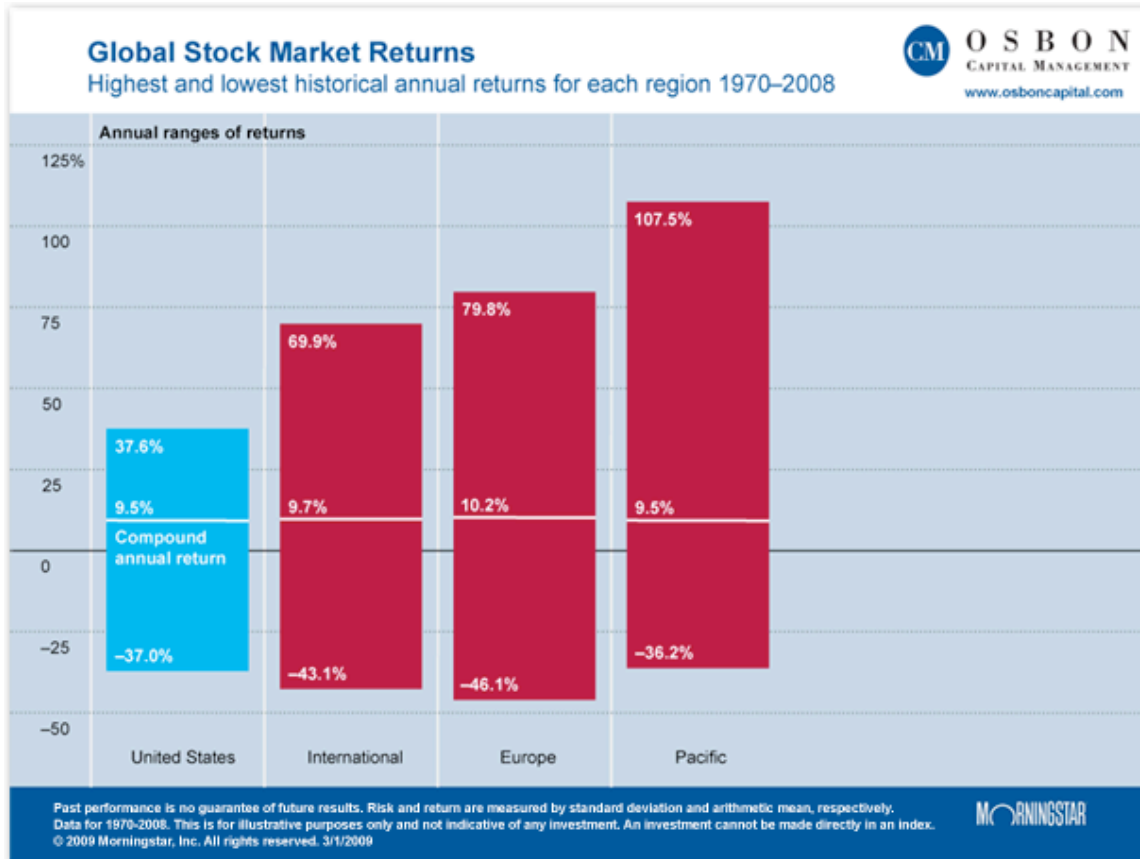




Quick Q & A #6

Q: Are international stocks too risky?



A: No. Global markets provide diversification and opportunity.

It’s true that international stocks have historically been more volatile than US securities; the chart above confirms the wider range of returns. The greater volatility often results from special risks such as fluctuations in currencies, economic and political unrest, and differences in accounting, taxation, and financial standards.

But we feel that international stock indexes (not individual stocks) belong in most portfolios that hold equities. Offering access to burgeoning consumer



markets, new business models, and breakthrough technologies – as well as diversification that can smooth overall portfolio returns – we see international securities as simply too important an asset class to ignore.

The question for most investors is not whether to hold international indexes, but how much. That's a critical asset allocation issue that varies for every investor based on financial needs, goals, and risk tolerance.

Read more: More Quick Q&As from Osbon Capital Management
www.osboncapital.com/publications.html

Next time: Can we really trust perception?

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U.S. stocks in this example are represented by the Standard & Poor's 500[®], which is an unmanaged group of securities and considered to be representative of the stock market in general. International stocks are represented by the Morgan Stanley Capital International Europe, Australasia, and Far East (EAFE[®]) Index, European stocks by the Morgan Stanley Capital International Europe Index, Pacific stocks by the Morgan Stanley Capital International Pacific Index. An investment cannot be made directly in an index. The data assumes reinvestment of income and does not account for taxes or transaction costs.

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