$125.00

Follow the Fed®:

The Easy Strategy for Building True Wealth™

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The Channel Capital Research Institute, LLC believes that success in long-term investing arises from committing to investment strategy that has proven profitable in the past and gives you reason to believe that it will continue to perform that way in the future. If you say that you are unlucky playing the stock market, it may not be luck at all. You are simply playing by the wrong rules. This is where having an effective long-term investment strategy, which fits your objectives and personality, can help.

If you are reading this report, we can assume that you are probably interested in a simple, low-cost investing strategy requiring minimal time and effort on your part. You are not interested in the hassles associated with an active trading system. If you work during the day, your boss could find you glued to the computer. If you are retired, you stay glued to your computer, ignoring your family and friends. Or, if you are on vacation, you need to have your computer with you. Your mind will be everywhere but the vacation, ruining the whole trip for everyone. As you can see, trading can cause lots of stress and tension in your life.

Review of Buy and Hold Strategy

The Buy and Hold philosophy is that most managers and investors don't beat the market as represented by the Standard & Poor 500 (S&P 500), a market index of large companies, because of the high costs of trading. There are many hidden costs when buying and selling stocks and bonds. Funds can impose fees and trading costs that can cost up to 2 percent per year. First, in seeking superior returns, a manager buys and sells stocks, which involves brokerage commissions and paying the bid-ask spread, or the difference between the buying and the selling price of shares. Second, investors pay management fees (and possibly sales or load fees) to the organizations and individuals who sell these funds. Finally, managers often are competing with other managers with equal or superior skills at choosing stocks. It is a mathematical impossibility for everyone to do better than the market – for every dollar that outperforms the average; some other investor's dollar must underperform the average.[1]

High costs of trading can cause unnecessary taxes as well. For example, if you sell stocks that are not in an IRA account, the difference between what you paid for the stock and what you sold the stock for is considered income. Depending on how much profit you made, this could put you into a higher tax bracket, paying higher income taxes.

For years, before the popularity of mutual funds, the most popular way to be involved in the stock market was the buy-and-hold strategy. This required you to pick some stocks of large companies (companies with $5 billion and larger market capitalizations) like IBM or General Motors (also known as Blue Chips)[2] that you liked. The strategy was to buy a reasonable amount of shares; sit back and watch the money roll in. Don't try to beat the market.

[1] Jeremy Siegel; Stocks for the Long Run, p. 349, (McGraw-Hill, 2002)
[2] Paul Mladjenovic, Stock Investing for Dummies, p. 15, (Wiley, John & Sons, Inc., 2002)

With the development of mutual funds, you did not have to even buy individual stocks. Buy-and-hold advocates suggested buying a low-cost market index fund (a mutual fund which tracks the performance of the S&P 500) instead. These funds usually have much cheaper management fees and provide great tax advantages as well. Investors would enjoy the benefits of long-term compounding that comes with investing in a diversified portfolio of large stocks. This method is convenient, easy, and takes minimal time, especially when compared with trading stocks.

Trading stocks presents a variety of potential problems. Time is of the essence when it comes to trading stocks. Time is spent in a trade. Time is required to search for those "golden" opportunities. This process is extremely time-consuming. Proper tools are required to watch these stocks: trade analysis software, quote services in real-time, and lots of memory on your hard drive. Time spent in front of the computer is a huge issue. For example, people with jobs need to be careful of the amount of time spent watching their stocks at work. They are always looking over their shoulder making sure the boss isn't watching them. If they get caught, they could lose their jobs. The Buy and Hold strategy eliminates these problems.

The buy-and-hold strategy is great when the large stocks are doing well – a Bull Market. It also works if you are young enough with a long enough time horizon not to worry short-term about the money you invested into the stock market. For the buy-and-hold strategy to work, you need to believe that the market is going to go up over a long time period. However, the market has a habit of going up and down.

We all know that history has a habit of repeating itself. Historically, the market (as represented by Large Stocks) is up only 9.22% per year from 1928–2010. Thus, a buy-and-hold strategy requires lots of patience! When the market goes down – a Bear Market, it is often crazy to think you won't worry about your financial security.

The problem with nasty bear markets is the extended recovery time. If you had invested in the market at the beginning of 1929 before the crash versus investing in Treasury Bills (short-term debt issued by the US government at a fixed rate of return, no real risk of loss), your total return on large stocks would not exceed the return on Treasury Bills until many years later.

Bear markets are a valid concern given the uncertainty and high valuation in the market today. Our grandparents and great-grandparents remember the decade of the 1930s as one of the worst economic times in history – the Great Depression. There was dreadfully slow economic growth. Unemployment was extremely high. The future looked grim. This crash will live on forever in their minds. In October 1929, the largest drop in history happened on Wall Street. The Dow Jones Industrial Average (DJIA) plunged from 298.97 to 260.64, a 12.8% drop. Volume hit 16.4 million shares and it took 35 years to recover. By July 1932, the DJIA closed at 41 points, down another 89% from the 1929 peak.[3]

[3] Martin E. Zweig, Winning on Wall Street, p. 35, p. 40, (Warner Books, 1986)

The Small Stock Alternative

Small stocks (companies ranging in size from $250 million to $1 billion)[4] offer higher rates of return over time. Statistics in Table 1 show that these stocks tend to appreciate more than large stocks and are more volatile. In 1981, Rolf Banz, a graduate student at the University of Chicago, investigated the returns on stocks. The Center for Research in Security Prices (CRSP) provided the database for Banz to use. He found that small stocks steadily outperformed large stocks, even after adjusting for risk.[5]

However, small stocks can also be out of sync with large stocks as they were in the late 1990s. Optimism was high. In 1999, debt levels hit a record high in almost every category: corporate, consumer, and mortgage debt markets. Margin debt (the ability to purchase stock at half the price) ballooned.[6] In fact, in 1999, an economist boldly stated the economy will continue to grow forever and that "recessions are a thing of the past"[7]. Little did he know!

There was incredible demand for large technology companies. New companies for the Internet were popping up everywhere, and their stocks were highly overvalued. Small stocks underperformed large stocks during both the 1980s and the 1990s as seen below.

Table 1. Summary Return Results for Large Stocks and Small Stocks 1928-2010

	Large [4]	Small [5]
Compound Annual Return	9.22%	11.56%
Risk (Standard Deviation of Return)	0.1954	0.3612
Risk-Return (Sharpe Ratio [1])	0.3827	0.3721
Compound Annual Return By Decade		
1920s [2]	12.01%	-11.20%
1930s	-0.29%	2.94%
1940s	8.75%	19.91%
1950s	18.20%	19.04%
1960s	7.35%	15.38%
1970s	5.88%	8.77%
1980s	17.55%	12.11%
1990s	18.21%	12.81%
2000s [3]	0.41%	8.03%
$10,000 becomes:	$15,160,214	$87,870,646
Correlation to Large Stocks [6]	1.0000	0.7934

[4] Paul Mladjenovic, Stock Investing for Dummies, p. 15, (Wiley, John & Sons, Inc., 2002)
[5] Jeremy Siegel; Stocks for the Long Run, p. 132, (McGraw-Hill, 2002)
[6] Paul Mladjenovic, Stock Investing for Dummies, p. 195, (Wiley, John & Sons, Inc., 2002)
[7] Ibid.

Total Holding Period: January 1928 - December 31, 2010
[1] Calculated using the 30-Day T-bill Compound Annual Return as the Risk Free Rate
[2] January 1, 1928 - December 31, 1929
[3] January 1, 2000 - December 31, 2010
[4] Large Stock Index: 1928-1969 (Kenneth R. French, PhD - Data Library: Size Portfolio, Value Weighted Returns, Hi 20, Total Return), 1970-2010 (Standard and Poor's - S&P 500 Total Return)
[5] Proprietary Small Stock Index - Total Return
[6] Monthly Correlation

Source of Small Stock Outperformance

From 1928-2010, small stocks returned 11.56%, while large stocks returned 9.22% – a difference of 2.34%. This does not sound like much. However, $10,000 invested in small stocks during this period would become $87,870,646 as opposed to the same amount invested in large stocks would become only $15,160,214. However, risk (as measured by standard deviation) for small stocks was 0.3612, as opposed to 0.1954 for large stocks, which indicates a much higher level of volatility (risk) in small stock returns.

As we look at the data in Table 1, we notice an interesting pattern. In certain decades, small stocks outperformed (1930s, 1940s, 1950s, 1960s, 1970s, and 2000s), and in others, large stocks outperformed (1920s, 1980s, and 1990s).

Jeremy Siegel, a Professor at the Wharton School at the University of Pennsylvania, found that between 1975 and the end of 1983, small stocks exploded. Small stocks averaged 35.3% compounded annual rate of return, more than double the 15.7 percent return on large stocks. Total returns on small stocks during these 9 years exceeded 1,400%. He also found that if you exclude this period from the returns of large stocks and small stocks from 1926–2001, large caps outperform.[8]

Small Stocks and S&P 500 Returns, 1926-2001	**S&P 500**	**Small Stocks**
Including 1975-1983	10.53%	12.27%
Excluding 1975-1983	9.84%	9.49%

During the periods of 1931–1935, 1941–1945, and 1975–1983, large stocks underperformed small stocks massively, often in a bear market. From 1931–1945, small companies had great returns near the bottom of the Great Depression. These stocks moved up over 100%, whipping their largest brethren easily.[9] From 1941–1945, the market was lacking both cash and assets, but small stocks still rose, leaving the investors extremely happy with their giant payoffs.[10]

[8] Jeremy Siegel, Stocks for the Long Run, p. 134, (McGraw-Hill, 2002)
[9] David Dreman, Contrarian Investment Strategies: The Next Generation, p. 319, (Simon & Schuster, 1998)
[10] Ibid.

Potential Solution – Active Style Allocation (ASA)

Based upon this analysis, which shows that small stock outperformance is limited to a few multi-year periods, we must consider the thought of investing in small stocks only during these periods. During the other time, we would be invested in large stocks. Let us call this Active Style Allocation.

Since index funds for both large stocks and small stocks are readily available, we could retain almost all the benefits associated with previous buy-and-hold strategy. Small stock returns based on the Kenneth R. French PhD – Data Library are actually the basis for recent DFA Micro Cap mutual fund returns. We would only have to switch between index funds every few years.

With that said, we have to develop a strategy for switching between large and small stocks for Active Style Allocation to work. In order to develop a strategy, we have to theorize the potential reasons for small stock outperformance.

Potential Reason for Small Stock Outperformance

In the periods of small stock outperformance, money and credit were incredibly easy to obtain from the banks. Small stocks usually have a harder time accessing money to grow.

During 1931–1935, the Federal Reserve (Fed) was trying to help pull the country out of a depression. Initially, the Fed increased interest rates dramatically to reduce the growth in money supply. This slowed the economy and hurt corporate profits. Deep into the Depression, the Fed actually reversed course and reduced interest rates on government bonds and corporate debt. [11] This increased liquidity massively.

In the early 1940s, Wall Street was not the force it had once been. Franklin D. Roosevelt was president, and World War II was hanging over the country's head. The U.S. Treasury mounted massive bond drives, selling bonds in both large and small denominations to everyone, including school children. The U.S. Treasury needed to raise over $59 billion for the war effort. Liquidity was key for a successful war effort.[12]

During 1975–1983, the country was dealing with the oil crisis. Until Paul Volcker took over as Chairman of the Fed, monetary policy was relatively easy with money easy to borrow.

Measurement of Easy Money and Credit – Follow the Fed®

The Fed is one of the main institutions that determine interest rates and, consequently, the availability of easy money and credit. This is the source of the popular expression on

[11] Martin Mayer; The Fed, p. 74, (First Plume Printing, 2002)
[12] Charles R. Geisst; 100 Years of Wall Street, p. 64, (McGraw-Hill, 2000)

Wall Street, "Don't Fight the Fed." The Fed has a variety of tools at its disposal to affect monetary policy and interest rates. We want to follow the Fed.

When money supply expands, banks receive more money, giving them more lending power. Often, this abundance of money goes to small company stocks for investment projects. Interest rates affect corporate earnings. The more interest a company pays, the lower its profit is.

Small stocks often use bank lines to raise money and thus benefit when short-term borrowing rates are negative in real terms (short term rates are less than rate of inflation).

Tests of an Active Style Allocation (ASA) Strategy

As mentioned previously, small stocks outperform when money and credit are loose and easy. This seems to be best indicated when real short-term interest rates are negative. You are essentially borrowing money for free on a real basis. This occurs when short-term Treasury Bill rates are less than the rate of inflation. These two pieces of information can easily be obtained from various public sources and are key components of the Standard Active Style Allocation Strategy. If you only invest in small stocks when this occurs, you would have achieved a return of 12.13% from 1928-2010 as compared to 9.22% for a buy-and-hold strategy for large stocks. Only 38 switches would have been generated over an 83-year period – a switch about every 2.18 years**.

If you track this data on a monthly basis with a two-month lag, this leaves you plenty of time to go on vacation and enjoy your life while still potentially achieving market-beating returns. There are some whipsaws – situations in which our Standard Active Style Allocation Strategy generates a signal and then quickly reverses itself, possibly generating a loss because of trading costs or taxes. A whipsaw is a stock market term for a fake-out.

Channel Capital Research Institute, LLC has developed a proprietary filter to attempt to reduce the number of whipsaws and thus the number of switches and to increase returns. The Filtered Active Style Allocation Strategy increases the return from 1928-2010 to 12.19% from 12.13% and reduces the number of switches to 24 from 38 – a switch about every 3.5 years**.

This may not seem like a massive improvement. However, $10,000 invested in the filtered version during this period would become $140,108,112 as opposed to the same amount invested in the standard version would become only $133,485,045 without deducting for any trading costs. See Table 2 for full details.

Table 2. Summary Return for Active Style Allocation (ASA) Strategies-Large & Small Stocks 1928-2010

	Filtered ASA Strategy	Standard ASA Strategy	Large [3]	Small [4]
Compound Annual Return	12.19%	12.13%	9.22%	11.56%
Risk (Standard Deviation of Return)	0.2803	0.2769	0.1954	0.3612
Return-Risk (Sharpe Ratio [5])	0.4287	0.4289	0.3827	0.3721
Number of Switches	24	38	-	-
Compound Annual Return By Decade				
1920s [1]	12.01%	12.01%	12.01%	-11.20%
1930s	-1.24%	-1.24%	-0.29%	2.94%
1940s	18.97%	18.97%	8.75%	19.91%
1950s	18.81%	18.58%	18.20%	19.04%
1960s	7.35%	7.35%	7.35%	15.38%
1970s	15.77%	14.92%	5.88%	8.77%
1980s	19.85%	19.48%	17.55%	12.11%
1990s	18.21%	18.44%	18.21%	12.81%
2000s [2]	3.02%	3.56%	0.41%	8.03%
$10,000 becomes:	$140,108,112	$133,485,045	$15,160,214	$87,870,646
Max Monthly Drawdown[7]	-82.64%	-82.64%	-82.64%	-91.34%
Max Annual Drawdown[8]	-65.56%	-65.56%	-65.56%	-87.25%
Correlation to Large Stocks	0.8911	0.8910	1.0000	0.7934

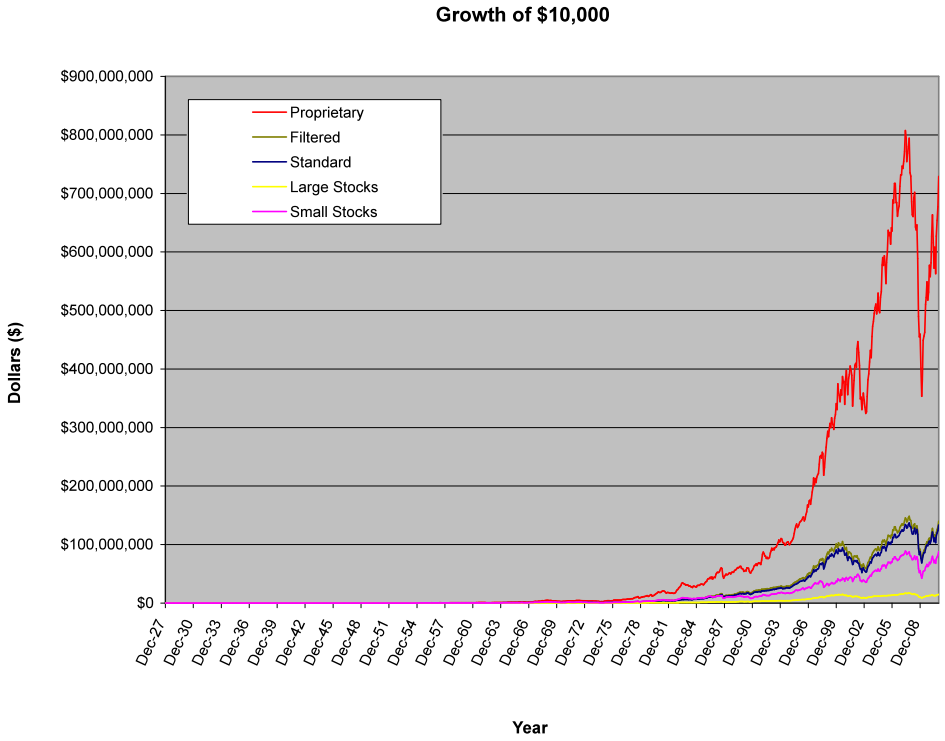
Total Holding Period: January 1, 1928 - December 31, 2010

[1] Calculated using the 30-Day T-bill Compound Annual Return as the Risk Free Rate
[2] January 1, 1928 - December 31, 1929
[3] January 1, 2000 - December 31, 2010
[4] Large Stock Index: 1928-1969 (Kenneth R. French, PhD - Data Library: Size Portfolio, Value Weighted Returns, Hi 20, Total Return), 1970-2010 (Standard and Poor's - S&P 500 Total Return)
[5] Proprietary Small Stock Index - Total Return
[6] Monthly Correlation
[7] Maximum consecutive compounded monthly loss
[8] Maximum consecutive compounded annual loss

Channel Capital Research Institute, LLC
Strategy Tracking Service/ Market Commentary

Don't be left scratching your head wondering which way the market will go. Channel Capital Research Institute, LLC offers a Tracking Service for both the standard and filtered versions of the Active Style Allocation strategy. This service offers the most recent findings of our research.

Channel Capital Research Institute, LLC also offers a Tracking Service for its proprietary version of the Active Style Allocation Strategy for large and small stocks separately. From 1928–2010, the proprietary version returned 14.44% as opposed to 12.19% and 12.13% for the filtered and standard versions respectively. In addition, $10,000 invested in the proprietary version during this period would become $729,007,334 as opposed to the same amount invested in the filtered and standard versions would become only $140,108,112 and $133,485,045 respectively without deducting for any trading costs. Only 28 switches would have been generated – a switch about every 3.0 years (see chart below for results) **.



The potential benefits of these strategies include minimal trades, use with index funds, higher returns, and decreased recovery times in bear markets.

We believe use of our Tracking Service will help you handle the market's two enemies: greed and fear. Become de-stressed. Start enjoying your vacation. Spend time with family and friends. Make money. Retire earlier. Or continue using your standard version and take your chances. The decision is yours! To subscribe to our tracking services, go to www.followthefed.com.

Table 3. Summary Return for Active Style Allocation (ASA) Strategies - Large & Small Stocks 1928-2010

	Proprietary ASA Strategy	Filtered ASA Strategy	Standard ASA Strategy	Large [4]	Small [5]
Compound Annual Return	14.44%	12.19%	12.13%	9.22%	11.56%
Risk (Standard Deviation of Return)	0.3242	0.2803	0.2769	0.1954	0.3612
Risk-Return (Sharpe Ratio [1])	0.4632	0.4287	0.4289	0.3827	0.3721
Number of Switches	28	24	38	-	-
Compound Annual Return By Decade					
1920s [2]	12.01%	12.01%	12.01%	12.01%	-11.20%
1930s	4.45%	-1.24%	-1.24%	-0.29%	2.94%
1940s	21.73%	18.97%	18.97%	8.75%	19.91%
1950s	18.95%	18.81%	18.58%	18.20%	19.04%
1960s	15.51%	7.35%	7.35%	7.35%	15.38%
1970s	14.74%	15.77%	14.92%	5.88%	8.77%
1980s	16.02%	19.85%	19.48%	17.55%	12.11%
1990s	19.37%	18.21%	18.44%	18.21%	12.81%
2000s [3]	7.15%	3.02%	3.56%	0.41%	8.03%
$10,000 becomes:	$729,007,334	$140,108,112	$133,485,045	$15,160,214	$87,870,646
Max Monthly Drawdown [7]	-82.64%	-82.64%	-82.64%	-82.64%	-91.34%
Max Annual Drawdown [8]	-65.56%	-65.56%	-65.56%	-65.56%	-87.25%
Correlation to Large Stocks[6]	0.8069	0.8911	0.8910	1.0000	0.7934

Total Holding Period: January 1, 1928 - December 31, 2010

[1] Calculated using the 30-Day T-bill Compound Annual Return as the Risk Free Rate
[2] January 1, 1928 - December 31, 1929
[3] January 1, 2000 - December 31, 2010
[4] Large Stock Index: 1928-1969 (Kenneth R. French, PhD - Data Library: Size Portfolio, Value Weighted Returns, Hi 20, Total Return), 1970-2010 (Standard and Poor's - S&P 500 Total Return)
[5] Proprietary Small Stock Index - Total Return
[6] Monthly Correlation
[7] Maximum consecutive compounded monthly loss
[8] Maximum consecutive compounded annual loss

* Data drawn from the Kenneth R. French, PhD - Data Library (http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/index.html) and Standard and Poor's (www.standardandpoors.com).

* Data for Twin Foundations™ drawn from Datastream, Frank Russell Company, Federal Reserve Bank Reports, and other proprietary databases. Data for Follow the Fed® drawn from Datastream, Standard & Poor's, Kenneth R. French PhD – Data Library, and other proprietary databases. Data for the Hedge Fund Toolbox™ drawn from Datastream, Ryan Labs Inc., MSCI Inc., the Federal Reserve Bank Reports, and other proprietary databases. Market indices include dividends except where noted. Actual live signals issued from ChannelCapitalResearch.com were used since 2006 (except for the Twin Foundations™ Filtered Conservative and Ultra Conservative Strategies). Live signals for the Filtered Conservative Strategy, the Ultra Conservative Strategy, and the U.S. Equity Market Trend Indicator (MTI) were used since 2007. Live signals for the Hedge Fund Toolbox™ were used since 2008.

How the Test Results Were Obtained – Channel Capital Research Institute simulated results using closing values for the Nasdaq 100, S&P 500, S&P 400, Russell Midcap Value and Russell 2000 Value indices. The test period was from January 1, 1996 through December 31, 2010. Dividends received were included in the overall returns except those returns related to the Nasdaq 100. Interest on cash balances was calculated using 3-month Treasury Bills unless noted otherwise. 3-Month model versions invest "cash" positions in 3-Month Treasury Bills, 5-Year model versions invest "cash" positions in 5-Year Treasury Bonds, and 10-Year model versions invest "cash" positions in 10-Year Treasury Bonds. Returns on Ryan Labs Inc. index data calculated on an intramonth, calendar day basis where possible. Ryan Labs Inc. Treasury Bond Indices (NTSY05, NTSY10, and NTSY30) were used for the 1997-2010 test period. No commissions or fees were charged. Data came from industry sources, but we cannot guarantee their accuracy.

Special Bonus Report Data were obtained from Standard & Poor's, the Kenneth R. French PhD – Data Library, and CCRI proprietary databases. Where available, dividend adjusted returns were included in historical testing.

Nothing in this article should be considered personalized investment advice. Although our staff may answer your general customer questions, they are not licensed under securities laws to address your particular investment situation. No communication to you should be deemed as personalized investment advice.

This work is based upon publicly available information and what we have learned as financial journalists. The model results described in this article are purely hypothetical and may have inherent limitations. They may contain errors and you should not make any investment decision based solely on what you read here. It is your money and your responsibility. Furthermore, we do not warrant or represent that the information contained in this report is correct, complete, accurate or timely. Investments of the type discussed in the report may involve appreciable risks, including the risk that most or all of the investor's principal may be lost. We will not be responsible for any investment decisions, damages or other losses resulting from or related to use of the information we provide.

No representation is made that any account will or is likely to achieve profits or losses similar to those shown, and there are frequently significant differences between hypothetical performance results and those subsequently achieved by following a particular strategy, which can adversely affect trading results. Unlike an actual performance record, simulated results do not represent actual trading. Also, since trades have not actually been executed, the results may not have compensated for the impact, if any, of certain market factors, such as lack of liquidity. Simulated investment programs in general are also subject to the fact that they are designed with the benefit of hindsight. This cannot be fully accounted for in the preparation of model performance results. As with all historical data, past performance is not a guarantee of future results. All investments involve risk including loss of principal.

CHANNEL CAPITAL RESEARCH INSTITUTE, LLC
Investment Philosophy

The Channel Capital Research Institute, LLC believes that success in long-term investing arises from committing to investment strategy that has proven profitable in the past and that you feel will make money in the future. If you say that you are unlucky playing the financial markets, it may not be luck at all. You may be simply playing by the wrong rules. This is where having an effective long-term investment strategy, which fits your objectives and personality, can help.

Let's begin with the assumption you are not interested in the hassles associated with an active trading system. If you are retired, you stay glued to your computer, ignoring your family and friends. If you work during the day, your boss could find you focusing on the market instead of your job. Or, if you are on vacation, you need to have your computer with you. Your mind will be everywhere but the vacation, ruining the whole trip for everyone. As you can see, trading can cause lots of stress, and tension in your life. We present to you a simple, low-cost investing strategy that requires minimal time and effort on your part.

At the Channel Capital Research Institute, LLC, we believe the best way to grow rich is to research the investment strategies of the wealthy over long periods of time. In doing so, we discovered that the mega-rich protect their prosperity at all costs! They use little-known investment models that may be extremely profitable, but almost completely avoid the losses and stomach-churning fluctuations that regular investors must endure. Since you may not have had access to the same resources, you may have been exposing yourself to market risks that are intolerable to those with great fortunes.

The management and associates of the Channel Capital Research Institute, LLC are former Wall Street insiders who are aware of the techniques and secrets used by the wealthy to build and protect their fortunes. Many bright people publish investment research services, but few know these secrets and techniques because they have not had access to them. We bring them to you because we believe a profitable business partnership can be developed with a limited number of investors dedicated to trying to attain great wealth for themselves and committed to doing whatever it takes to achieve the goal of becoming the ultra-wealthy – the new Warren Buffetts of this generation.

DOUGLAS S. ROBERTS
Founder and Managing Principal

Douglas S. Roberts serves as Managing Principal for the Channel Capital Research Institute. He is a Contributor to AOL's Money & Finance section and is frequently called upon by CNBC, the Wall Street Journal, Marketwatch.com, TheStreet.com, Reuters, Barron's, and other media as an expert on the Federal Reserve Bank.

Mr. Roberts was a Vice President and Portfolio Manager at Bernstein Investment Management and Research, a unit of Alliance Capital Management, L.P., from 1999–2001. In addition to his portfolio management responsibilities, he led his group's strategies focusing on quantitative investment analysis and sector allocation, as well as the evaluation of alternative asset investment vehicles.

From 1994–1998, Mr. Roberts was a Managing Director of the Roberts Mitani Group, a New York merchant bank specializing in the investment of capital from Japan and East Asia. From 1992–1994, he served as a founding member of the Board of Directors of Benson Eyecare Corporation, which had been listed on the American Stock Exchange prior to its sale.

From 1985–1992, Mr. Roberts was the Chief Operating Officer of the Flori Roberts/Dermablend Group, a family-owned pharmaceutical/cosmetic group of companies that were acquired for $22 million in cash and stock by IVAX Corporation (IVX-ASE) in 1992. Subsequent to the acquisition, he served as Chief Operating Officer of the Personal Care Products Group and Assistant to the Chairman-Special Projects from 1992–1994.

Mr. Roberts began his career as an Associate of the Morgan Stanley Group working in the Corporate Finance department in both the New York and London offices from 1983–1985. He earned a B.S. and an M.B.A. from the Wharton School at the University of Pennsylvania in 1983.

He serves on the international Board of Governors of Sigma Phi Epsilon fraternity and the Board of Trustees of the Ranney School and is a member of the Explorers Club for his participation in the discovery of the U-869, a World War II German submarine, off the coast of New Jersey as featured in the book, ***Shadow Divers***. He holds a 2nd degree black belt in the Imperial system of Tae Kwon Do. He is married with two children.