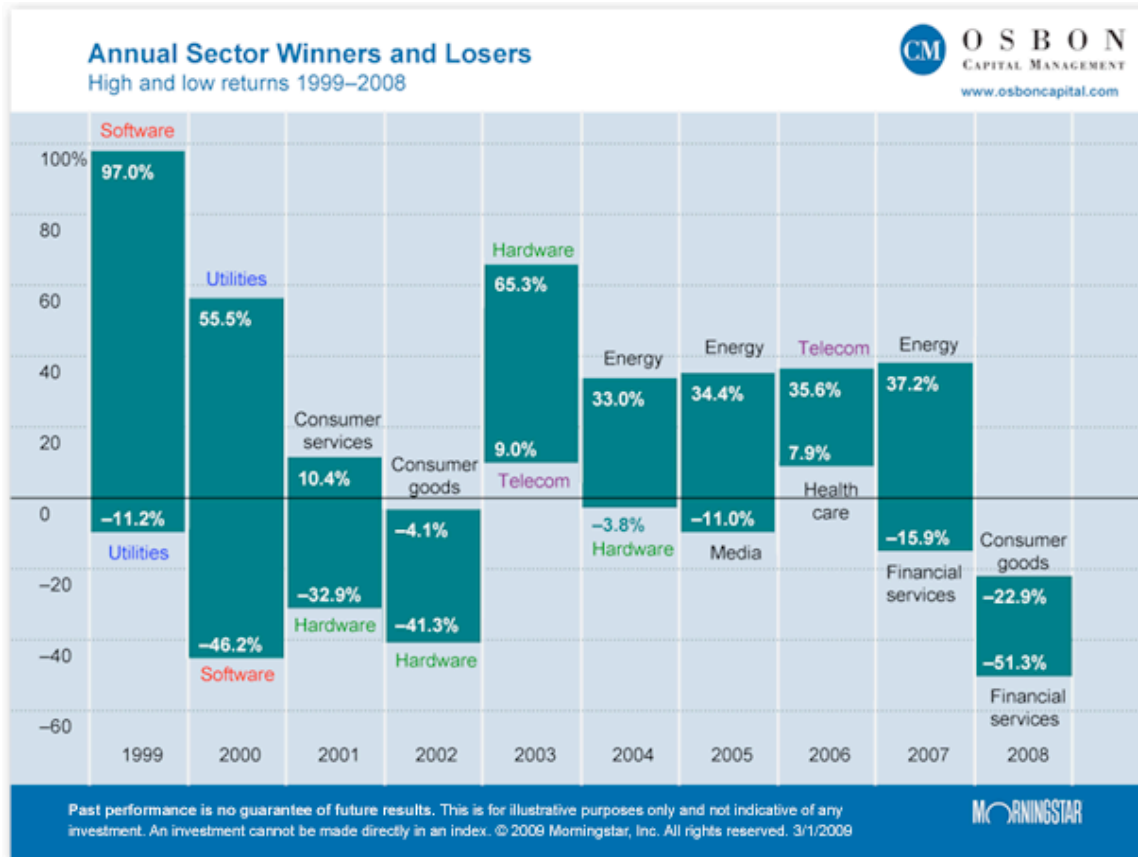




Quick Q & A #19

Q: Which market sector will outperform in the 2010's?



A: We'll know in ten years.

With 20-20 hindsight in 2020, we'll be able to tell you which market sectors were hot in the two thousand teens, and which were not. But today, there's no way to know.

The daily, monthly, and yearly performance of industries, such as healthcare, telecom, and financial services, is as unpredictable as the movement of individual stocks. Performance is easy to explain looking back, but a pure mystery looking forward, no matter what market analysts and pundits may say to the contrary.



Sector performance over the last decade, as shown above, illustrates the point. In 1999 and 2000, software and utilities swapped places as best and worst performers, and in the four years that followed, hardware was first once and worst three times.

Why is prediction so difficult? First, stocks within a market segment move in response to unpredictable, unknowable events, both good and bad – regulation (pharmaceuticals), technology breakthroughs (internet, iPhone), management woes (Toyota, GM), fraud (Enron), geopolitics (oil), and more. Second, even when industry information is known, the impact of the news is priced into stocks so quickly that investors cannot systematically buy or sell to profit on it.

Should we abandon sector investing altogether, then? Not at all. Diversify and participate instead. The next ten years may be great for energy, manufacturing, or consumer goods. But because we can't know which, we advocate holding a diverse mix of index funds that provides exposure to the positive potential of all industries, without undue exposure to any single negative event or market move.

Read more: [More Quick Q&As from Osbon Capital Management](#)

Next time: Is socially responsible investing an achievable goal?

Contact: John Osbon 617-217-2772 josbon@osboncapital.com

Visit: www.osboncapital.com

Osbon Capital Management, LLC ("Osbon") is an SEC registered investment adviser with its principal place of business in the Commonwealth of Massachusetts. Osbon and its representatives are in compliance with the current notice filing requirements imposed upon registered investment advisers by those states in which Osbon maintains clients.

Sectors are represented by Morningstar sector stock indexes. Morningstar segments the market into 12 sectors. Investments cannot be made directly in an index. The data assumes reinvestment of income and does not account for taxes, or transaction costs.



O S B O N
CAPITAL MANAGEMENT

Osbon Capital Management, LLC
225 Franklin Street, 26th Floor
Boston, MA 02110
617-217-2772
www.osboncapital.com

Any historical returns are not net of advisory and/or other fees and expenses. Past performance is no guarantee of future results. There is no guarantee that the views and opinions expressed in this Q&A will come to pass. Investing in the stock market involves gains and losses and may not be suitable for all investors. Information presented herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security.

For additional information about Osbon, including fees and services, send for our disclosure statement as set forth on Form ADV using the contact information herein. Please read the disclosure statement carefully before you invest or send money. For information pertaining to the registration status of Osbon, please contact Osbon or refer to the Investment Adviser Public Disclosure web site (www.adviserinfo.sec.gov).