

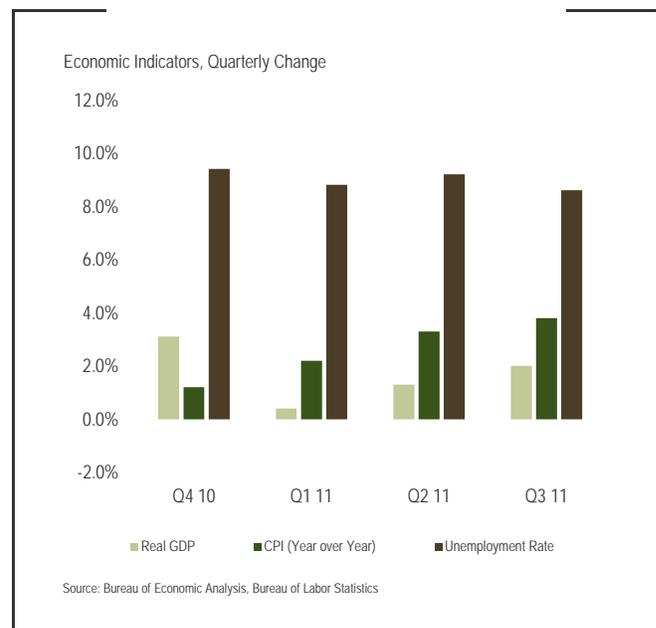
## Economic Update

The November employment situation report from the Labor Department showed 120,000 jobs were added during the month, topping an upwardly revised 100,000 gain the previous month. The private sector once again added more to the payrolls than the overall figure, contributing 140,000 as government jobs declined by 20,000. The unemployment rate fell to 8.6% from 9.0% in October, but not in the most positive fashion. The labor pool, or denominator of the equation, shrank by 315,000 as more Americans gave up on the job search. Overall, the report is positive though and shows the employment picture continues to improve.

The consumers' improved outlook on the jobs market and their income prospects helped confidence surge to levels not seen since this summer. The Conference Board's confidence index rose a sharp 15 points to 56.0 in November, which bodes well for the holiday shopping season.

Manufacturing expanded for the 28th consecutive month, according to the Institute for Supply Management. The PMI registered 52.7 in November, up 1.9 points from October's reading of 50.8, the highest reading since June. The best news is new orders were up a very strong 4.3 points to 56.7. In an interesting twist, China's official PMI slid to 49 during the month from 50.4 in October, meaning manufacturing is declining in China while it is growing here in the U.S.

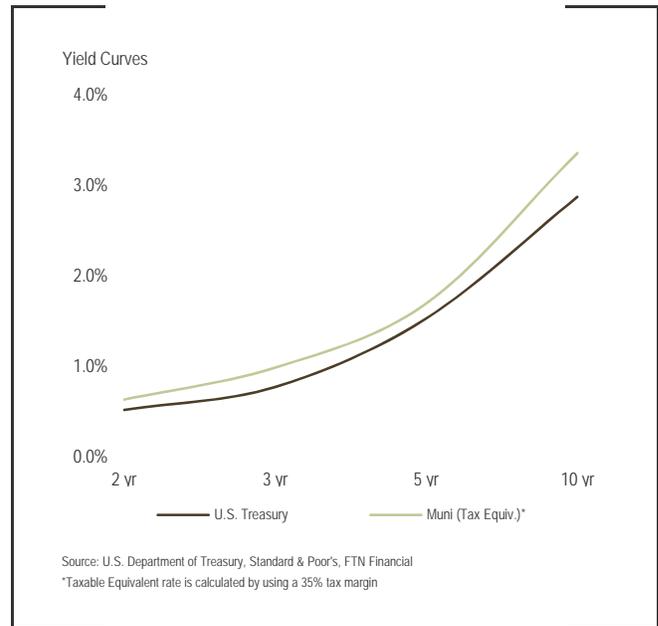
Sales of new homes improved yet again while prices continue to contract, according to a report from the Commerce Department. New home sales were up 1.3% in October bringing the current supply to 6.3 months at the current rate. Median prices softened for the fourth straight month, however, falling 0.5% to \$212,300. The market for existing homes is showing signs of life with pending sales up 10.4%, according to the National Association of Realtors. Meanwhile, the Case Shiller 20-city index showed a significant 0.6% decline for the month of October after four months of being relatively flat. Tight credit conditions and a large number of foreclosures will continue to limit the housing recovery for the foreseeable future.



|                       |   |              |
|-----------------------|---|--------------|
| Nov. 28 <sup>th</sup> | New Home Sales, October                           | 307,000      |
| Nov. 29 <sup>th</sup> | ICSC-Goldman Same Store Sales, Wkly. Chg.         | 1.7%         |
| Nov. 29 <sup>th</sup> | S&P/Case-Shiller 20-city Index, Sep. Monthly Chg. | -0.6%        |
| Nov. 29 <sup>th</sup> | Consumer Confidence Index, November               | 56.0         |
| Nov. 29 <sup>th</sup> | State Street Investor Confidence Index, November  | 97.2         |
| Nov. 30 <sup>th</sup> | MBA Purchase Applications Index, Wkly. Chg.       | -11.7%       |
| Nov. 30 <sup>th</sup> | Chicago PMI Business Barometer Index, Nov.        | 62.6         |
| Nov. 30 <sup>th</sup> | Pending Home Sales, Oct. Monthly Chg.             | 10.4%        |
| Nov. 30 <sup>th</sup> | EIA Petroleum Status Report, Wkly. Chg.           | 3.9M Barrels |
| Dec. 1 <sup>st</sup>  | Initial Jobless Claims ( Week ending 11/26)       | 402,000      |
| Dec. 1 <sup>st</sup>  | ISM Mfg. Index - Level, Nov.                      | 52.70        |
| Dec. 1 <sup>st</sup>  | Construction Spending, Oct. Monthly Chg.          | 0.8%         |
| Dec. 1 <sup>st</sup>  | EIA Natural Gas Report, Wkly. Chg.                | -1 bcf       |
| Dec. 2 <sup>nd</sup>  | Unemployment Rate, December                       | 8.6%         |

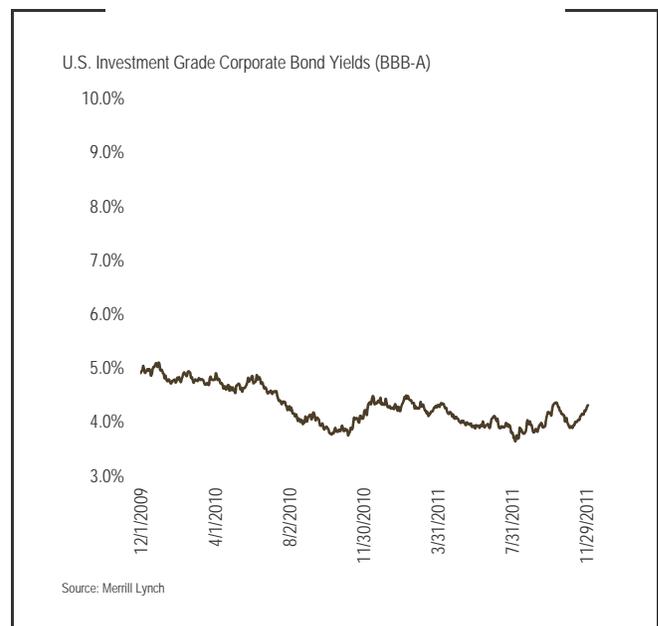
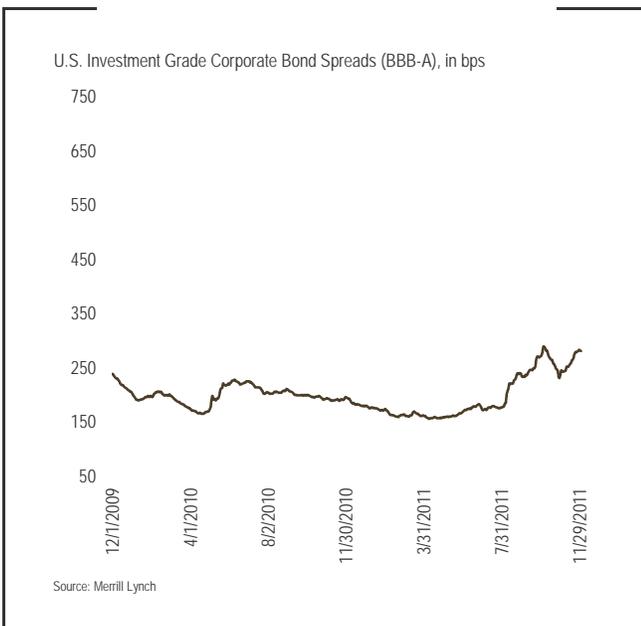
Bond Market Update

Despite a small rally on Friday, U.S. Treasuries finished the week lower after six major central banks agreed Wednesday to keep their dollar funding facility open for an extra six months and lower the costs for using this short-term funding. Market strategists feel this development suggests global policy makers intend to provide as much stimulus as needed to keep the international banking systems solvent. This along with a European proposal to channel an additional 200 billion Euros through the International Monetary Fund to help fight the debt crisis created a positive investor sentiment tone, with market participants trading out of the safety of U.S. government bonds. Reflecting this change in sentiment, the U.S. two-year swap spread, a key gauge of credit risk, posted its biggest one-day contraction since December 2008. Still, Treasuries remain one of the best performing sectors of the bond market this year, with securities due in 10 years or more returning 18% in the past six months, the most among 144 bond indices compiled by Bloomberg after accounting for currency changes. Meanwhile, Standard and Poor's cut its ratings on 14 banks including Bank of America, Goldman Sachs, JP Morgan and Wells Fargo. S&P has changed its ratings methodology after faulty grades on Lehman Brothers and Bear Stearns contributed to the credit market collapse in 2008. However, this change in methodology resulted in relatively minor revisions as financial sector stocks rallied sharply for the week.



| Issue            | 11.25.11 | 12.2.11 | Change |
|------------------|----------|---------|--------|
| 3 month T-Bill   | 0.02%    | 0.01%   | -0.01% |
| 2-Year Treasury  | 0.26%    | 0.27%   | 0.01%  |
| 5-Year Treasury  | 0.88%    | 0.97%   | 0.09%  |
| 10-Year Treasury | 1.89%    | 2.11%   | 0.22%  |
| 30-Year Treasury | 2.82%    | 3.12%   | 0.30%  |

Source: Bloomberg, FTN Financial, The Wall Street Journal, U.S. Department of Treasury.



Stock Market Update

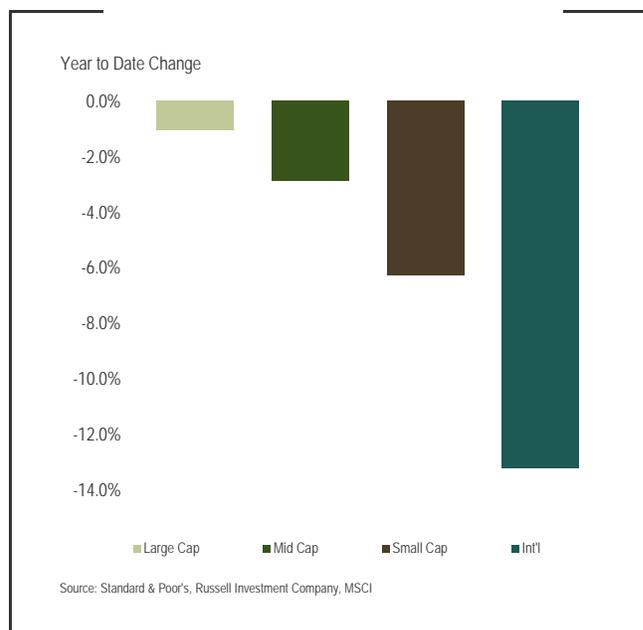
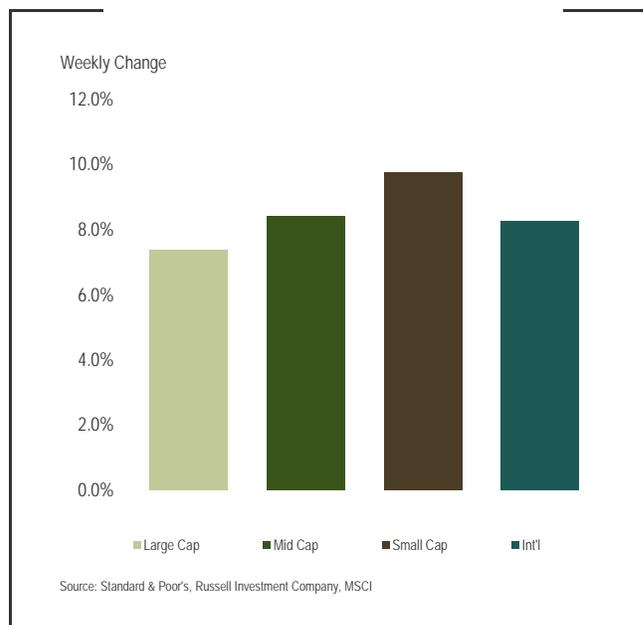
Most major stock markets were very strong this week, starting with investors cheering strong Black Friday and holiday weekend sales. On Wednesday central banks worldwide launched a coordinated effort to reduce the cost of dollar liquidity through swap arrangements, thus making it easier for European Banks to access U.S. dollars. This led to a 490 point rally in the Dow Jones Industrial Average. For the week the DJIA increased 7% to close at 12019.42. The broader S&P 500 Index closed at 1244.28, up 7.4% from the prior week. The NASDAQ Composite Index rose 7.6% to 2626.93. Energy and Financials stocks led the charge, each up over 10%, while consumer staples and utilities trailed the markets, increasing less than 5%.

International markets were also very strong this week. European shares had their biggest weekly gain since late 2008 as France's CAC 40 index and Germany's DAX index both rose over 10%. The FTSE 100 index in the UK ended 7% higher. Japan's Nikkei Index closed up 6%, while the Shanghai composite was flat. Mixed economic news out of China held Chinese stocks flat for the week. China's manufacturing contracted for the first time since 2009, leading the central bank to announce a cut in the reserve requirement ratio and signaling a shift toward growth and away from inflation.

Another airline was forced to resort to filing for bankruptcy protection in order to cut costs, restructure its debt and remain competitive. American Airlines, the third largest U.S airline, has lost more than \$10 billion since 2001. AMR shares are down nearly 97% year-to-date. In other stock news this week, Facebook is expecting its IPO next spring, valuing the company at close to \$100 billion.

| Issue               | 11.25.11  | 12.2.11   | Change |
|---------------------|-----------|-----------|--------|
| Dow Jones           | 11,233.68 | 12,019.42 | 6.99%  |
| S&P 500             | 1,158.91  | 1,244.28  | 7.37%  |
| NASDAQ              | 2,441.58  | 2,626.93  | 7.59%  |
| Russell 1000 Growth | 544.91    | 736.15    | 35.10% |
| S&P MidCap 400      | 812.67    | 881.1     | 8.42%  |
| Russell 2000        | 669.24    | 734.46    | 9.75%  |
| MSCI EAFE           | 1,322.57  | 1,431.70  | 8.25%  |
| MSCI Small Cap      | 888.24    | 959.12    | 6.02%  |

Prices reflect most recent data available at the time of publication  
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch.



Alternative Investments Market Update

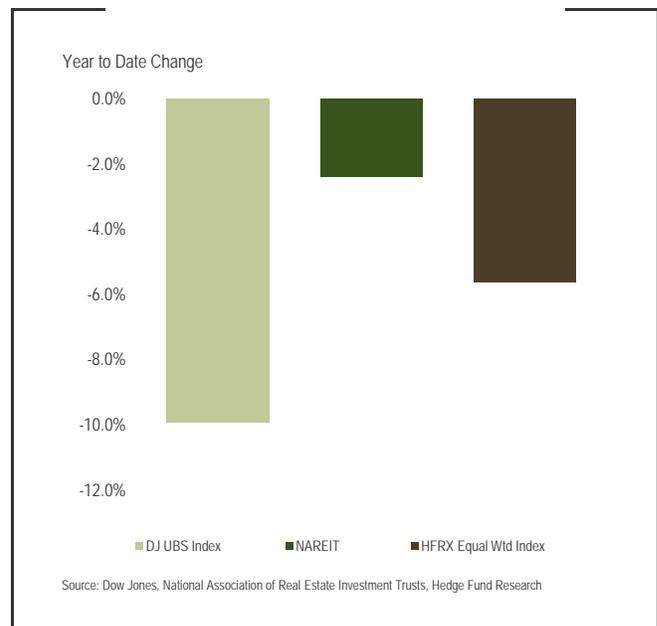
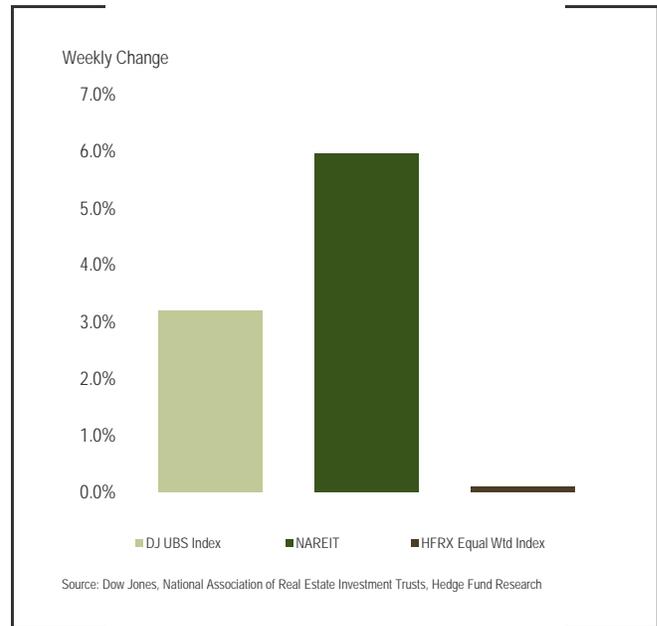
Commodities hit a two-week high on Wednesday, due in part to the European Central Bank (ECB) cutting borrowing costs in the region, but gently fell as the week progressed from low trading volumes. Equity and commodity markets rallied on the news out of Europe, signaling positive development on both fronts, at least in the short-term. Solid gains for industrial and precious metals led the charge in general commodity indices. Crude oil prices also gained significantly this week, matching a two-week high, as trouble in Pakistan and Iran triggered speculation that future oil supply from the Middle East may be at risk. Increased tensions in the region have lead speculators to predict a continuation of this trend. Additionally, possible sanctions on Iran could lead to further shortages in world oil supply, which would cause prices to climb. With prices currently hovering around \$100 a barrel, the airlines and other oil-dependent transportation industries struggle to maintain their costs; however, as spreads continue to close between WTI and Brent Crude there is greater potential for hedging efficiency.

Gold rallied early in the week, but lightly dropped towards the end as riskier assets saw sharp gains. Analysts note gold is showing "higher lows and higher highs", indicating a long-term uptrend may continue as European and American leaders struggle with the task of stabilizing national economies. Gold rose 2% in the month of November, marking the 7th monthly gain in the last 11 months, but still sits almost 10% below the all-time price high in September.

As for hedge funds, we continue to see a decline amid continued market volatility and global economic woes, with the HFRX Global Hedge Fund Index down 10% on the year. The decline was due in part to reduced equity exposure across hedge funds. According to CNBC, many hedge funds slashed their long and short positions in stocks, falling to their lowest levels since 2008. This strategy proved to be a major downfall with the equity rallies in October as the S&P 500 climbed back into the black for 2011 (although it has dropped slightly into the red again as of the end of November). Specifically, hedge funds maintained large short positions in global equities, a reflection of large-scale economic concerns; the October rally hurt those positions significantly.

| Issue                         | Previous Week | Current <sup>1</sup> | Change |
|-------------------------------|---------------|----------------------|--------|
| Gold                          | 1,687.30      | 1,748.80             | 3.64%  |
| Crude Oil Futures             | 96.04         | 100.92               | 5.08%  |
| Copper                        | 329.00        | 358.85               | 9.07%  |
| Sugar                         | 22.90         | 23.45                | 2.40%  |
| HFRX Equal Wtd. Strat. Index  | 1,100.37      | 1,101.36             | 0.09%  |
| HFRX Equity Hedge Index       | 1,003.66      | 1,009.05             | 0.54%  |
| HFRX Equity Market Neutral    | 981.17        | 979.59               | -0.16% |
| HFRX Event Driven             | 1,307.17      | 1,314.65             | 0.57%  |
| HFRX Merger Arbitrage         | 1,487.52      | 1,492.70             | 0.35%  |
| Dow Jones UBS Commodity Index | 141.76        | 146.29               | 3.19%  |
| FTSE/NAREIT All REIT          | 123.79        | 131.18               | 5.97%  |

<sup>1</sup> Prices reflect most recent data available at the time of publication  
Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research, Bloomberg, The Wall Street Journal, The International Monetary Fund.



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