













The Economy

The news appears to be improving. The U.S. created 1.45 million jobs through the first 11 months of 2011. Corporations are making attempts to treat their employees better. Data from Towers Watson shows that 75% of the 260 companies that discontinued or reduced their 401(k) matching contributions in the last recession have restored them. Auto sales (annualized) surpassed the 13 million mark in September, October and November, according to Reuters. November's tally was an annualized 13.6 million, the highest sales rate since 8/09. Commercial & Industrial loans from banks are on pace to grow by over 10% (y-o-y) in Q4'11, according to the Federal Reserve Board/Haver Analytics. Loan volumes were down 5.6% in Q4'10 and down 19.4% in Q4'09.

Consumer Confidence 56.0 (Nov) 39.8 (Oct) 	Crude Oil (Mo.-End) \$100.36 (Nov) \$93.19 (Oct) 	Personal Spending 0.1% (Oct) Sep was 0.6% 	ISM Manufacturing 52.7 (Nov) 50.8 (Oct) 	ISM Non-Manufacturing 52.0 (Nov) 52.9 (Oct) 
Gold (Mo.-End) \$1745.50 (Nov) \$1725.20 (Oct) 	Natural Gas (Mo.-End) \$3.55 (Nov) \$3.93 (Oct) 	Factory Orders -0.4% (Oct) Sep was 0.3% 	New Home Sales 307,000 (Oct) 313,000 (Sep) 	Existing Home Sales 4.97M (Oct) 4.91M (Sep) 

The Stock Market

Indices (Source: Bloomberg)	Nov	12-mo.	Fifty out of the 132 subsectors (38%) that comprise the S&P 500 posted a gain in November, down from 130 (98%) last month, according to S&P. Consumer Staples was the top performing sector, up 2.7%. In November, the dividend-payers (392) in the S&P 500 (equal weight) posted a total return of -0.33%, vs. -2.14% for the non-payers (108), according to Standard & Poor's. Y-T-D, the payers were up 0.85%, vs. a decline of 5.41% for the non-payers. For the 12-month period ended Nov. '11, payers were up 8.28%, vs. a gain of 0.96% for the non-payers. The number of dividend increases y-t-d totaled 293, up from 221 a year ago. Nineteen companies initiated dividends, up from 11. Five dividends were cut, up from three. Commodities are on pace to outperform equities for a fifth consecutive calendar year, according to Bloomberg. Goldman Sachs sees commodities appreciating around 15% over the next 12 months. Gold bullion and crude oil have been frontrunners y-t-d. Commodities are an integral part of the global growth story being driven largely by rising demand from emerging economies. The International Monetary Fund forecasts GDP growth of 6% for emerging economies in 2012, compared to 2% for developed nations. That is not to say that equities haven't made their case. The S&P 500 has posted double-digit earnings growth for 8 consecutive quarters.
S&P 500	-0.2%	7.8%	
DJIA	1.2%	12.3%	
NASDAQ 100	-2.5%	9.4%	
S&P 400	-0.3%	5.1%	
Russell 2000	-0.4%	2.7%	
Russell 3000	-0.3%	7.0%	
MSCI World (ex U.S.) (USD)	-4.6%	-3.6%	
MSCI Emerging Markets (USD)	-6.6%	-11.5%	
Growth/Value (Source: Bloomberg)	Nov	12-mo.	
S&P 500 Growth	-0.1%	9.8%	
S&P 500 Value	-0.3%	5.8%	
S&P 400 Growth	-1.1%	6.3%	
S&P 400 Value	0.5%	4.1%	
Russell 2000 Growth	-0.5%	4.7%	
Russell 2000 Value	-0.2%	0.8%	

U.S. Dollar Index (DXY) 2.9% (Nov) -0.8% (2011) \$ was down 1.1% in '10 	CBOE Total Equity Options (# of contracts in millions) Nov: 33.5 (-13.4%) Oct: 38.7 (+10.6%) Record 7/08: 67.2 million 	Short Interest (NYSE) Nov 15: 14.1B (-4.1%) Oct 14: 14.7B (-6.4%) Record 7/08: 18.61 billion shares 	VIX Volatility Index (S&P 500) 27.80 (11/30) 29.96 (10/31) Record 11/20/08: 80.86 
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The Bond Market

Index (Source: Barclays)	Nov	12-mo.	Yield	What a year 2011 has been. We began the year worrying about a potential spike in municipal bond defaults, but it never materialized. Municipal bonds are actually outperforming their taxable counterparts. The Barclays Capital Municipal Bond (22+) Index posted a total return of 12.20% y-t-d through November. The closest major taxable index was the Barclays Capital GNMA 30-Yr., up 7.29%. The U.S.'s AAA-rating was downgraded to AA+ by Standard & Poor's in the first week of August. Usually an event like a downgrade is followed by a sell-off to reset yields higher to reflect the drop in quality. That did not materialize. Due to the sovereign debt crisis in Greece, and fears of a broader contagion, the yield on the 10-Year T-Note fell from 2.32% on 8/8/11 to as low as 1.72% on 9/22/11. The yield stood at 2.07% on 11/30/11.
U.S. Treasury: Intermediate	0.37%	4.37%	0.80%	
GNMA 30 Year	0.36%	6.62%	2.94%	
Municipal Bond (22+)	0.13%	8.32%	4.74%	
U.S. Aggregate	-0.09%	5.52%	2.40%	
Intermediate Corporate	-1.39%	3.00%	3.43%	
U.S. Corporate High Yield	-2.16%	4.12%	8.87%	
Global Aggregate	-1.75%	6.31%	2.56%	
Global Emerging Markets	-1.88%	4.76%	6.25%	

Key Rates as of November 30		Key Yield Spread		2011 Debt Issuance Through October		
		The spread between the Merrill Lynch High Yield Master II Index and the 10-Yr. T-Note was 704 basis points on 11/30/11, up from 641 on 10/31/11. It was 534 on 11/30/10. (Source: Bloomberg)		(Source: Thomson Reuters)		
Fed Funds	0-0.25%	Debt Category	\$ Amount	% change over '10		
2-Yr. T-Note	0.26%	Treasury	\$1.83 Trillion	-1.7%		
10-Yr. T-Bond	2.07%	Corporate	\$870.6 Billion	-1.9%		
30-Yr. Mortgage	4.00%	Convertible	\$18.9 Billion	-24.2%		
Bond Buyer 40	5.04%	Asset-Backed	\$106.2 Billion	+13.5%		
(Source: Bloomberg)		Municipal	\$229.5 Billion	-33.5%		

Equity funds reported net cash outflows totaling \$20.4 billion in 10/11, vs. \$13.4 billion of outflows in 9/11, according to the Investment Company Institute. Bond fund inflows totaled \$11.4 billion, vs. \$9.6 billion of inflows in 9/11. Money Market fund outflows totaled \$22.5 billion, vs. \$10.7 billion of outflows in 9/11. Y-T-D through October, equity funds reported net outflows totaling \$84.4 billion, vs. \$98.8 billion of inflows for bond funds and \$203.3 billion of outflows for MMFs.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	1565.15	10/09/07	676.53	03/09/09	1246.96	-20.33%	1.08%	2.14%
S&P 500 Growth	730.83	10/12/07	363.99	03/09/09	676.26	-7.47%	4.33%	1.81%
S&P 500 Value	836.19	07/13/07	307.16	03/09/09	564.19	-32.53%	-2.26%	2.51%
S&P 400	1015.26	04/29/11	372.88	10/09/02	883.79	-12.95%	-1.36%	1.49%
S&P 400 Growth	465.69	07/07/11	162.27	10/09/02	406.57	-12.70%	0.70%	0.90%
S&P 400 Value	361.18	06/04/07	135.55	10/09/02	301.78	-16.45%	-3.32%	2.10%
S&P 100	729.79	10/09/07	322.13	03/09/09	561.96	-23.00%	1.45%	2.29%
DJIA	14164.53	10/09/07	6547.05	03/09/09	12045.68	-14.96%	6.70%	2.62%
NASDAQ 100	2429.50	07/22/11	804.64	10/07/02	2295.20	-5.53%	4.43%	1.03%
Russell 2000	865.29	04/29/11	327.04	10/09/02	737.42	-14.78%	-4.80%	1.63%
Russell 2000 Growth	497.75	04/29/11	169.69	10/09/02	426.27	-14.36%	-2.69%	0.80%
Russell 2000 Value	1276.63	06/04/07	469.32	03/09/09	967.11	-24.25%	-6.95%	2.47%
Russell 3000	907.58	10/09/07	389.61	03/09/09	737.78	-18.71%	0.20%	2.04%
MSCI World x U.S. (USD)	5379.90	10/31/07	1636.59	03/12/03	3700.72	-31.21%	-11.24%	N/A
MSCI Emerging Markets (USD)	473.35	10/29/07	79.55	10/10/02	360.85	-23.77%	-17.43%	N/A
Bovespa/Brazil (USD)	44638.24	05/19/08	2160.80	10/16/02	31419.18	-29.61%	-24.50%	4.22%
RTS/Russia (USD)	2487.92	05/19/08	226.49	11/30/01	1540.81	-38.07%	-11.40%	2.26%
Bombay SE 500/India (USD)	226.04	01/07/08	19.97	12/27/01	117.16	-48.17%	-33.33%	1.58%
Shanghai Composite/China (USD)	810.24	10/16/07	122.21	07/11/05	365.78	-54.86%	-12.34%	2.05%
KOSPI/South Korea (USD)	2.29	10/31/07	0.41	03/17/03	1.62	-29.46%	-10.52%	1.49%
Hang Seng (USD)	4082.25	10/30/07	1078.13	04/25/03	2315.95	-43.27%	-19.37%	3.54%
MSCI Euro (USD)	1988.53	10/31/07	598.84	03/12/03	969.27	-51.26%	-12.28%	4.64%
S&P Consumer Discretionary	328.81	07/07/11	125.72	03/09/09	305.39	-7.12%	4.84%	1.64%
S&P Consumer Staples	333.63	05/19/11	182.72	03/10/03	327.60	-1.81%	10.93%	3.01%
S&P Energy	668.81	05/20/08	163.83	07/23/02	526.41	-21.29%	5.79%	1.89%
S&P Utilities	223.91	12/10/07	77.27	10/09/02	177.59	-20.69%	16.04%	4.10%
S&P Financials	509.55	02/20/07	81.74	03/06/09	172.46	-66.15%	-18.48%	1.90%
S&P Banks	414.38	02/20/07	49.02	03/05/09	123.54	-70.19%	-15.51%	1.96%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	426.74	-36.92%	3.33%	3.83%
S&P Health Care	426.93	05/07/07	252.84	03/05/09	391.14	-8.38%	9.54%	2.25%
S&P Pharmaceuticals	439.75	12/03/01	214.50	03/03/09	321.97	-26.78%	12.10%	3.59%
NYSE Arca Biotechnology	1502.18	05/12/11	280.09	07/10/02	1076.74	-28.32%	-16.98%	0.05%
S&P Information Technology	441.36	10/31/07	172.88	10/09/02	413.67	-6.27%	3.33%	1.10%
Philadelphia Semiconductor	637.94	03/08/02	171.32	11/20/08	373.32	-41.48%	-8.19%	1.46%
S&P Telecom Services	181.06	05/31/07	79.00	09/30/02	125.14	-30.88%	2.20%	5.43%
S&P Industrials	381.16	10/09/07	132.83	03/09/09	289.62	-24.02%	-1.74%	2.36%
S&P Materials	285.91	05/16/08	102.55	10/09/02	216.84	-24.16%	-7.70%	2.34%
Philadelphia Gold & Silver	228.95	04/08/11	52.33	12/11/01	208.30	-9.02%	-6.88%	1.51%
Reuters/Jefferies CRB	473.52	07/02/08	186.93	01/30/02	313.82	-33.73%	-5.70%	N/A
Merrill Lynch Perpetual Preferred	197.85	05/08/07	51.79	03/09/09	158.75	-19.76%	3.32%	7.46%
Merrill Lynch High Yield Master II	277.73	07/26/11	106.67	10/10/02	265.93	-4.25%	1.84%	9.11%