



Cedar Hill Market Recap

November 2011

Stock Markets

	Month	YTD
S&P 500	-0.22%	1.08%
Russell 2000	-0.36%	-4.8%
MSCI EAFE	-4.85%	-11.3%
MSCI Emerging Markets	-6.66%	-17.43%

Bond Markets

	Month	YTD
Barclays U.S. Aggregate	-0.09%	6.69%
Barclays Intermediate	-0.07%	5.17%
Merrill Lynch 5 Yr. Municipal	0.79%	5.55%
Merrill Lynch High Yield Master II	-2.21%	1.86%

Alternative Investments

	Month	YTD
HFRX Hedge Fund Index	-0.86%	-8.48%
Dow Jones UBS Commodities Index	-2.22%	-9.94%
Dow Jones REIT Index	-3.73%	2.79%

U.S. Treasury Rates

	11/30/11	12/31/10
3-month	0.01%	0.12%
1-year	0.12%	0.29%
5-year	0.96%	2.01%
10-year	2.08%	3.30%
30-year	3.06%	4.34%

*All performance figures as of 11/30/11. YTD period is 12/31/10 - 11/30/11.

Economic Highlights

- The consumer confidence index jumped to a reading of 56.0 in November from 40.9 in October, marking its biggest monthly gain in more than eight years. While the November number is encouraging, it's still far below the 90 reading that indicates an economy is on solid footing.
- The U.S. manufacturing sector grew at its fastest rate in five months as the ISM factory index increased to 52.7 in November from 50.8 in October. Renewed resiliency in domestic manufacturing activity is helping to allay prior concerns about the potential for another U.S. economic downturn.
- The unemployment rate in November declined from 9 percent to 8.6 percent, its lowest level since March 2009. The unexpected decline in unemployment, coupled with a string of other positive economic reports during the month, may indicate the U.S. economy is on a steeper trajectory of improvement than previously estimated.

Market Highlights

- Despite a strong market rally in the closing days of November, risk assets still posted losses across the board for the month. The major equity, commodity, REIT and high-yield bond indices all pulled back from their strong October returns because of escalating concerns about Europe's sovereign debt woes.
- On November 30, six major central banks (led by the Federal Reserve) launched a coordinated plan to provide cheaper loans for struggling European banks as a means to safeguard the region's financial system. While this initiative will not cure the underlying solvency issues in Europe, markets surged higher on the news, since it signaled collective agreement among policymakers that they should implement bold actions to contain the crisis.

What We Are Doing About It

- U.S. large capitalization stocks remain well-positioned to weather the current environment. Companies continue buy back shares and increase dividends.
- Given the low absolute level of interest rates, we are using high dividend paying equities as an alternative income source. Positions include MLPs, BDCs and preferred equities. Yield on these securities far exceeds bonds and offers the potential for additional returns through capital appreciation and inflation protection.
- We have positioned bond portfolios to protect against future higher interest rates by limiting duration. As a result of Fed policy, new investments emphasize four- to eight-year bonds.