













The Economy

The 146,000 jobs created in November significantly beat Bloomberg's estimate of 85,000, despite the fallout from "Superstorm Sandy." The unemployment rate nudged lower from 7.9% to 7.7%. GDP growth was revised for Q3'12 from an annualized 2.0% to 2.7%. Obviously, tremendous attention is likely to be given to the year-end "fiscal cliff" event the longer policy makers delay a solution. Most of the comments coming from Republican and Democrat leaders suggest neither party would be pleased with the \$600 billion in mandatory cuts scheduled to kick in after December 31. Increasing the tax rates on dividends, in particular, could impact older Americans. IRS data shows that more than 63% of taxpayers with qualified dividend income are 50 and older.

Consumer Confidence 73.7 (Nov) 72.2 (Oct) 	Crude Oil (Mo.-End) \$88.91 (Nov) \$86.24 (Oct) 	Personal Spending -0.2% (Oct) Sep was 0.8% 	ISM Manufacturing 49.5 (Nov) 51.7 (Oct) 	ISM Non-Manufacturing 54.7 (Nov) 54.2 (Oct) 
Gold (Mo.-End) \$1710.90 (Nov) \$1719.10 (Oct) 	Natural Gas (Mo.-End) \$3.56 (Nov) \$3.69 (Oct) 	Factory Orders 0.8% (Oct) Sep was 4.8% 	New Home Sales 368,000 (Oct) 389,000 (Sep) 	Existing Home Sales 4.79M (Oct) 4.75M (Sep) 

The Stock Market

Indices (Source: Bloomberg)	Nov	12-mo.	Seventy-nine out of the 132 subsectors (60%) that comprise the S&P 500 posted a gain in November, up from 57 (43%) last month, according to S&P. Consumer Discretionary was the top performing sector, up 3.2%. In Nov., the dividend-payers (404) in the S&P 500 (equal weight) posted a total return of 0.85%, vs. 3.25% for the non-payers (96), according to Standard & Poor's. Y-T-D, the payers were up 13.78%, vs. a gain of 15.23% for the non-payers. For the 12-month period ended Nov., payers were up 14.40%, vs. a gain of 12.57% for the non-payers. The number of dividend increases y-t-d totaled 309, up from 295 a year ago. Ten dividends were cut, up from five a year ago. There have been 187 special dividends announced this year by U.S. publicly traded companies, up 149% from the 75 announced at this point a year ago, according to S&P Capital IQ Global Markets Intelligence group. Historical stock market data shows that extended periods of market weakness are followed by market strength, according to an article at Kiplinger.com by Jeremy Siegel, professor at the University of Pennsylvania's Wharton School. Siegel found that when stock returns for the preceding five years fall in the bottom 25% of all five-year returns, as was the case for the S&P 500's -1.24% cumulative total return from 2007-2011, the annualized return on stocks over the following two-year period is 20%.
S&P 500	0.6%	16.1%	
DJIA	-0.1%	11.1%	
NASDAQ 100	1.4%	18.1%	
S&P 400	2.2%	14.9%	
Russell 2000	0.5%	13.1%	
Russell 3000	0.8%	15.9%	
MSCI World (ex U.S.) (USD)	2.1%	11.8%	
MSCI Emerging Markets (USD)	1.3%	11.4%	
Growth/Value (Source: Bloomberg)	Nov	12-mo.	
S&P 500 Growth	0.9%	15.2%	
S&P 500 Value	0.2%	17.3%	
S&P 400 Growth	2.6%	14.1%	
S&P 400 Value	1.8%	16.4%	
Russell 2000 Growth	0.8%	11.1%	
Russell 2000 Value	0.3%	15.0%	

U.S. Dollar Index (DXY) 0.3% (Nov) 0.0% (YTD) \$ was up 1.5% in '11 	CBOE Total Equity Options (# of contracts in millions) Nov: 31.8 (-9.4%)  Oct: 35.1 (-8.1%) Record 7/08: 67.2 million	Short Interest (NYSE) Nov 15: 13.6B (+1.5%)  Oct 14: 13.4B (-4.3%) Record 7/08: 18.61 billion shares	VIX Volatility Index (S&P 500) 15.87 (11/30)  18.60 (10/31) Record 11/20/08: 80.86
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The Bond Market

Index (Source: Barclays)	Nov	12-mo.	Yield	The yield on the benchmark 10-Year T-Note fell 7 bps. to 1.62% in 11/12. Investment grade corporate bondholders may already be benefitting from an increase in support from pension plans, according to <i>Barron's</i> . The need for pensions to more closely align maturities with their liabilities may result in managers lightening exposure to equities in favor of 10- and 30-yr. corporates. Companies have issued a total of \$466.7 billion in 10- and 30-yr. investment grade corporates so far this year, well above the annual average of \$216.8 billion from '95-'11, according to Dealogic. Pension plan demand for investment grade corporates could total \$100-\$150 billion in each of the next several years, according to Michael Moran, a pension strategist at Goldman Sachs Asset Management. Fiscal cliff event helping to boost demand for tax-frees.
U.S. Treasury: Intermediate	0.39%	2.50%	0.54%	
GNMA 30 Year	-0.08%	2.96%	2.20%	
Municipal Bond (22+)	2.49%	16.10%	2.99%	
U.S. Aggregate	0.16%	5.51%	1.69%	
Intermediate Corporate	0.15%	10.27%	2.02%	
U.S. Corporate High Yield	0.80%	17.05%	6.45%	
Global Aggregate	-0.01%	5.37%	1.68%	
Global Emerging Markets	1.03%	17.90%	4.29%	

Key Rates as of November 30		Key Yield Spread		2012 Debt Issuance Through October		
		The spread between the Merrill Lynch High Yield Master II Index and the 10-Yr. T-Note was 540 basis points on 11/30/12, up from 538 on 10/31/12. It was 704 on 11/30/11.		(Source: Thomson Reuters)		
Fed Funds	0-0.25%			Debt Category	\$ Amount	% change over '11
2-Yr. T-Note	0.25%			Treasury	\$1.96 Trillion	+6.8%
10-Yr. T-Bond	1.62%			Corporate	\$1.11 Trillion	+26.2%
30-Yr. Mortgage	3.41%			Convertible	\$16.2 Billion	-14.7%
Bond Buyer 40	3.95%			Asset-Backed	\$174.1 Billion	+65.4%
(Source: Bloomberg)			(Source: Bloomberg)	Municipal	\$313.6 Billion	+36.7%

Equity funds reported net *outflows* totaling \$16.5 billion in 10/12, vs. \$24.4 billion of net *outflows* in 9/12, according to the Investment Company Institute. Bond funds reported net *inflows* totaling \$34.4 billion, vs. \$29.2 billion of net *inflows* in 9/12. Money Market fund net *outflows* totaled \$3.5 billion, vs. \$5.5 billion of net *inflows* in 8/12. Y-T-D through September, equity funds reported net *outflows* totaling \$83.0 billion, vs. \$238.3 billion of net *inflows* for bond funds (municipals had net *inflows* totaling \$42.7B) and \$141.7 billion of net *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	1416.18	-9.52%	14.96%	2.19%
S&P 500 Growth	793.29	09/19/12	363.99	03/09/09	763.71	-3.73%	14.79%	1.92%
S&P 500 Value	836.19	07/13/07	307.16	03/09/09	644.91	-22.88%	15.23%	2.51%
S&P 400	1026.85	09/14/12	385.18	03/12/03	1000.15	-2.60%	15.36%	1.72%
S&P 400 Growth	467.42	09/14/12	166.30	03/12/03	458.08	-2.00%	15.99%	1.21%
S&P 400 Value	361.18	06/04/07	141.27	03/12/03	343.10	-5.01%	15.29%	2.26%
S&P 100	729.79	10/09/07	322.13	03/09/09	646.39	-11.43%	15.81%	2.30%
DJIA	14164.53	10/09/07	6547.05	03/09/09	13025.58	-8.04%	9.38%	2.64%
NASDAQ 100	2864.03	09/19/12	951.90	02/13/03	2677.88	-6.50%	18.98%	1.31%
Russell 2000	865.29	04/29/11	343.26	03/09/09	821.92	-5.01%	12.35%	1.79%
Russell 2000 Growth	497.75	04/29/11	182.25	03/12/03	470.20	-5.53%	11.38%	1.01%
Russell 2000 Value	1276.63	06/04/07	469.32	03/09/09	1088.95	-14.70%	13.28%	2.53%
Russell 3000	907.58	10/09/07	389.61	03/09/09	837.83	-7.69%	15.01%	2.12%
MSCI World x U.S. (USD)	5379.90	10/31/07	1636.59	03/12/03	4136.09	-23.12%	13.00%	N/A
MSCI Emerging Markets (USD)	473.35	10/29/07	84.92	03/11/03	401.82	-15.11%	12.71%	N/A
Bovespa/Brazil (USD)	44638.24	05/19/08	2722.40	12/09/02	27280.51	-38.89%	-9.87%	4.31%
RTS/Russia (USD)	2487.92	05/19/08	336.08	01/27/03	1436.55	-42.26%	8.85%	4.07%
Bombay SE 500/India (USD)	226.04	01/07/08	22.28	04/25/03	137.70	-39.08%	28.53%	1.46%
Shanghai Composite/China (USD)	810.24	10/16/07	122.21	07/11/05	318.01	-60.75%	-6.64%	2.88%
KOSPI/South Korea (USD)	2.29	10/31/07	0.41	03/17/03	1.79	-22.13%	12.62%	1.28%
Hang Seng (USD)	4082.25	10/30/07	1078.13	04/25/03	2842.52	-30.37%	24.19%	3.23%
MSCI Euro (USD)	1988.53	10/31/07	598.84	03/12/03	1052.88	-47.05%	17.80%	4.30%
S&P Consumer Discretionary	376.80	09/19/12	125.72	03/09/09	375.15	-0.44%	23.39%	1.60%
S&P Consumer Staples	376.75	10/05/12	182.72	03/10/03	370.18	-1.74%	13.21%	2.82%
S&P Energy	668.81	05/20/08	168.29	01/27/03	530.21	-20.72%	4.02%	2.26%
S&P Utilities	223.91	12/10/07	86.30	02/12/03	178.10	-20.46%	1.26%	4.20%
S&P Financials	509.55	02/20/07	81.74	03/06/09	211.60	-58.47%	23.03%	1.91%
S&P Banks	414.38	02/20/07	49.02	03/05/09	153.90	-62.86%	20.72%	2.43%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	498.73	-26.28%	15.49%	3.42%
S&P Health Care	478.65	10/16/12	252.84	03/05/09	464.72	-2.91%	18.13%	2.14%
S&P Pharmaceuticals	394.92	10/18/12	214.50	03/03/09	376.97	-4.55%	15.40%	3.25%
NYSE Arca Biotechnology	1604.76	10/05/12	311.69	03/11/03	1538.93	-4.10%	41.13%	0.08%
S&P Information Technology	507.31	09/17/12	198.51	11/20/08	464.39	-8.46%	14.83%	1.40%
Philadelphia Semiconductor	560.65	01/12/04	171.32	11/20/08	374.35	-33.23%	4.32%	1.74%
S&P Telecom Services	181.06	05/31/07	84.18	03/11/03	147.64	-18.46%	19.39%	4.73%
S&P Industrials	381.16	10/09/07	132.83	03/09/09	321.50	-15.65%	12.54%	2.44%
S&P Materials	285.91	05/16/08	105.98	03/11/03	230.95	-19.22%	11.71%	2.57%
Philadelphia Gold & Silver	228.95	04/08/11	62.21	03/27/03	170.20	-25.66%	-4.25%	1.53%
Reuters/Jefferies CRB	473.52	07/02/08	200.34	03/02/09	298.98	-36.86%	-2.07%	N/A
Merrill Lynch Perpetual Preferred	197.85	05/08/07	51.79	03/09/09	187.55	-5.21%	17.65%	6.25%
Merrill Lynch High Yield Master II	309.99	11/30/12	115.64	12/09/02	309.99	0.00%	13.75%	7.02%