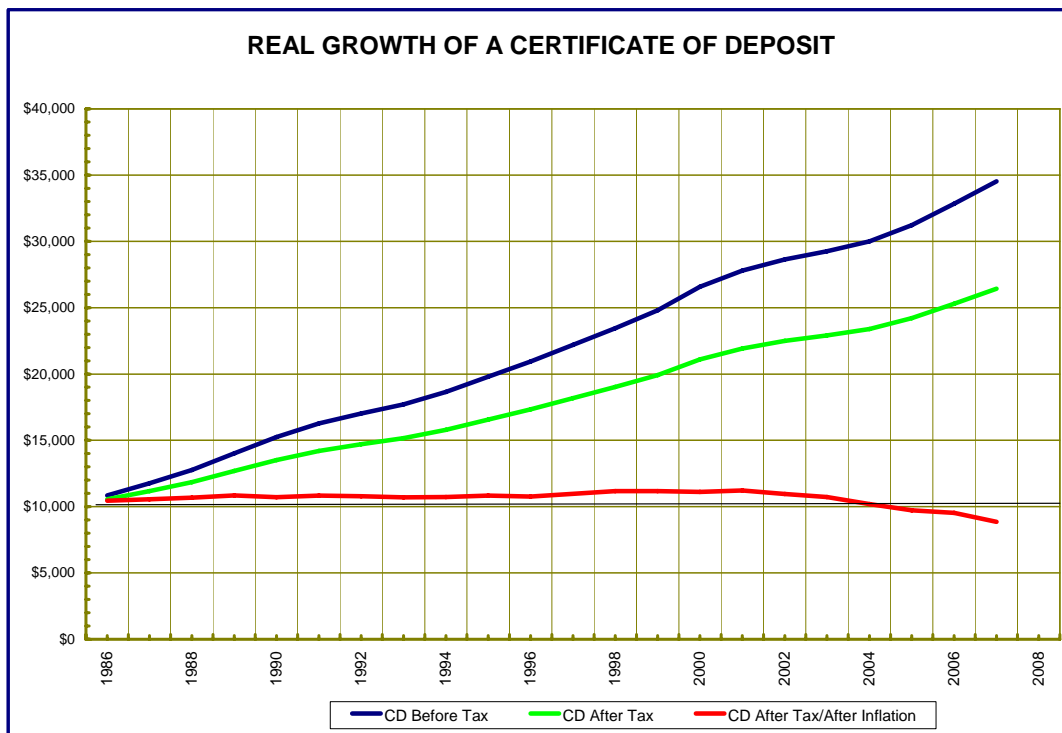




The Real Growth of a Certificate of Deposit

Investors who cannot stomach risk, mostly seniors, traditionally stayed out of the stock market. They instead sought the safe returns of bank certificates of deposit. But many of them were lured into the market by the consistent and staggering growth during most of the 1990s. From October 1990 through August 2000, the stock market, represented by the S&P 500, grew 526%, while the one-year CD grew 73%. Of course, most of those “new” investors came late to the party, missing most of those gains. Unfortunately, they were present for most of the 45% market crash from August 2000 through September 2002, while the CD kept its head above water, growing 7.22%. Of course, most of them, still bleeding, fled back to the safe confines of the CD. Many fled just in time to miss the 54% growth of the market from September 2002 through December 2004, instead earning a cumulative CD yield of 5.44%.

While CDs, backed by the full faith and credit of the government’s Federal Deposit Insurance Corporation, are very safe, they do not come without risk. The risk I speak of is the risk associated with the erosion caused by both taxation and inflation. The following chart shows the historic growth of the one-year certificate of deposit from three distinct perspectives. As you can see, certificates of deposit have their own type of risk.



This report has been compiled by Jeff McTague, from data provided by Thomson Financial Wiesenberger’s InvestmentView. While it was painstakingly researched, Mr McTague offers no warranty of its accuracy. The report’s conclusion represents a good faith judgment of the issue and the findings of the research. It is intended for the educational purposes of licensed investment professionals. If you are viewing this report as an investor, Mr McTague cautions you to seek the advice of an investment professional for proper interpretation of the report, and asks you to note that, with all investments, past performance is no guarantee of future performance and that investment risk is real, to include a possible loss of original capital