

Large Cap Vs. Small Cap

	Large Cap	Small Cap
1990's Stock Activity	"Where the action is"	Relatively ignored
Who are the primary traders?	Dominated by large institutions & money managers who tend to get a "herd" mentality where everyone owns the same stocks. There is safety in numbers. If everybody owns XXX company, we were all wrong, when things don't work out.	There is less institution & money manager trading.
Analyst Coverage	Lots of analyst coverage	Less to no analyst coverage
Market Efficient?	Very Efficient Market as company & other news is quickly reflected in the share price	Somewhat inefficient market as company & other news can take longer to be reflected in price due to relatively lower following
Actively Traded?	Very large trading volumes	Thinly traded with lower volume
Valuation & Price to Earnings Ratios (P/E Ratio)	Fully valued with lower P/E's	Undervalued relative to large cap with P/E generally higher than large cap at similar growth rates
Risk Issues	Lower risk due to longer operating history, better access to capital markets, and slower growth rate	Higher risk to shorter operating history, less access to capital markets, and higher growth rate
Market Capitalization	Over \$5 Billion	Under \$1 Billion
Growth Prospects	The larger a company gets, the more difficult it is to continue rapid growth	Faster potential growth due to smaller base (size of company)