PERKINS
CAPITAL
MANAGEMENT, INC.

February 11, 2022

Dear PCM Clients and Friends:

At this time last year, we started our 2021 letter with the statement: “We are well into the start of the new year and WOW! What a start it has been in the markets!” Unlike this year, looking back we were positive, in the end, about how the prior year, 2020, had turned out; despite Covid’s challenges which created a most uncertain and unpredictable year.

This year as we start 2022 the markets are an exact opposite of a year ago. The month of January closed with a S&P 500 loss of -5.3%. Small caps and most growth stocks are off to their worst start of a year since 2009. For many companies the January decline was a continuation of a significant decline which had started earlier, from optimistic highs, last year.

This has made looking back on 2021 extremely tough.

One often repeated Wall Street axiom is the January Barometer which is: “As goes January, so goes the year.” So, what’s the record? Does a weak January predict the rest of the year will be down? Historically, the S&P 500 has finished the year positively 67% of the time. When the S&P 500 has generated a positive January monthly return, the annual returns have been positive 79% of the time. Concerning weak starts, when the S&P 500 has started the year with a negative January monthly return the S&P 500 has been positive for the year 47% of the time. The big picture summary is the markets are up 2/3 of the time and down 1/3. If January is up, the S&P continues to be up 80% of the time. If January is weak, it is a 50/50 flip as how the year will go; making the “January Barometer” just one piece of the puzzle.

We did a fair amount of “trimming” early and throughout the year at the highs. Looking back, we could have perhaps sold even more. Earlier in the year there were few, if any, losses in accounts. Today the picture is different. It is hard to sell investments with a positive long-term future where the businesses are doing well and have a bright future when you think a temporary dip lies ahead. As Charlier Munger, Warren Buffett’s partner explained, selling to avoid a temporary dip introduces more ways to be wrong. The dip may or may not occur and you can’t predict its extent or size in advance. Then you also have to decide if, when, and what amount to buy back; or perhaps you get out of and never back into a good investment. As Peter Lynch stated: “The best stock to buy is the one you already own”. Said differently by Howard Marks: “It’s generally not a good idea to sell for purposes of market timing”.

We have found that the only reliable way to capture the full long-term return of investments is to ride out their frequent but historically always temporary declines. As unenjoyable as times like this are, we have learned it is best to just continue to continuously work through the times head on. One of the essential challenges to long-term successful equity investing is temperamental: it is how one reacts, ***or chooses not to react***, to market declines.

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THE MARKET SCOREBOARD

Stocks overcame numerous headwinds during the last months of the year, including a resurgence in COVID cases, the Federal Reserve moving aggressively to end the current QE program, political uncertainty from Washington and third-quarter corporate earnings concerns, to hit new all-time highs in the fourth quarter and produce very strong returns for 2021. After a weak September, October, in terms of the averages, was back up to new highs after investor anxiety about future tax increases eased and third-quarter earnings proved to be better than feared, as corporate America again proved resilient.

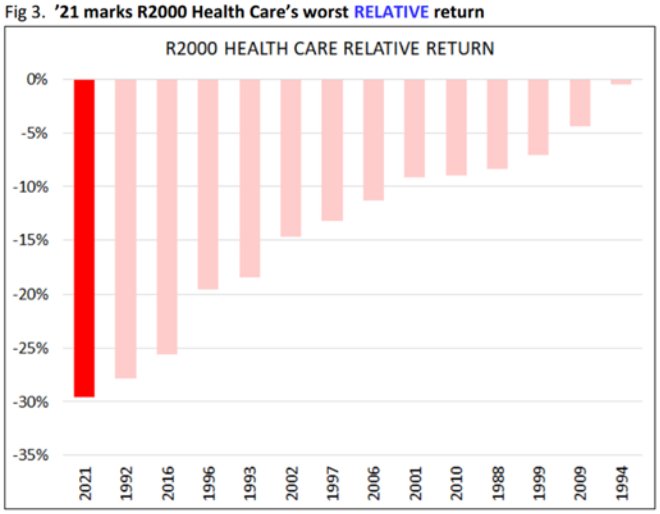
The vast majority of companies posted better-than-expected results and 2022 S&P 500 earnings expectations rose yet again. The positive earnings developments helped send the S&P 500 sharply higher in October as the S&P 500 recouped all the September losses and hit a new all-time high late in the month. The S&P 500 ended the year with its second-best annual return since 2013 and outperformed all other market indexes.

Late in November, Federal Reserve Chairman Jerome Powell surprised markets by stating that due to persistently high inflation, the Fed would likely need to accelerate the just-announced tapering of QE and endorsed doubling the pace of reduction. Concerns about sooner-than-expected interest rate hikes in 2022 and future Fed policy combined with Omicron uncertainty caused declines in stocks the last week in November leading the S&P 500 to finish the month with a small loss. The market averages rebounded in December, however, thanks to less aggressive messaging on rate hikes from the Fed combined with governments not imposing economically crippling lockdowns in response to the surging Omicron outbreak. Late in the month, multiple studies implied that the Omicron variant, while more contagious than previous strains, resulted in substantially fewer severe COVID cases. That news helped stocks extend the rally late in December, and the S&P 500 finished the month with a four percent gain.

Indexes	% Return YTD 12/31/2021	% Return Q4 2021	% Return Q3 2021	% Return Q2 2021	% Return Q1 2021
S&P 500 Total Return	28.71	11.03	0.58	8.55	6.17
Wilshire 5000	22.82	8.05	-0.58	8.08	5.79
NASDAQ Composite	21.39	8.28	-0.38	9.49	2.78
Dow Jones Industrial Average	18.73	7.37	-1.91	4.61	7.76
NYSE Composite	18.17	6.31	-2.48	6.11	7.41

Although the major U.S. stock indices were higher for the fourth quarter and significantly higher for the year, there were many stocks which were down significantly during the year. In 2021 the markets were incredibly split with 50% of all stocks – growth stocks – in their own “bear market” compared to the averages. For example, though the NASDAQ composite index was up 21% for the year, a closer look under the hood revealed a different story. In mid-December with the NASDAQ composite index down about 7% from its 52-week high, 68% of the companies that make up the NASDAQ composite were down 20% or more from their 52-week highs with nearly 40% of companies stunningly down 50% or more. In the healthcare sector, this dramatic disparity in returns started during the first quarter as biotech and other med-tech companies made their highs early in the year and began what has been a rest of the year-long correction. As detailed by Furey Research in the adjacent chart, 2021 was a historically bad year for healthcare. As shown, healthcare companies had their worst relative return in 2021 versus the 2021 Russell 2000 return through mid-December. In terms of size, healthcare mega-cap beat all other healthcare caps – large, mid, small, and micro. In 2021 the fifty mega-cap healthcare companies with a market cap greater than 20 billion had near in-line market performance of up 18% for the year while the other 700 or so healthcare companies were often down with dramatic return variances from their highs and on average down over -15% for the year.

Fig 3. **’21 marks R2000 Health Care’s worst RELATIVE return**



Source: Furey Research Partners and FactSet. “2021” is YTD as of 12/16/21.

By market capitalization, large caps handily outperformed small caps both in the fourth quarter and throughout 2021 due to concerns about future economic growth, the Omicron variant, and the Fed potentially hiking rates more than expected making the growth outlook for 2022 less certain. These factors drove a rotation aimed at reducing earnings risk from small caps to large caps in the third and fourth quarters. A late-year rally in large-cap tech helped growth outperform value both in the fourth quarter and for the full year.

By sector, 10 of the 11 S&P 500 sectors finished the fourth quarter with positive returns, with the tech and real estate sectors leading the way higher. Tech benefitted from continued strong earnings growth. Real estate rose as investors priced in a continued rise in inflation, as real estate has had strong historical returns during periods of elevated inflation. For 2021 energy was by far the best-performing sector in the market as a surge in oil and natural gas prices helped energy handily outperform all other market sectors. Financials were viewed as beneficiaries of higher rates and registered positive performance for the full year.

The only S&P 500 sector to post a negative return for the fourth quarter was communication services, as investors rotated out of internet-focused tech stocks and into more diversified mega-cap technology companies such as Microsoft and Apple; and others. Traditionally, defensive sectors like healthcare lagged this time. Utilities and consumer staples were the worst performing sectors for the full year, as investors focused on companies with more positive exposure to higher inflation and economic growth.

At the end of the year the "set up" for 2022 was the renomination of Jerome Powell as Fed Chairman, which the markets found reassuring; yet, now two months later the result may be different than was initially anticipated in an upcoming midterm election year; as some people are now saying "a renominated Powell is a different Powell".

To sum up, 2021 was another historic year for the markets with the S&P 500 ending near new all-time highs. Governmental policy remained supportive of the economy, corporate earnings growth was strong, and substantial progress was made against the pandemic in the form of widespread vaccination and advancement in treatments. Those positives, in aggregate, were reflected in the year's very strong market index returns; unfortunately, many growth stocks were in "official" bear markets, corrected significantly from their early-in-the-year highs and ended the year dramatically off those earlier highs.

STOCK MARKET OBSERVATIONS

As 2021 was ending we sensed and wrote that there was a good amount of "worry" in the market. The strong market returns since the pandemic lows, frankly, surprised us and many other investors. At the time of the pandemic lows in early to mid-2020 the question about the economy and stock prices was how and when they would recover? Would the shape of the economic recovery and the stock market's recovery be delayed or be a V or a U or a W? Clearly during the last half of 2020 and into 2021 for stocks it was a strong V.

Midyear, in our May 2021 letter, we reviewed what we should expect in terms of market corrections each year; that in terms of the "averages" 5% corrections are common and that up to 10% corrections occur each year. We printed the table *S&P 500 Maximum Drawdowns Since 1990* which showed during the past 30 years there were nine years with "drawdowns" of essentially 20% or greater.

As we write this letter, the "split" market of 2021, with many but not all stocks down, has expanded throughout January and now most stocks and all of the market indexes are correcting. Both the Dow and the S&P have had a better than 5% correction. The Nasdaq has had a 15% correction. In the May letter, on the bottom of page 5, the Ned Davis Research chart S&P 500: Number of Days Before the Start of 5%, 10% and 20% Corrections showed that a 10% or better correction in the S&P 500 has occurred in bull markets every 331 days with 20% corrections in all market circumstances, bull or bear, occurring on average every 716 days. In only up "bull" markets 20% corrections have occurred on average every 1105 market days. It has now been 455 days without a 10%, 15%, or 20% correction in the S&P or the Dow; making a 10% correction long overdue. We should expect that as the market "pendulum" swings during the rest of 2022, especially with the great number of individual companies who are well into significant corrections, that the market averages will likely correct more. The Covid correction in the winter of 2020, which became a strong "V", was only 5 weeks of decreasing prices. When markets go through normal "corrections" we need to think in terms of both time and price. There is also a period of "testing the low" and "building a base" from which to go higher again later. We should expect that this correction will likely last longer this time. Many of the stocks which corrected sharply in 2021 appear, at this time, as if they have come down more than enough, don't want to go lower, and are building sideways bases now. Other companies, in their individual chart patterns appear as if they have more work to do.

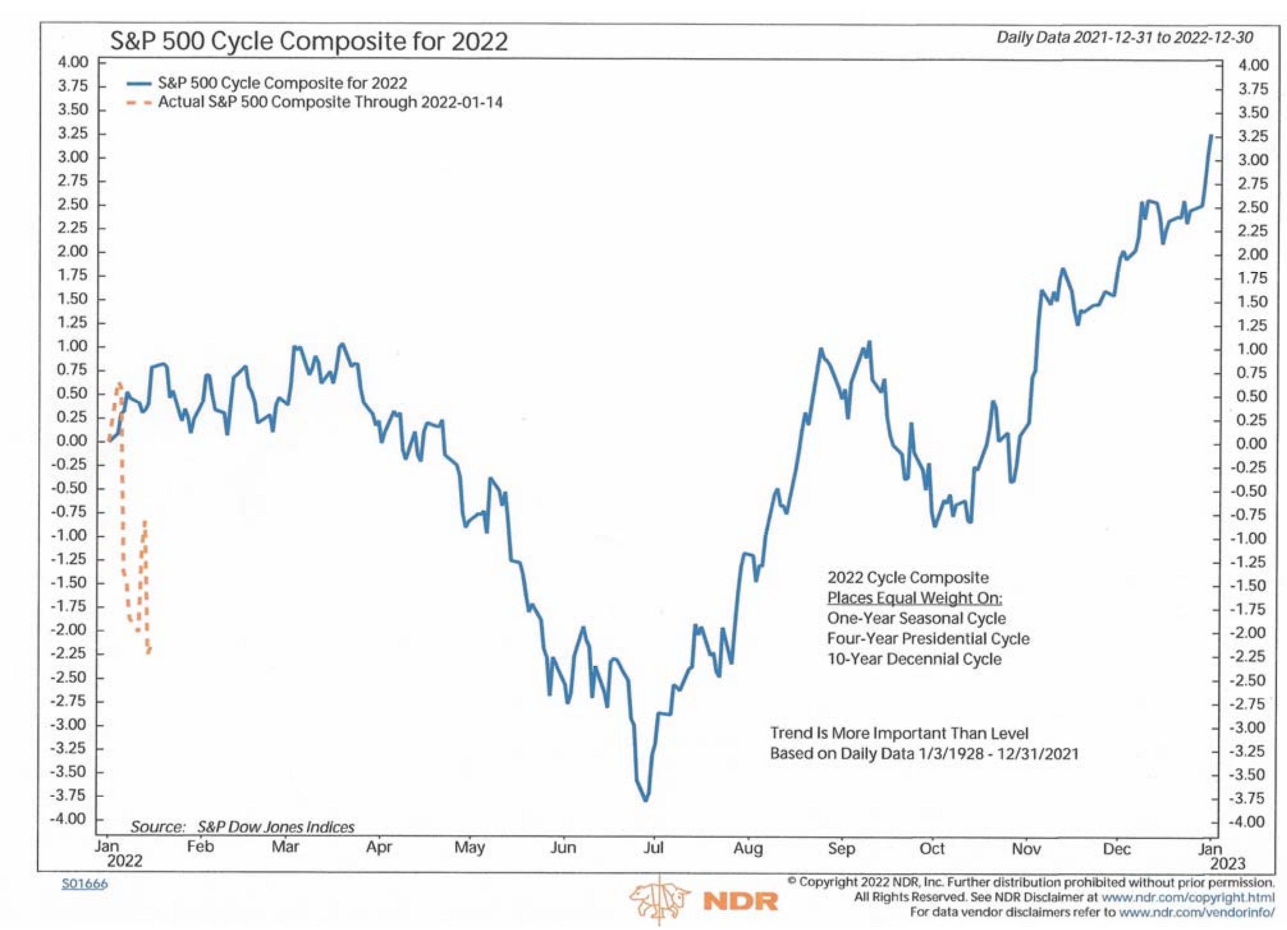
When stocks fluctuate in price, often going up and down much more than seems reasonable, we as investors and, of course, even more so, the news media always search for a reason. We look for "an excuse." Today's reasons could be any one of many: inflation, Covid concerns, the markets moving in 2020 and 2021 "too far too fast," higher interest rates by the Fed, the valuation of growth stocks, or angst over corporate earnings. Over 30 years ago in his excellent book, "Secrets for Profiting in Bull and Bear Markets," Stan Weinstein wrote – "It's not the news, but how the market ***reacts*** to the news that's really important." For the past several months the market has been "reacting" negatively to every bit of news! Especially the news concerning inflation and interest rates. Also, with the Q4 and year-end earnings season starting, any "miss," even soft 2022 earnings "guidance," is unforgiveable; as was the case for Facebook.

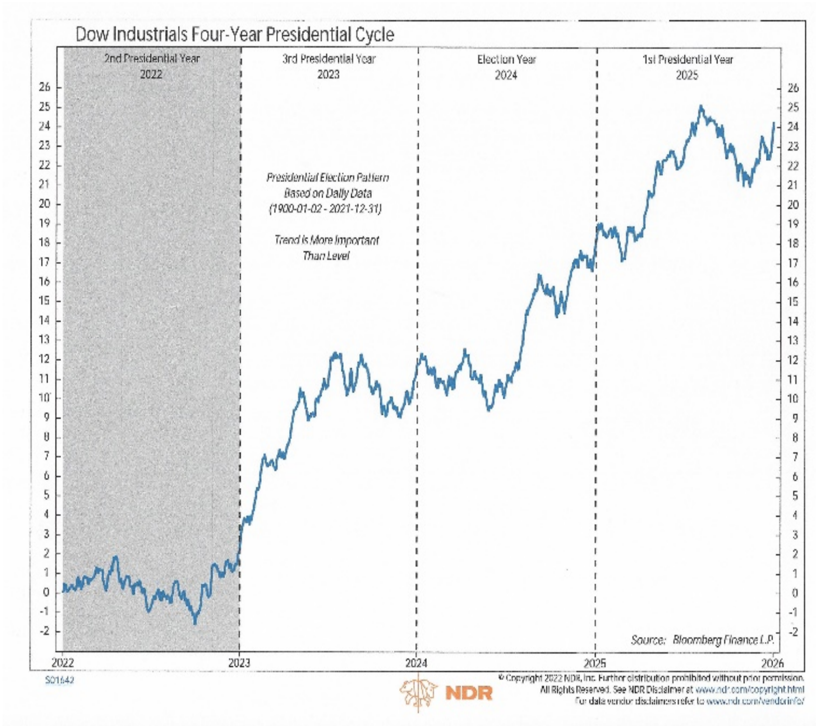
The Fed is now the big "excuse." The immediate reason: Fed Chairman Powell said that we can now take "transitory" away from our description of inflation. Then in the Federal Reserve meeting held January 25-26, the Fed said they will tighten monetary policy more aggressively than in the last cycle. Interest rates will be their primary initial tightening tool. This time the Fed knows it's behind and it's time to play catch up. In his press conference, Fed Chair Jerome Powell compared this recovery to those in the past and emphasized the very different conditions today. He said inflation was "running substantially above 2% and more persistently" than they would like, that the labor market "by many measures" is historically tight, and that economic growth is "substantially higher" than their estimated normal potential growth rate for the U.S. economy. Powell made these comparisons in the context of arguing for a faster and more robust tightening than in the last cycle. Powell made it a point to say that this expansion was "very different" from when the Fed began raising rates in 2015. This suggested that rate hikes could be more than the 25-basis point pace per quarter in the last cycle. We are likely looking at a 50-basis point increase soon and eventually rates in the 2.0%-2.5% range, given the Fed's resolve to combat inflation. So, despite this being a midterm election year, the Fed is behind the curve on inflation and they are going to be tightening by lifting rates at a faster pace than in the prior cycles.

Did anyone seriously think that inflation, increases in prices, will be a temporary? Doesn't everyone understand that we won't have near zero interest rates forever? The economy is stronger than it's potential? As Stan said: "It's not the news, but how the market reacts to the news." Interest rates will probably be higher in the short term than people might think; but probably not as high as the markets fear. It is, after all, an election year.

In our quarterly letters, we have often included graphs of the important cycle work of Ned Davis Research because, though not perfect, this cycle work has often been quite accurate and has over the years proven to be useful. In our last letter, we included the S&P 500 Cycle Composite for 2021 and noted how it had been quite accurate through September, more or less following what had happened in the indexes in 2021, including the typical fall correction after which a sideways up and down market was predicted into the end of the year; whereas, both the S&P 500 and the Dow actually recovered and closed at their highs at the end of the year. So again in 2021 it was useful, but not perfect.

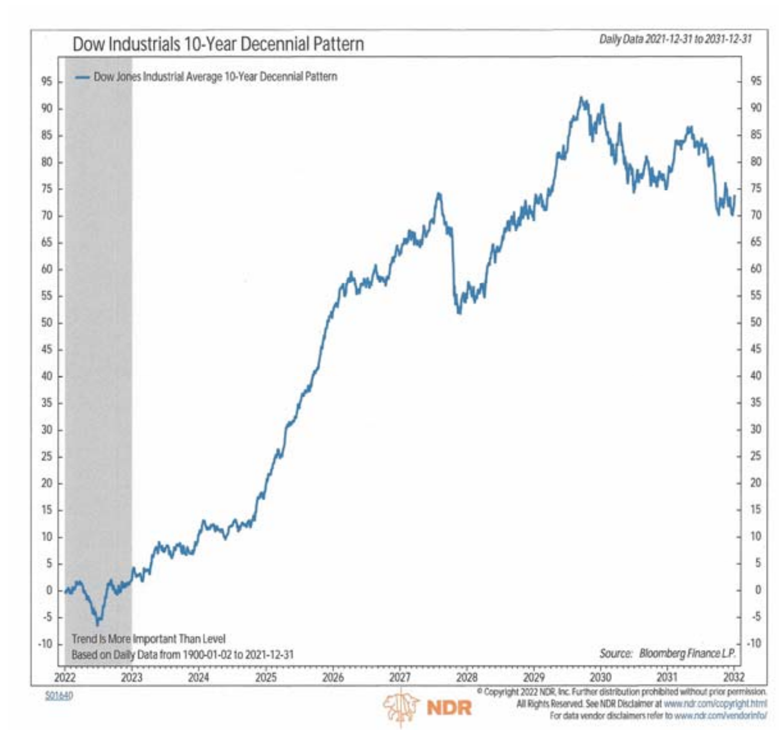
Here is the Ned Davis Research S&P Cycle Composite for 2022. The annual NDR Cycle Composite combines three cycle graphs with each cycle being given an equal weight: the One-Year Seasonal Cycle, the Four-Year Presidential Cycle, and the 10-Year Decennial Cycle. The 2022 NDR Composite predicts a sideways to slightly down market into mid-March, then a correction into a mid-year low, followed by a rally into year end. What we know today and can see on the orange line is that the S&P has begun its correction now since the beginning of the year. The NDR Cycle Composite for 2022 has the S&P ending the year higher than the start of the year after making a mid-year low. As 2022 progresses, we will monitor how the Composite tracks the year.



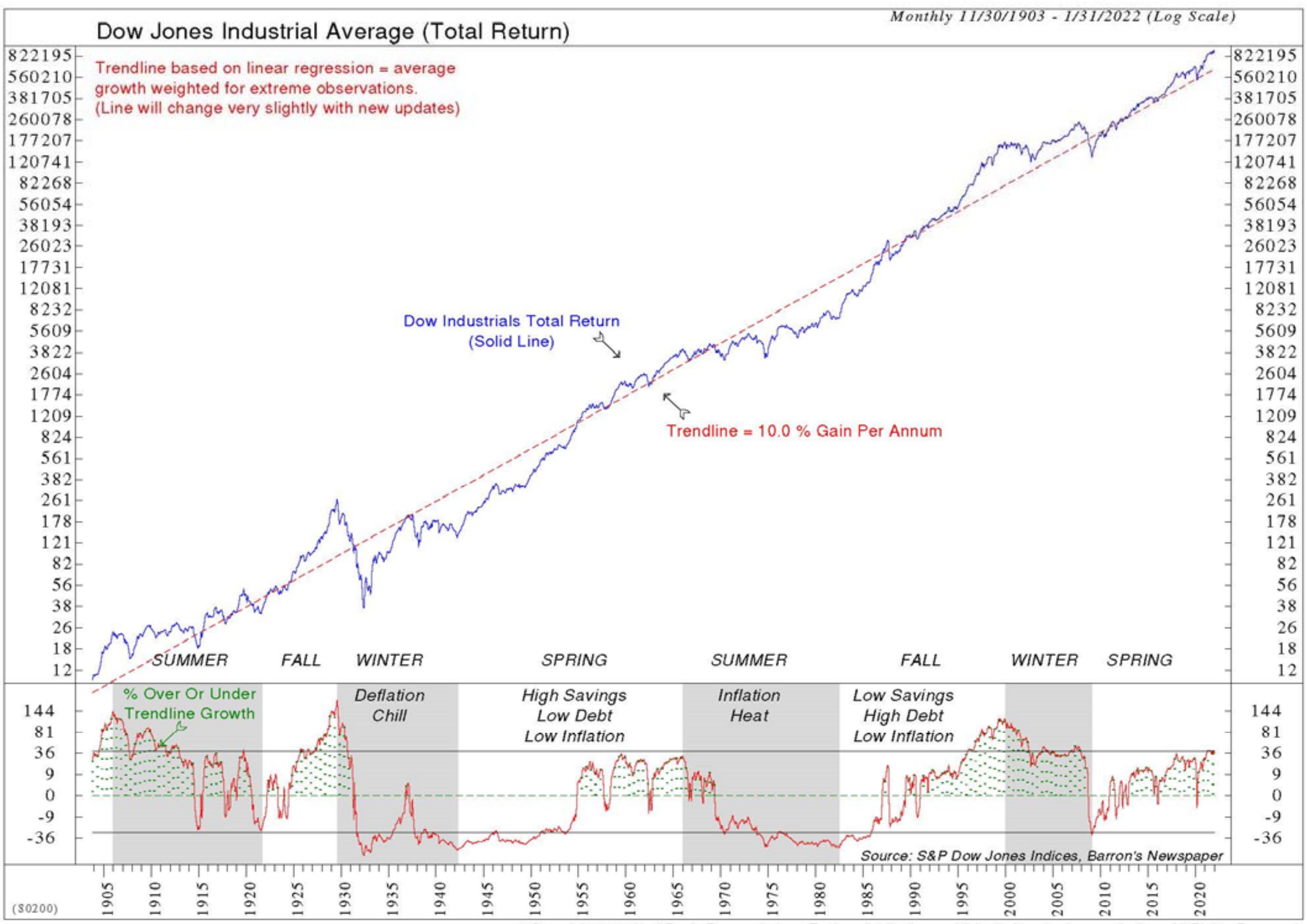


Though the three cycle components of the NDR Annual Cycle Composite are equally weighted, two of the three cycles, due to their form this year, will have an especially strong impact on this year's and the next several year's cycle composites. To the left is the Four-Year Presidential Cycle chart which shows two election years, the primary and midterm years, a "honeymoon" year and a "prime the pump year" prior to the presidential elections in order to get re-elected. We are now over with the "honeymoon" and entering what should be a contentious midterm election year. As shown in the gray area, which highlights 2022, the Four-Year Presidential Cycle predicts a flat to down market until the uncertainty of the midterm elections is removed - then a strong market.

What is interesting about the 10-Year Decennial Pattern which is shown to the right is that it predicts a mid-year cycle low, as can be seen in its 2022 gray shaded area. Interestingly, the midterm elections occur in the second year of the decade only every 20 years. From a cycle perspective in 2022 you have the second year in the decade, a "the honeymoon's now over" year, and the midterm elections all coming together in 2022. Interestingly, as noted by market technical Susan Berge, the markets have seen a major bottom in every off-presidential election year since 1960. Fortunately, the 10-Year Cycle turns up for four years after its predicted 2022 low.

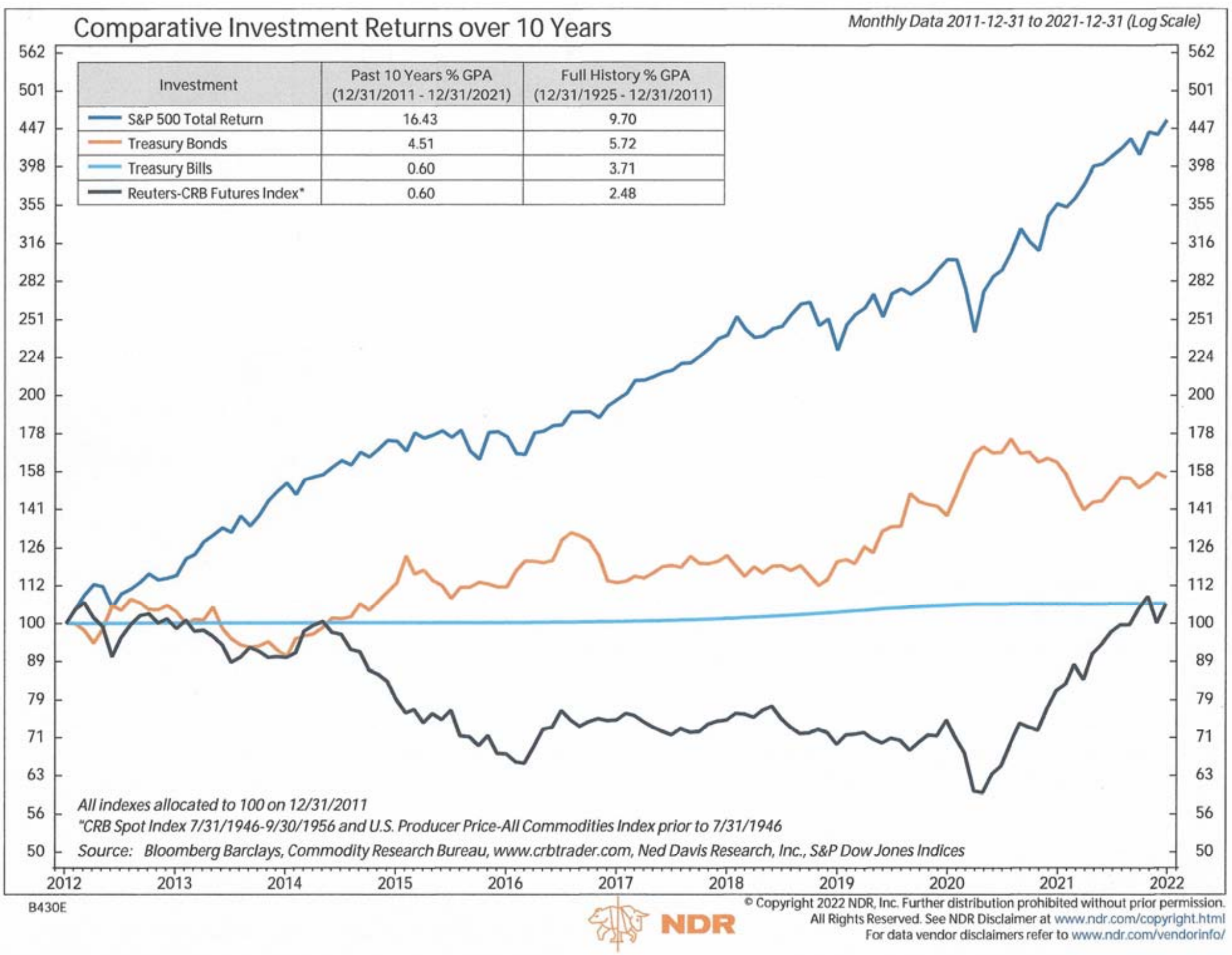


We have, from time to time, included in these letters long-term charts of either the S&P 500 or the Dow Jones in order to remind ourselves pictorially that despite lots of angst and ups and downs, over the years, the long-term trend of the markets have been up. The Ned Davis Research Dow Jones Industrial Average (Total Return) chart, which is shown below, with all its wiggles, has gone up and to the right for over a century. There is a red linear regression trendline shown with a very long-term gain per annum of 10% in the Dow Industrials since 1905. The scale of the y-axis is the cumulative return of the Dow. This upward trendline is a good visual reminder of why we are long-term investors.



What is also important today, regarding the current correction in the market, is to take a moment to study the lower bottom box of this chart which shows the distance of the Dow Average either above or below its long-term trendline. In investing there is a concept called reversion to the mean. The thought is that if a stock or index goes too far above or below its long-term average price, strays too far from its long-term normal trend, there will be a correcting move back to the long-term trend; a reversion to the mean or average. In the bottom box of the Dow Jones Total Return chart, the green dashed line is the long-term trendline of average gain and the lines above it and below it represents extreme % distances either above (filled with green dots) or below average trendline growth. We can see that at the end of 2021 the Dow was at an extreme above its trendline growth. Perhaps, at this time, the market, in the strong rebound from the Covid lows just went too far too fast – the market got ahead of itself; its expected long-term average trend line growth of 10%. This "too far too fast" is also shown for the S&P 500 below.

Another chart by Ned Davis Research that gives a 10-year picture of recent index returns versus long-term returns, with some additional data, is a chart entitled Comparative Investment Returns over 10 Years. This chart is below and focuses on returns for the S&P 500, Treasury Bonds, Treasury Bills, and Commodity prices for the past 10 years. In the upper left corner of the chart is a box of data giving % returns for these assets over the past 10 years and since the end of 1925.



The dark blue line is the S&P 500 over the past 10 years. Its 10-year return is 16.4% versus the long-term "full history" S&P return of 9.7%. The slope of the blue line is strongly up and increases even more after the 2020 bottom. The 10-year trendline return is much greater than the long-term average. Looking past the Covid bottom, the trend has fewer wiggles than normal and the slope is even stronger; and all this during a difficult period. The light blue line gives one of the reasons: A flat line straight across the page for Treasury Bills with a .6% return for the entire period (low to no interest rates) versus the full history return of 3.71%. We can also see the sharp increase in the black line since the Covid low which had been decreasing and represents recent commodity price increases.

We thought the cartoon below is funny. It is also a reminder that Easter and spring flowers are not too far away. Winter will soon be over. Shortly after that will be summer and soon enough midyear will come. Not that we are trying to rush the year away; just these difficult markets.

As always if you have any questions about your accounts, any of your specific investments, or any of the companies you are invested in, please give us a call. Or call in and ask to schedule a time to talk. We are always willing to answer your questions.

Sincerely,

Richard C Perkins

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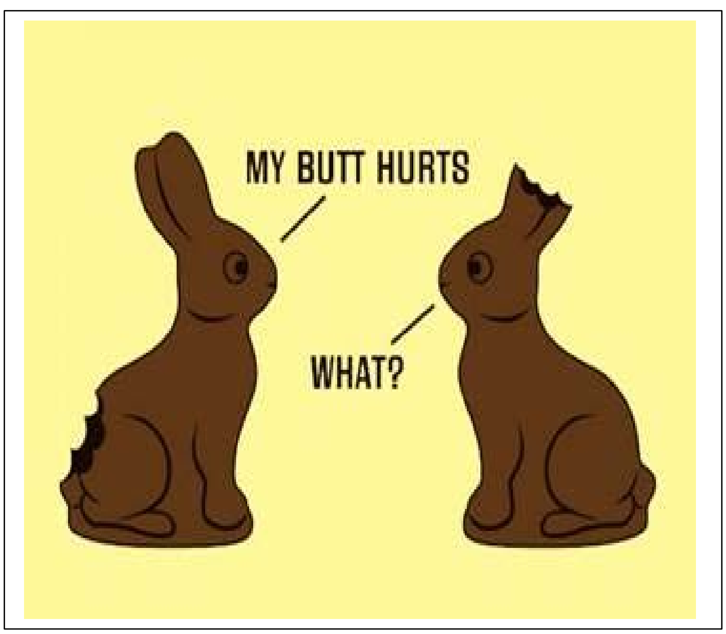

OLE & LENA JOKES

Ole and Sven had really “packed on the pounds” by overeating during Christmas and New Year’s Holidays, so their doctor put them on the same diet. “I want you to eat regularly for 2 days, then skip a day, and repeat this procedure for 2 weeks. The next time I see you, you should have lost at least 5 pounds.”

When the Norwegians returned, they shocked their doctor by having lost nearly 25 pounds each. “Why, that’s positively amazing!” the doctor said. “Did you follow the instructions?”

Then Ole and Sven nodded and Ole said “We vant to tell you though, we taut ve vas gonna drop dead dat 3rd day.” “From hunger, you mean?” “No, yust from all dat skippin.”

Government surveyors came to Ole’s farm in the fall and asked if they could do some surveying. Ole agreed and Lena even served them a nice meal at noontime. The next spring the two surveyors stopped by and told Ole, “Because you were so kind to us, we wanted to give you this bad news in person instead of by letter.”

Ole replied, “Vhat’s the bad news?” The surveyors stated, “Well, after our work we discovered your farm is not in Minnesota, but is actually in Wisconsin!”

Ole looked at Lena and said, “Dat’s the best news I have heard in a long time, vhy I yust told Lena this morning, I don’t tink I can take another vinter in Minnesota.”

The judge had just awarded a divorce to Lena, who had charged non-support. He said to Ole, “I have decided to give your wife $400 a month for support."

"Vell, dat's fine, Yudge," said Ole. “And vunce in a vhile I'll try to chip in a few bucks, myself.”

Ole is so cheap that after his airplane landed safely, he grumbled, "Vell, dere gose five dollars down da drain for dat flight insurance!”

Ole and Lars were on their very first train ride. They had brought along bananas for lunch. Just as they began to peel them, the train entered a long, dark tunnel. “Have you eaten your banana yet,” Ole asked excitedly?

“No,” replied Lars.

“Vell, don't touch it den,” Ole exclaimed. “yust took vun bite and vent blind!”

GRANDPA OF THE YEAR

A woman happened to be following a grandfather and his badly-behaved grandson while grocery shopping. The grandfather certainly had his hands full with the child who continually screamed for candy and cookies. But the grandfather spoke in a controlled voice: “Easy, William, we won’t be long, easy boy.”

The boy continued with the outbursts and the grandfather calmly said: “It’s okay, William. Just a couple more minutes and we’ll be out of here. Hang in there, son.” At the checkout the little horror continued throwing items out of the shopping cart, but the grandfather remained steady and said in a controlled voice, “William, William, relax buddy, don’t get upset. We’ll be home in five minutes, stay cool, William.”

Very impressed, the woman walked outside to where the grandfather was loading his groceries and the little boy into the car and said, “it’s none of my business, but you were amazing in there. I don’t know how you did it. That whole time you kept your composure, and no matter how loud and disruptive he got, you just calmly kept saying things would be okay. William certainly is lucky to have you as his grandfather.”

“Thanks,” said the grandfather, “but I’m William. This little bastard’s name is Kevin.”

I’LL BE WAITING ON THE FRONT PORCH

On the first day, God created the dog and said, "Sit all day by the door of your house and bark at anyone who comes in or walks past. For this, I will give you a life span of twenty years." The dog said, "That's a long time to be barking. How about only ten years and I'll give you back the other ten?" And God saw it was good.

On the second day, God created the monkey and said, "Entertain people, do tricks, and make them laugh. For this, I'll give you a twenty-year life span." The monkey said, "Monkey tricks for twenty years? That's a pretty long time to perform. How about I give you back ten like the dog did?" And again, God saw it was good.

On the third day, God created the cow and said, "You must go into the field with the farmer all day long and suffer under the sun, have calves and give milk to support the farmer's family. For this, I will give you a life span of sixty years." The cow said, "That's kind of a tough life you want me to live for sixty years. How about twenty and I'll give back the other forty?" And God agreed it was good.

On the fourth day, God created humans and said, "Eat, sleep, play, marry and enjoy your life. For this, I'll give you twenty years." But the human said, "Only twenty years? Could you possibly give me my twenty, the forty the cow gave back, the ten the monkey gave back, and the ten the dog gave back; that makes eighty, okay?" "Okay," said God, "You asked for it."

So that is why for our first twenty years, we eat, sleep, play, and enjoy ourselves. For the next forty years, we slave in the sun to support our family. For the next ten years, we do monkey tricks to entertain the grandchildren. And for the last ten years, we sit on the front porch and bark at everyone. Life has now been explained to you.

WHAT A COINCIDENCE

A chicken farmer went to the local bar. He sat next to a woman and ordered champagne. The woman said: "How strange, I also just ordered a glass of champagne." "What a coincidence," said the farmer, who added, "It is a special day for me. I'm celebrating." "It is a special day for me too. I am also celebrating!" said the woman. "What a coincidence." said the farmer.

While they toasted, the farmer asked, "What are you celebrating?" "My husband and I have been trying to have a child for years, and today, my gynecologist told me that I am pregnant." "What a coincidence'" said the man. "I am a chicken farmer and for years all my hens were infertile, but now they are all set to lay fertilized eggs."

"This is awesome," said the woman. "What did you do for your chickens to become fertile?" "I used a different rooster," he said.

The woman smiled and said, "What a coincidence!"

TWO QUARTERS OR A DOLLAR BILL

A young boy enters a barber shop and the barber whispers to his customer, "This is the dumbest kid in the world. Watch while I prove it to you." The barber puts a dollar bill in one hand and two quarters in the other, then calls the boy over and asks, "Which do you want, son?" The boy takes the quarters and leaves the dollar. "What did I tell you?" said the barber. "That kid never learns!"

Later, the customer sees the same young boy coming out of the ice cream store and says, "Hey, Son! May I ask you a question? Why did you take the quarters instead of the dollar bill?" The boy licked his cone and replied, "Because the day I take the dollar, the game's over!"

LITTLE PETE

Little Pete came home from the playground with a bloody nose, black eye, and torn clothing. It was obvious he'd been in a bad fight and lost. While his father was patching him up, he asked his son what happened.

"Well, Dad," said Pete. "I challenged Larry to a duel. And, you know, I gave him his choice of weapons."

"Uh-huh," said his father. "That seems fair."

"I know, but I never thought he would choose his sister!"

MEXICAN OYSTERS

A big Texan stopped at a local restaurant after spending a day roaming around in Mexico. While sipping his tequila, he noticed a sizzling, scrumptious-looking platter being served at the next table. Not only did it look good, it smelled wonderful. He asked the waiter, “What is that you just served?”

The waiter replied, “Ah Senor, you have excellent taste! Those are called Cojones de Toro, the bull’s testicles from the bullfight this morning. A delicacy!”

The cowboy said, “What the heck, bring me an order.” The waiter replied, “I am so sorry, Senor. There is only one serving per day because there is only one bullfight each morning. If you come early and place your order, we will be sure to save you this delicacy.”

The next morning, the cowboy returned, placed his order, and that evening was served the one and only special delicacy of the day. After a few bites, inspecting his platter, he called to the waiter and said, “These are delicious, but they are much, much smaller than the ones I saw you serve yesterday.” The waiter shrugged his shoulders and replied, “Si, Senor. Sometimes the bull wins!”

THE ECCENTRIC PROFESSOR

After a semester dealing with a broad array of topics, an eccentric philosophy professor gave a one question final exam. The class was seated and ready to go when the professor picked up his chair, plopped it on his desk and wrote on the board, “Using everything we have learned this semester, prove that this chair does not exist.”

Fingers flew, erasers erased, notebooks were filled in a furious fashion, some students wrote over 30 pages in one hour attempting to refute the existence of the chair. But one student was up and finished in less than a minute.

Weeks later, when the grades were posted, the rest of the group wondered how he could have gotten an “A” when he had barely written anything at all.

His answer consisted of two words: What chair?

LITTLE JOHNNY

A teacher asked little Johnny if he knew his 1 to 10 well. “Yes! Of course! My pop taught me even more than 10!” “Good. What comes after three?” “Four,” answers Johnny. “What comes after six?” “Seven,” Johnny replies.

“Very good,” says the teacher. “Your dad did a good job. Now…so what comes…after let’s say ten?” “A Jack.” Johnny replies.