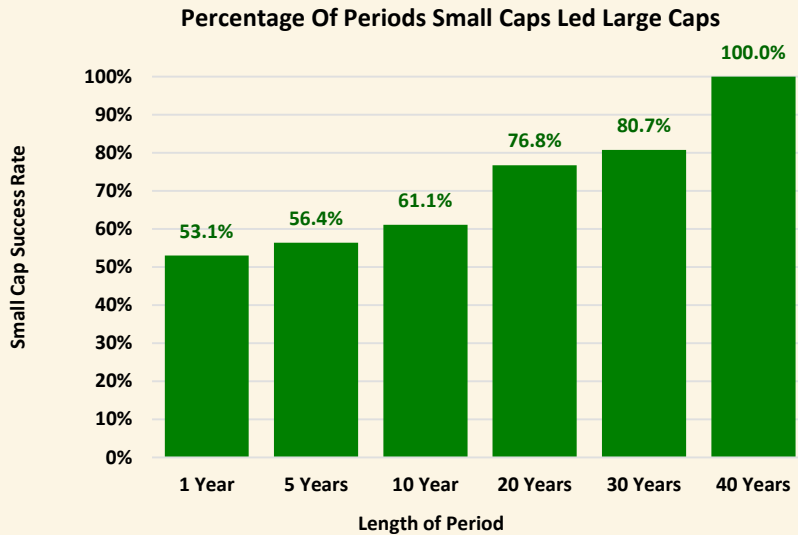


## MARKET MICROSCOPE: Investing in Small Cap Stocks for the Long-Term

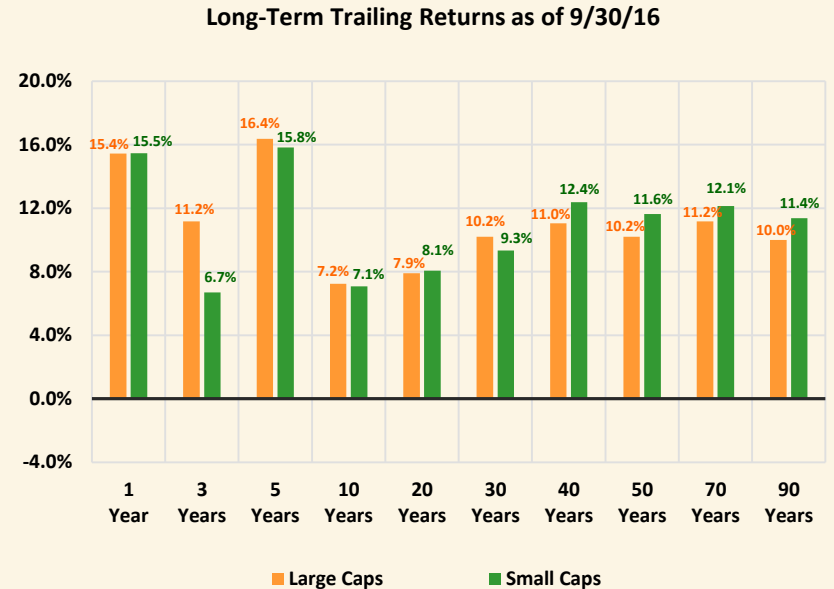
Going back to 1926, US Small Cap stocks have a history of outperformance for investors who think long-term.



	1 Year	5 Years	10 Year	20 Years	30 Years	40 Years
# of Periods	360	344	324	284	244	204
# of Periods Small Beat Large	191	194	198	218	197	204

*Periods rolled forward one quarter from Jan. 1926 – Sept. 2016*

In the short-term, it is almost an even chance that Small Cap stocks or Large Cap stocks will outperform. However, the success rate for Small Cap stocks improves dramatically when considered over periods of 20 years or more. In fact, Small Caps have never trailed Large Caps over a 40-year time period.



Large Caps have outperformed Small Caps by a wide margin for the trailing 3-year period. The strength of Large Caps' recent performance has impacted some of the intermediate time periods to the degree that Large Caps are slightly ahead over the trailing 10-year period, and also over the trailing 30-year period. Despite this, Small Caps maintain their lead over the very long term.

Sources: *eVestment.com, Dimensional Fund Advisors*