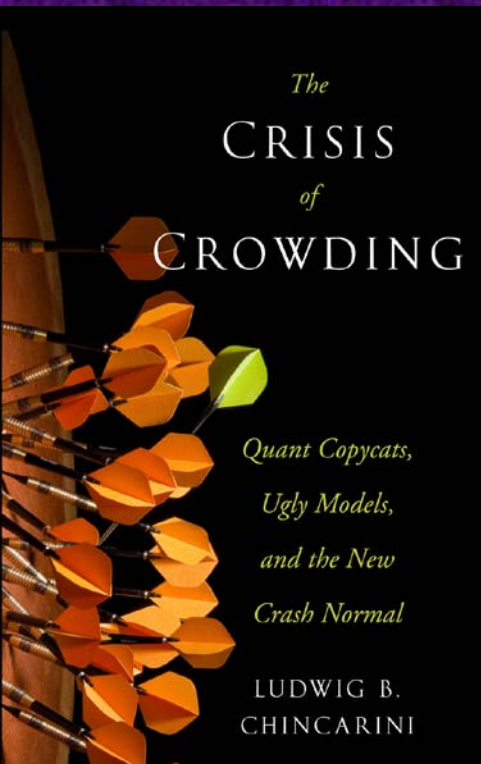


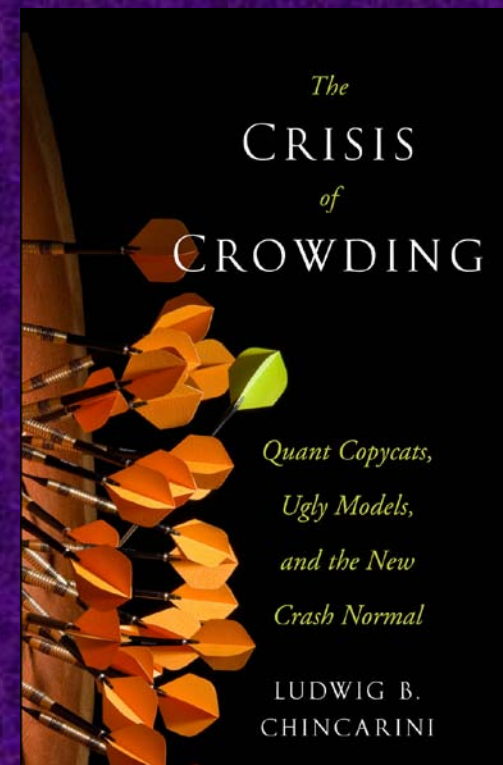
The Financial Markets of 2012



Professor Ludwig Chincarini
University of San Francisco
IndexIQ

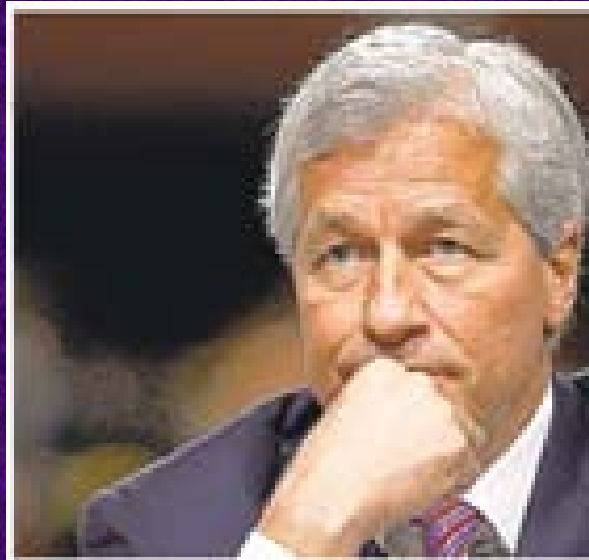
www.ludwigbc.com

January 2, 2013



I. The Notable Events of 2012

Jamie got
whaled...



Facebook wasn't
all it was
cracked up to
be



Draghi helped
save the Euro



Chincarini 2013

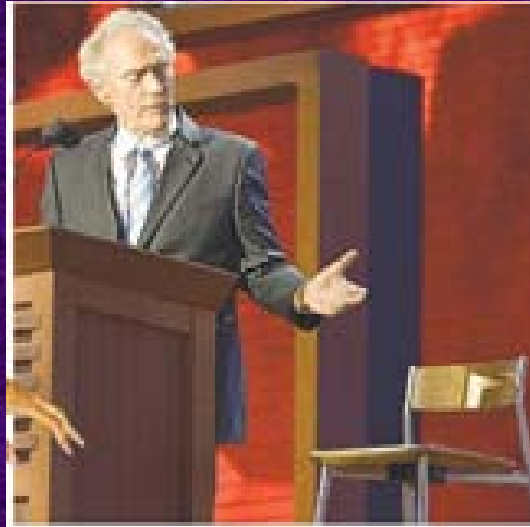
Knight's
computer
glitch led to
its end



University of San Francisco

I. The Notable Events of 2012

Obama won,
even though
Eastwood
scolded him



Can you really
rewrite
history?



Was he just a
scapegoat for
a botched
foreign
policy?



In a recession,
dancing and
beat gets
peoples'
attention



I. The Notable Events of 2012

Fiscal Cliff
somewhat
averted...



If they don't
agree, a 2013
recession of -
0.5%

Democrats want
to spend and
raise taxes for
the richer

Republicans want
to reduce big
government
and not raise
taxes



II. The U.S. Economy

Question:

What happened to the US economy in 2012?

II. The U.S. Economy

Growth and Inflation

Output, prices and jobs

% change on year ago

	Gross domestic product				Industrial production latest	Consumer prices			Unemployment rate, %
	latest	qtr*	2012 [†]	2013 [†]		latest	year ago	2012 [†]	
United States	+2.5 Q3	+2.7	+2.2	+1.9	+2.5 Nov	+1.8 Nov	+3.4	+2.1	7.7 Nov
China	+7.4 Q3	+9.1	+7.7	+8.5	+10.1 Nov	+2.0 Nov	+4.2	+2.8	4.1 Q3 [§]
Japan	+0.5 Q3	-3.5	+1.7	+0.8	-4.5 Oct	-0.4 Oct	-0.2	-0.1	4.2 Oct
Britain	-0.1 Q3	+3.9	-0.1	+1.0	-3.0 Oct	+2.7 Nov	+4.8	+2.8	7.8 Sep
Canada	+1.5 Q3	+0.6	+2.1	+2.0	-1.5 Sep	+1.2 Oct	+2.9	+1.5	7.2 Nov
Euro Area	-0.6 Q3	-0.2	-0.4	-0.2	-3.6 Oct	+2.2 Nov	+3.0	+2.5	11.7 Oct
Austria	+0.7 Q3	-0.2	+0.6	+0.7	+2.3 Sep	+2.8 Nov	+3.6	+2.3	4.3 Oct
Belgium	-0.3 Q3	nil	-0.2	+0.3	-3.8 Sep	+2.3 Nov	+3.8	+2.8	7.5 Oct
France	+0.1 Q3	+0.9	+0.1	nil	-3.6 Oct	+1.4 Nov	+2.5	+2.2	10.7 Oct
Germany	+0.9 Q3	+0.9	+0.8	+0.7	-3.6 Oct	+1.9 Nov	+2.4	+2.1	6.9 Nov
Greece	-6.9 Q3	na	-6.8	-5.0	+2.1 Oct	+1.0 Nov	+2.9	+1.1	26.0 Sep
Italy	-2.4 Q3	-0.8	-2.2	-0.9	-6.2 Oct	+2.5 Nov	+3.3	+3.2	11.1 Oct
Netherlands	-1.6 Q3	-4.1	-0.8	-0.1	-1.7 Oct	+2.8 Nov	+2.5	+2.5	6.8 Oct
Spain	-1.6 Q3	-1.1	-1.4	-1.7	+0.6 Oct	+2.9 Nov	+2.9	+2.5	26.2 Oct

II. The U.S. Economy

Growth and Inflation

Czech Republic	-1.6 03	-1.3	-1.2	+0.1	+4.2 0ct	+2.7 Nov	+2.5	+3.3	8.7 Nov ^d
Denmark	-0.5 03	+0.3	+0.3	+1.0	+4.9 0ct	+2.3 Nov	+2.6	+2.5	6.3 0ct
Hungary	-1.5 03	-0.7	-1.4	+0.3	-3.5 0ct	+5.2 Nov	+4.3	+5.7	10.5 0ct ^{†††}
Norway	+1.2 03	-3.2	+3.2	+2.4	+2.6 0ct	+1.1 Nov	+1.2	+0.5	3.0 Sep ^{††}
Poland	+1.4 03	na	+2.1	+1.7	+4.6 0ct	+2.8 Nov	+4.8	+3.6	12.9 Nov ^d
Russia	+2.9 03	na	+3.7	+3.7	+1.9 Nov	+6.4 Nov	+6.8	+5.1	5.3 0ct ^d
Sweden	+0.7 03	+2.0	+1.1	+1.5	-4.4 0ct	-0.1 Nov	+2.8	+1.1	7.5 Nov ^d
Switzerland	+1.4 03	+2.3	+0.9	+1.2	-0.6 04	-0.3 Nov	-0.5	-0.6	3.0 Nov
Turkey	+1.6 03	na	+3.2	+3.8	-5.8 0ct	+6.4 Nov	+9.5	+9.1	9.1 Sep ^d
Australia	+3.1 03	+1.9	+3.4	+2.8	+4.3 03	+2.0 03	+3.4	+1.9	5.2 Nov
Hong Kong	+1.3 03	+2.6	+1.6	+2.6	-0.1 03	+3.8 0ct	+5.8	+4.1	3.4 Nov ^{††}
India	+5.3 03	-0.4	+5.8	+6.5	+8.2 0ct	+9.9 Nov	+10.8	+9.3	9.8 2011
Indonesia	+6.2 03	na	+6.3	+6.4	+8.9 0ct	+4.3 Nov	+4.2	+4.3	6.1 03 ^d
Malaysia	+5.2 03	na	+5.2	+4.5	+5.8 0ct	+1.3 Nov	+3.3	+1.7	3.2 Sep ^d
Pakistan	+4.2 2012**	na	+4.2	+3.3	+2.5 0ct	+6.9 Nov	+10.2	+9.7	6.0 2011
Singapore	+0.3 03	-5.9	+1.5	+2.9	-2.2 0ct	+4.0 0ct	+5.4	+4.5	1.9 03
South Korea	+1.5 03	+0.2	+2.2	+3.4	-0.8 0ct	+1.6 Nov	+4.2	+2.3	2.8 Nov ^d
Taiwan	+1.0 03	+3.9	+1.1	+2.7	+4.6 0ct	+1.6 Nov	+1.0	+2.1	4.3 0ct
Thailand	+3.3 03	+5.0	+5.8	+4.2	+36.1 0ct	+2.7 Nov	+4.2	+3.1	0.6 Sep ^d
Argentina	nil 02	-3.4	+2.1	+3.6	+2.2 0ct	—	—	—	7.6 03 ^d
Brazil	+0.9 03	+2.4	+1.5	+4.2	+2.3 0ct	+5.5 Nov	+6.6	+5.4	5.3 0ct ^d
Chile	+5.7 03	+5.7	+5.4	+4.7	+4.3 0ct	+2.1 Nov	+3.9	+3.2	6.6 0ct ^{†††}
Colombia	+4.9 02	+6.7	+4.4	+4.7	-1.2 Sep	+2.8 Nov	+4.0	+3.2	8.9 0ct ^d
Mexico	+3.3 03	+1.8	+4.0	+3.7	+3.6 0ct	+4.2 Nov	+3.5	+4.1	4.8 0ct
Venezuela	+5.2 03	+2.2	+5.0	+0.4	+0.3 Sep	+18.0 Nov	+27.6	+20.9	7.3 0ct ^d
Egypt	+3.3 02	na	+2.2	+2.9	-4.3 0ct	+4.3 Nov	+9.1	+7.4	12.5 03 ^d
Israel	+3.4 03	+2.9	+3.0	+3.0	+7.5 Sep	+1.4 Nov	+2.6	+1.8	7.0 02
Saudi Arabia	+7.1 2011	na	+5.5	+4.5	na	+3.4 Nov	+4.8	+4.4	5.4 2009
South Africa	+2.3 03	+1.2	+2.6	+3.1	+3.0 0ct	+5.6 Nov	+6.1	+5.7	25.5 03 ^d
Estonia	+3.5 03	+6.5	+1.8	+2.1	+0.1 0ct	+3.6 Nov	+4.2	+4.1	9.7 03 ^d
Finland	-1.2 03	-0.5	+0.1	+0.3	-0.6 0ct	+2.2 Nov	+3.4	+3.1	6.9 0ct ^d
Iceland	+2.1 03	+14.9	+2.6	+2.7	na	+4.5 Nov	+5.2	+5.3	5.4 Nov ^d
Ireland	+0.8 03	+0.7	+0.1	+0.1	-17.9 0ct	+0.8 Nov	+3.0	+1.8	14.6 Nov
Latvia	+5.2 03	+8.9	+4.5	+2.9	+3.1 0ct	+1.6 Nov	+4.2	+2.4	13.5 03 ^d
Lithuania	+4.4 03	+5.3	+2.4	+2.6	+14.4 0ct	+2.8 Nov	+4.4	+3.4	9.7 0ct ^d
Luxembourg	+0.7 02	+1.7	-0.1	+0.9	-3.4 0ct	+2.5 Nov	+3.6	+2.6	6.1 0ct ^d
New Zealand	+1.9 02	+1.3	+1.9	+2.2	+0.8 02	+0.8 03	+4.6	+1.1	7.3 03
Peru	+6.5 03	+6.6	+6.0	+6.2	+1.3 Sep	+2.7 Nov	+4.6	+3.8	6.0 0ct ^d
Philippines	+7.1 03	+5.3	+5.5	+6.1	+22.2 0ct	+2.8 Nov	+4.8	+3.0	6.8 04 ^d
Portugal	-3.5 03	-3.5	-3.0	-2.8	-4.3 0ct	+1.9 Nov	+3.9	+2.8	15.8 03 ^d
Slovakia	+2.1 03	-1.2	+2.2	+1.9	+8.1 0ct	+3.4 Nov	+4.6	+3.7	13.7 0ct ^d
Slovenia	-3.3 03	-2.4	-2.4	-1.4	+7.1 0ct	+2.3 Nov	+2.8	+2.6	12.1 0ct ^d
Ukraine	-1.3 03	-11.4	+0.5	+2.1	-4.2 0ct	-0.2 Nov	+5.2	+0.8	1.6 Nov ^d
Vietnam	+5.9 2011	na	+4.9	+5.4	+6.7 Nov	+7.1 Nov	+19.8	+9.1	3.6 2011

II. The U.S. Economy

Detailed Inflation

<i>The Economist</i> commodity-price index				
2005=100				
	Dec 11th	Dec 17th*	% change on	
			one month	one year
Dollar index				
All items	187.9	188.9	+2.2	+7.2
Food	213.8	214.8	-0.1	+9.2
Industrials				
All	161.1	162.0	+5.5	+4.5
Nfa [†]	159.2	162.0	+3.0	-5.9
Metals	161.9	162.0	+6.6	+9.6
Sterling index				
All items	212.2	212.1	+0.4	+3.8
Euro index				
All items	179.8	178.5	-0.6	+6.8
Gold				
\$ per oz	1,707.8	1,696.8	-2.0	+5.0
West Texas Intermediate				
\$ per barrel	85.8	87.3	+0.7	-10.2
*Provisional [†] Non-food agriculturals.				

II. The U.S. Economy

International Trade

Trade, exchange rates, budget balances and interest rates

	Trade balance		Current-account balance		Currency units, per \$		Budget balance % of GDP 2012 ¹	Interest rates	
	latest 12 months, \$bn		latest 12 months, \$bn	% of GDP 2012 ¹	Dec 18th	year ago		3-month latest	10-year gov't bonds, latest
United States	-741.8 Oct		-477.9 Q3	-3.0	-	-	-7.0	0.31	1.83
China	+217.2 Nov		+208.3 Q3	+2.7	6.23	6.35	-2.3	3.87	3.26 ⁶⁸
Japan	-64.1 Oct		+69.4 Oct	+1.0	84.0	77.7	-9.7	0.18	0.76
Britain	-166.5 Oct		-88.0 Q2	-3.2	0.62	0.64	-7.9	0.50	1.88
Canada	-5.5 Oct		-65.3 Q3	-3.2	0.98	1.04	-3.4	1.23	1.84
Euro Area	+98.7 Oct		+102.2 Oct	+0.9	0.76	0.77	-3.4	0.18	1.43
Austria	-10.7 Sep		+4.4 Q2	+1.6	0.76	0.77	-2.5	0.18	1.83
Belgium	+12.0 Oct		-8.6 Jun	-0.4	0.76	0.77	-3.4	0.18	2.18
France	-85.4 Oct		-51.5 Oct	-2.1	0.76	0.77	-4.5	0.18	2.06
Germany	+242.6 Oct		+221.2 Oct	+5.9	0.76	0.77	-0.2	0.18	1.43
Greece	-28.2 Sep		-13.1 Sep	-5.0	0.76	0.77	-7.0	0.18	12.8
Italy	+7.8 Oct		-24.9 Oct	-1.4	0.76	0.77	-2.8	0.18	4.45
Netherlands	+56.0 Oct		+75.8 Q3	+8.9	0.76	0.77	-4.2	0.18	1.62
Spain	-48.8 Sep		-31.3 Sep	-2.3	0.76	0.77	-7.4	0.18	5.33
Czech Republic	+15.2 Oct		-3.3 Q3	-1.9	19.1	19.4	-3.4	0.50	1.96
Denmark	+13.4 Oct		+18.4 Oct	+5.4	5.65	5.70	-3.6	0.28	1.05
Hungary	+9.1 Oct		+1.2 Q2	-0.3	218	234	-2.9	6.00	6.44
Norway	+73.3 Nov		+75.1 Q3	+14.4	5.59	5.96	+13.4	1.85	2.12
Poland	-13.8 Oct		-16.8 Oct	-3.3	3.09	3.45	-3.7	4.00	3.91
Russia	+202.1 Oct		+102.9 Q3	+4.5	30.8	32.0	+0.1	7.54	7.04
Sweden	+10.7 Oct		+36.3 Q3	+6.5	6.60	6.91	-0.1	1.31	1.51
Switzerland	+27.2 Oct		+78.0 Q2	+12.0	0.91	0.94	nil	0.02	0.55
Turkey	-85.2 Oct		-53.1 Oct	-6.5	1.78	1.88	-2.7	5.88	6.53

III. The World Financial Markets

Question:

What happened to our favorite markets last year?

Were U.S. equities the best place to invest?

U.S. Stock and Bond Returns

STOCKS (includes price changes and dividends)	2011	2012
Dow Jones Industrial Average	8.38%	10.24%
Russell 2000	-4.18	16.35
Standard & Poor's 500-stock index	2.11	16.00
Dow Jones U.S. Total Stock Market Index (float adjusted)	1.08	16.38

BONDS (Barclays Capital Indexes)		
Long-Term Treasury Index	29.93%	3.56%
Intermediate-Term Treasury Index	6.57	1.71
Mortgage-Backed Securities Index	6.32	2.60
U.S. Credit Index AA-rated segment	7.82	6.62
Municipal Bond Index	10.70	6.78

Real Estate and Commodities

PRECIOUS METALS (DJ UBS Commodity Index)		
Gold	9.63%	0.06%
Silver	-10.15	7.13
Platinum	-21.84	8.68
RESIDENTIAL REAL ESTATE		
Federal Housing Finance Agency (repeat-sale House Price Index) ²	-3.74%	4.04%
BANK INSTRUMENTS (Bankrate.com National Index)		
30-Month Certificate of Deposit	0.67%	0.49%
One-Year Certificate of Deposit	0.43	0.32
Money-Market Deposit Account	0.16	0.12

Bond Markets in Detail

Treasuries offered
slim returns
... best bond
markets were
in Emerging
markets

Between a Bull and a Bear

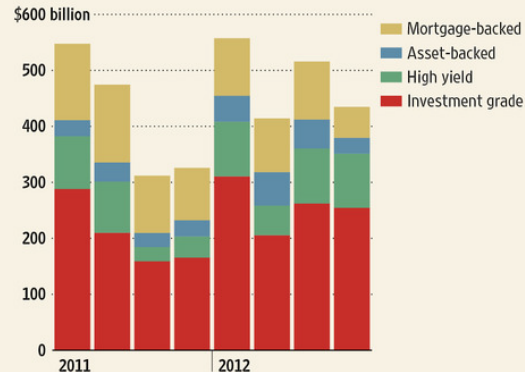
Treasury Yields

Economic and political unease drove Treasury yields down to the lowest levels in history.



Corporate Bonds and Other Fixed Income¹

The Federal Reserve's moves to keep interest rates low prompted both investment-grade and 'junk'-rated companies to sell more bonds than in any previous year.



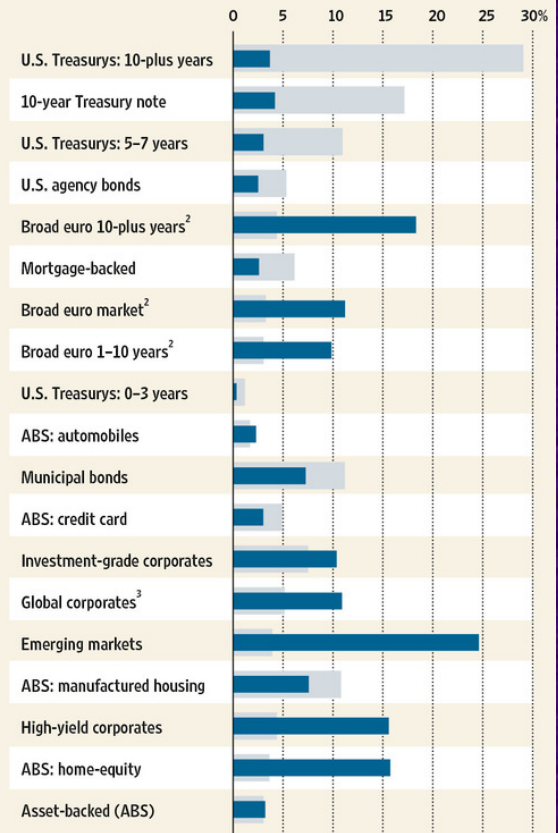
¹As of Dec. 13 ²In local-currency terms ³As of Friday

Note: The emerging-markets index tracks sovereign bonds from countries rated triple-B or lower; asset-backed bond indexes are for fixed-rate bonds and mortgage-backed includes some hybrids
Sources: WSJ Market Data Group (fed-fund target, all Treasury yields); Dealogic (debt issuance); Bank of America Merrill Lynch (bond returns)

Bond Returns

Investors kept putting money into fixed-income investments, driving down yields, amid a slow economic recovery in the U.S. and a prolonged debt crisis in Europe.

Total return
2011
2012



Commodity Markets in Detail

Commodities
were flat to
down...

Road to Nowhere

After logging double-digit-percentage swings eight of the past 10 years, the Dow Jones-UBS Commodity Index had a calm year, finishing down for the second consecutive year but recording the smallest change up or down since it was launched in 1998.

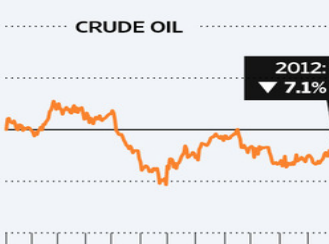
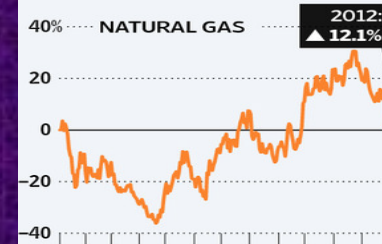
DJ-UBS Commodity Index



DJ-UBS performance



Individual commodities, however, often saw sharp price moves during the course of the year.



Sources: S&P Dow Jones Indices; SIX Financial Information
The Wall Street Journal

Global Markets

Top 20 Country
stock returns
... led by a
Turkey...

Rank	COUNTRY	DOLLAR PERCENTAGE	LOCAL PERCENTAGE
1	Turkey	58.99%	50.25%
2	Philippines	41.85	32.82
3	Estonia	40.39	38.23
4	Egypt	39.79	47.52
5	Thailand	38.82	34.6
6	Poland	34.35	21.08
7	Greece	33.68	31.63
8	Belgium	31.85	29.82
9	Pakistan	31.06	41.69
10	Colombia	30.56	19.01
11	Singapore	29.55	22.04
12	Denmark	29.08	27.59
13	Austria	28.34	26.37
14	New Zealand	26.94	20.03
15	Germany	26.75	24.81
16	UAE	26.61	26.61
17	India	25.45	29.43
18	Mexico	25.34	16.64
19	Hong Kong	24.59	24.34
20	Ireland	19.89	18.05

Global Markets

The US doesn't
even make
the next 20!

21	Sweden	19.22	13.13
22	Switzerland	18.19	15.7
23	France	18.08	16.26
24	South Korea	17.82	9.49
25	Hungary	17.73	7.25
26	Netherlands	17.15	15.35
27	Norway	17.08	9.18
28	Peru	16.75	10.52
29	China	15.9	15.66
30	South Africa	15.43	21.3
31	Australia	15.05	13.61
32	Taiwan	14.03	9.36
33	United States	13.95	13.95
34	U.K.	13.16	8.19
35	Finland	12.38	10.66
36	Malaysia	11.66	7.71
37	Chile	10.95	2.27
38	Italy	10.43	8.73
39	Iceland	10.42	15.56
40	Lithuania	10.12	8.43

Global Markets

Argentina, not.

41	Malta	9.74	8.05
42	Latvia	8.12	6.14
43	Russia	7.44	2.17
44	Canada	6	3.65
45	Japan	5.23	18.26
46	Romania	4.46	5.71
47	Slovenia	4.21	2.61
48	Portugal	2.75	1.18
49	Slovakia	2.59	1.01
50	Israel	2.18	-0.29
51	Indonesia	1.58	7.96
52	Oman	0.1	0.11
53	Spain	-1.3	-2.81
54	Czech Republic	-1.46	-4.52
55	Brazil	-2.6	6.92
56	Bahrain	-2.66	-2.65
57	Kuwait	-2.74	-1.81
58	Qatar	-2.86	-2.87
59	Jordan	-4.39	-4.29
60	Mauritius	-6.43	-2.61
61	Bulgaria	-7.57	-9.01
62	Sri Lanka	-14.52	-4.16
63	Morocco	-14.92	-16.03
64	Argentina	-22.16	-11.09
65	Cyprus	-60.78	-61.38

Global Markets

Emerging Markets all over the place. China's overvaluation last year played out this year.



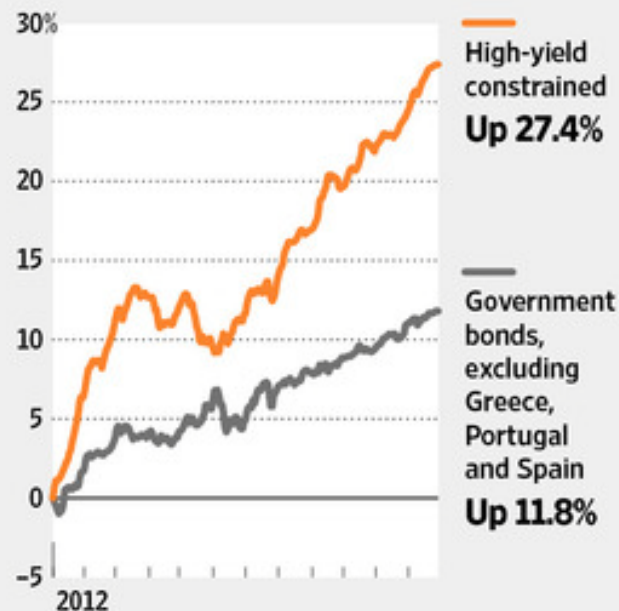
Global Markets

For those who took risks of Greek debt early (not like Corzine), the bet paid off big.

Picking and Choosing, as the Euro-Zone Crisis Goes On and On

Rising returns have boosted the appeal of euro-zone high-yield corporate debt...

Total return on investment in 2012 on each type of euro-zone debt

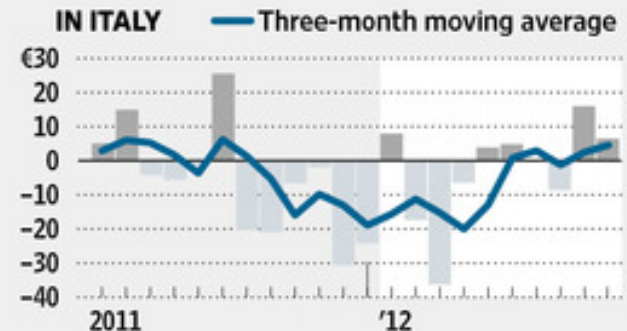
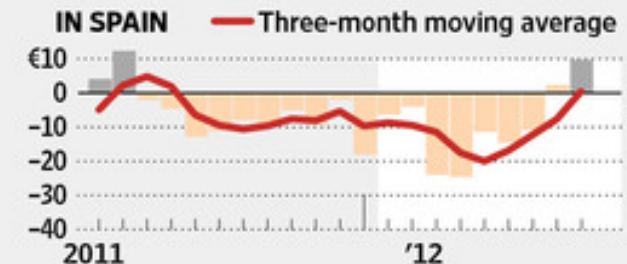


Note: €10 billion=\$13.20 billion

Sources: Bank of America Merrill Lynch (returns); central banks of Spain and Italy (investment)

...and the latest easing of the crisis has investors reconsidering Italy and Spain.

Net foreign portfolio investment, in billions



The Wall Street Journal

Investment Banking: Profits

And then there
were 2...

Top Underwriters in the United States

Market Sector	No. 1 Ranked Manager	2012 market share	Change from 2011 (pct. pts.)
Stocks and Bonds			
Global Debt, Equity & Equity-linked ¹	JPMorgan	7.2%	0.5
U.S. Debt, Equity & Equity-linked ¹	JPMorgan	11.6	0.5
Stocks			
Global Equity& Equity-linked ¹	Goldman Sachs	8.9	0.2
Global Common Stock	Goldman Sachs	8.8	0.4
Global Common Stock - U.S. Issuers	Citi	12.7	3.9
Global Convertibles - U.S. Issuers	Goldman Sachs	18.6	-0.4
Bonds³			
U.S. Asset-backed Securities	JPMorgan	17.4	4.7
U.S. Investment Grade Debt	JPMorgan	14.6	0.0
U.S. High Yield Debt	JPMorgan	11.8	-0.6
U.S. Mortgage-backed Securities	Deutsche Bank	14.4	4.9
Syndicated Loans			
Global Syndicated Loans	JPMorgan	11.6%	-1.1
U.S. Syndicated Loans	JPMorgan	18.2	-3.4

Investment Banking: Best IPOs

		% Change ----- From Offer -----			
		U.S.			
Issuer	Date	Offer Price	Proceeds (millions)	In 1st-Day Trading	Through Dec. 31
Vipshop Holdings Ltd (China)	Mar 20	US\$6.50	\$71.5	-15.4%	174.6%
Proto Labs Inc (United States)	Feb 23	US\$16	79.1	81.3	145.0
HomeStreet Inc (United States)	Feb 10	US\$44	96.0	9.1	133.3
Guidewire Software Inc (United States)	Jan 24	US\$13	132.3	31.7	128.3
Intercept Pharmaceuticals Inc (United States)	Oct 10	US\$15	86.3	29.3	127.1

Investment Banking: Worst IPOs

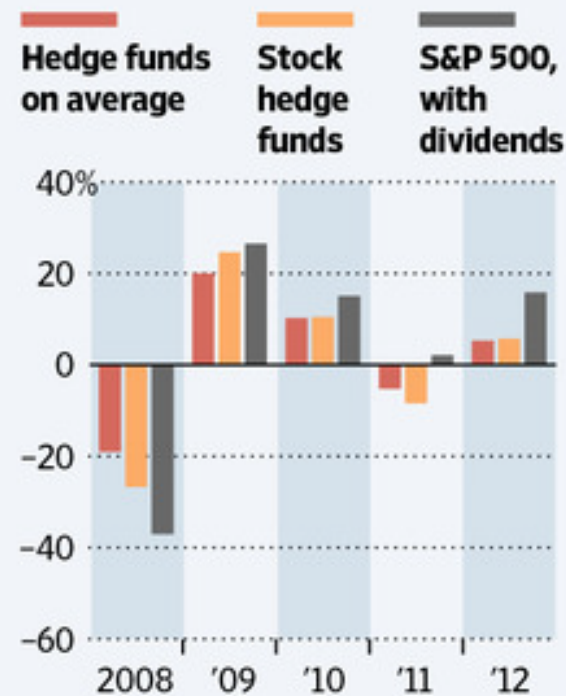
<div> <div>%Change</div> <div>----- From Offer -----</div> </div>					
Issuer	Date	Offer Price	U.S.	In 1st-Day Trading	Through Dec. 31
			Proceeds (millions)		
Envivio Inc (United States)	Apr 24	US\$9	\$69.8	-5.7%	-81.1%
Ningbo Cixing Co Ltd (China)	Mar 19	RMB35	337.6	-13.7	-74.3
CafePress Inc (United States)	Mar 28	US\$19	85.5	0.2	-69.6
XiAn Longi Silicon Materials Corp (China)	Mar 29	RMB21	249.3	-6.0	-67.6
Hangzhou Everfine Photo-E-Info Co Ltd (China)	Mar 20	RMB45	106.7	-9.7	-67.1

Hedge Funds...Too Many

Too many hedge funds and a very hard to tame market...

Losing Streak

Hedge funds on average lagged behind the S&P 500 for the fourth year in a row.



Source: HFR

The Wall Street Journal

Hedge Funds ... Top 16 Styles

	Nov 2012 ROR	Nov-12 Index Value	YTD	LAST 12M	LAST 36M (ann)	LAST 60M (ann)
HFRI RV: Fixed Income-Asset Backed	0.98%	6365.42	15.73%	16.34%	12.27%	10.45%
HFRI RV: Yield Alternatives Index	0.19%	4312.35	9.35%	11.13%	10.13%	3.58%
HFRI RV: Fixed Income-Corporate Index	0.54%	5783.07	9.56%	10.37%	7.75%	4.10%
HFRI Relative Value (Total) Index	0.60%	9323.86	9.33%	9.74%	7.58%	4.83%
HFRI ED: Distressed/Restructuring Index	0.68%	13171.6	7.75%	8.47%	6.75%	2.59%
HFRI RV: Fixed Income-Convertible Arbitrage Index	0.72%	6621.19	7.42%	7.91%	5.87%	4.09%
HFRI Event-Driven (Total) Index	1.13%	12143.4	6.91%	6.68%	5.78%	2.43%
HFRI EH: Quantitative Directional	1.11%	13276	6.75%	6.42%	3.08%	-0.96%
HFRI RV: Multi-Strategy Index	0.62%	6388.02	6.95%	6.32%	6.51%	3.25%
HFRI Emerging Markets: Asia ex-Japan Index	2.25%	7705.65	8.38%	6.30%	0.15%	-1.79%
HFRI EH: Sector - Technology/Healthcare Index	0.35%	18640	5.48%	5.39%	6.30%	3.85%
HFRI Equity Hedge (Total) Index	0.47%	15204.6	5.73%	4.76%	2.98%	-0.35%
HFRI Emerging Markets: Latin America Index	-1.09%	18036.1	6.14%	4.76%	1.36%	1.57%

Hedge Funds ... Bottom 16 Styles

	Nov 2012 ROR	Nov-12 Index Value	YTD	LAST 12M	LAST 36M (ann)	LAST 60M (ann)
HFRI Fund Weighted Composite Index	0.41%	10894.3	4.85%	4.38%	3.51%	1.36%
HFRI Emerging Markets: Global Index	0.55%	10305.6	5.39%	4.03%	2.81%	0.10%
HFRI FOF: Strategic Index	0.48%	7974.93	4.36%	3.59%	1.29%	-2.59%
HFRI FOF: Diversified Index	0.67%	4544.5	3.86%	3.35%	1.61%	-1.63%
HFRI Fund of Funds Composite Index	0.48%	4986.58	3.65%	3.07%	1.34%	-1.88%
HFRI EH: Equity Market Neutral Index	0.24%	4519.52	2.67%	3.00%	1.29%	-0.19%
HFRI FOF: Conservative Index	0.21%	4023.46	3.04%	2.70%	1.60%	-1.66%
HFRI ED: Merger Arbitrage Index	0.88%	6546.53	1.79%	1.90%	2.93%	2.63%
HFRI Emerging Markets: Russia/Eastern Europe Index	3.70%	13382.7	6.30%	0.81%	0.00%	-8.94%
HFRI Macro (Total) Index	-0.10%	13806.8	-1.19%	-1.44%	0.33%	2.48%
HFRI FOF: Market Defensive Index	-0.29%	5546.71	-2.12%	-2.28%	-1.75%	1.23%
HFRI ED: Private Issue/Regulation D Index	-1.34%	5586.66	-0.87%	-2.78%	5.69%	1.12%
HFRI Macro: Systematic Diversified Index	-0.21%	10700.4	-3.43%	-3.23%	-0.24%	3.75%
HFRI EH: Sector - Energy/Basic Materials Index	-2.09%	13200	-5.60%	-8.28%	-1.43%	-3.80%
HFRI EH: Short Bias Index	-1.01%	902.9	-14.88%	-14.88%	-12.65%	-7.28%

Stock Picking

What about
stock picking?

Does anyone
have any
great stories
to tell?

Any sad
stories to tell?

Stock Picking

The Best of 2012

Name	Last	Change	Pct	Symbol	Exch
IMPAC Mortgage Holdings	14.1	12.09	601.49	IMH	NYSE MKT
Sarepta Therapeutics	25.8	21.33	477.18	SRPT	NASDAQ
ELLIE MAE	27.75	22.1	391.15	ELLI	NYSE
Infinity Pharmaceuticals	35	26.16	295.93	INFI	NASDAQ
Misonix	8.06	6.02	295.1	MSON	NASDAQ
Headwaters	8.56	6.34	285.59	HW	NYSE
Flagstar Bancorp	19.4	14.35	284.16	FBC	NYSE
Patrick Industries	15.56	11.46	279.51	PATK	NASDAQ
3D Systems	53.35	38.95	270.49	DDD	NYSE
Bon-Ton Stores	12.16	8.79	260.8	BONT	NASDAQ

Stock Picking

The Worst of 2012

Name	Last	Change	Pct	Symbol	Exch
Houston American Energy	0.22	-11.97	-98.2	HUSA	NYSE MKT
LodgeNet Interactive	0.05	-2.34	-97.82	LNET	NASDAQ
Otelco IDS	1.34	-12.51	-90.32	OTT	NASDAQ
Jaguar Mining	0.63	-5.75	-90.1	JAG	NYSE
Anthera Pharmaceuticals	0.62	-5.52	-89.9	ANTH	NASDAQ
DynaVox	0.37	-3.27	-89.84	DVOX	NASDAQ
Dynegy	19.13	-159.05	-89.26	DYN	NYSE
Pulse Electronics	0.31	-2.49	-88.91	PULS	NYSE
Theratechnologies	0.32	-2.39	-88.19	THER	NASDAQ
VisionChina Media ADS	3.05	-21.75	-87.7	VISN	NASDAQ

IV. The Issues and Questions in 2013

What will happen with Europe?

The fiscal cliff?

What will happen in 2013?

What markets are cheap and which expensive?

Can we build portfolios that will beat the S&P 500?



IV. The Issues and Questions in 2013

1. Treasuries and Corporate bonds don't look great.
2. Gold doesn't look great.
3. Could it be the year for real-estate?
4. Will the European austerity program work?
5. Will the US release some of the oversight and let markets function again?
6. What will the next great stock be?