



INVESTMENT UPDATE

SPECIAL HOLIDAY EDITION

We were thinking (we do that on occasion) that this December might be different. That with all the trouble in the world, what with beached sperm whales exploding on the shores of the Faroe Islands, and with Pamela Anderson going brunette, that we shouldn't waste an opportunity to focus our attention on the big issues that confront our clients and constituents. We know that the three or four people who actually read our monthly *Investment Updates* don't want a bunch of folderol in the December issue. They want insight. They want facts. They want to be enlightened.

Unfortunately, they will be disappointed.

"Futurists," whoever they are, tell us that 2014 will usher in great advancements in personal digital communications gear, including watches that function as mobile devices and glasses that allow you to

browse the internet or work on your computer while going about your everyday life. Can you imagine? Who would really want to be that available all the time? People don't care that much about the internet or need a mobile device with them everywhere they go! Who dreams up this stuff!? What's next—people walking around with earpieces listening to music and talking on their cell phones while they drive? Those are the kind of crazy predictions you won't see from us!

Here is our fearless forecast of things we think you'll see in 2014:

One of the big trends for 2013—twerking—gets even bigger in 2014. Once reserved for seedy nightclubs and overaged Disney Channel stars—gone—crazy, shaking your booty in a lascivious manner will become *de rigueur* at all types of activities in the coming year. Look for it at PTA meetings, pot-luck dinners, barn raisings, and Tupperware parties. Like the Macarena, the Electric Slide and tequila hangovers, be prepared for widespread twerking at your next wedding reception or Junior League func-

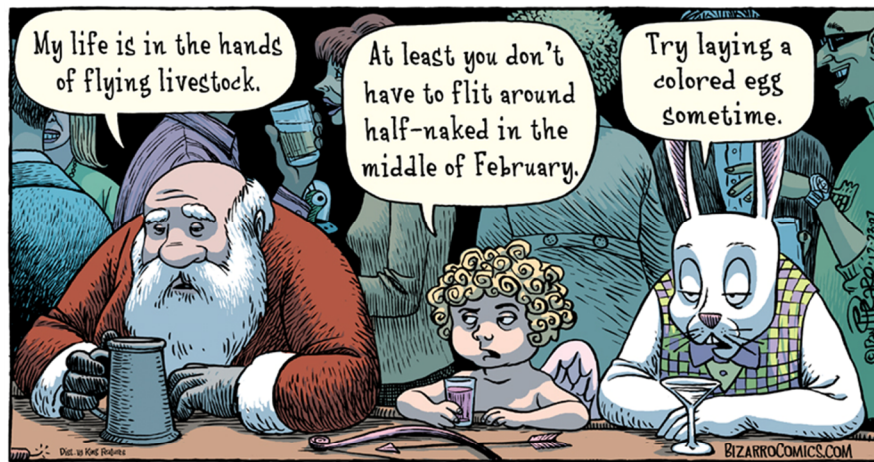
tion. Bonus points for sticking your tongue out of the side of your mouth while going twerk-crazy.

We predict that Brazil will host the World Cup next year. "What the heck," you say, "that's no prediction—Brazil was selected as the host country for the gigantic 2014 soccer tournament years ago!" Well, yeah, but have you actually read what things are like in Brazil? This is the same place where one of Formula One's superstar/pretty-boy drivers narrowly avoided being

kidnapped by an armed gang the week of the 2010 race (luckily he was being driven in an armored car). Just this month, on the final day of the domestic soccer season, police shot rubber bullets and even had to land a helicopter on a playing field at one game to try to stop the rival fans from

murdering each other. Meanwhile, six stadiums are not yet done, cranes are falling and wrecking half-completed structures, and Brazil's Labor Ministry found workers toiling in "slave-like conditions." Ah, the Beautiful Game! Nevertheless, we predict that they will actually go through with it, allowing millions of fans worldwide to witness the spectacle of two-hour games with no scoring.

In 2014, the NSA spying revelations, which were so prominent in 2013, will once again be in the spotlight. In a surprising twist, in 2014 it will be revealed that Facebook and Google, who were known to be supplying data to the government's spying agencies over the past few years, had really been spying on the NSA all along, with plans to use the information gleaned from the government to build a new gaming console. The console will be rolled out in 2014, and will include a first game named "Call of Duty: Taking Back America." The game requires you to hack into the DC cyber-infrastructure, with points given for accessing Congressional arrest and medical records, and the First Family's shopping habits.



And speaking of the NSA, ex-contractor Edward Snowden will be shaken out of his quiet life as a Russian fugitive when he announces that he and WikiLeaks's fellow blackguard Julian Assange have become "very close friends." Despite the fact that he is holed up in Russia and Assange is thousands of miles away hiding at the Ecuadorian embassy in London, Snowden claims they are "fighting hand-in-hand for all mankind." Upon hearing a poorly-translated version of this news, Russian President Vladimir Putin takes time out from wrestling a bear to issue orders to have Snowden expelled from the country for violating Russia's draconian new morality laws. In broken English, Putin will say, "International fugitive from justice no biggie, but this time he went too far."

The Federal Reserve's bond buying program (also known as Quantitative Easing 3, also known as the Large Scale Asset Purchase program, also known as "printing money") was a big story in 2013. Investors around the world waited for the Fed to announce the exact day, time and moment that the size of the program might be reduced by a single penny. That day did not come in 2013, but we have it on very good authority (in the form of the UPS guy who makes deliveries to our office, if you must know) that the program will definitely, or at least most likely, or maybe probably, begin to be tapered in 2014. When asked to defend the controversial program, outgoing Fed Chairman and future speaker-for-an-astronomical-fee Ben Bernanke said, "Some people have incorrectly characterized this program as the Fed simply taking money from one of its pockets and putting it in another; that is preposterous. It's far more accurate to say that this program involves taking money from one pocket and putting it in a shoe. That's the way my mom would have wanted me to do it."

Obamacare will finally become operational in 2014, as hundreds and hundreds of people are able to finally access the federal government's website and sign up for coverage. President Obama, in a prime time television address, will congratulate the few lucky signees and promise to keep "the midnight oil burning" until the program reaches its goal of having "at least one person from every state in the union" sign up for coverage "before this year is out." By late December of 2014, that goal will have almost been reached, with Wyoming as the lone hold-out. When the President calls to check on the Yellowstone State's progress, Wyoming's governor will say, "How the heck did you get my phone number?"

There are some important anniversaries in 2014, including the 100th anniversary of the assassination of Archduke Franz Ferdinand, which set off World War I, and the 50th anniversary of both *Mary Poppins* appearing on the big screen and the Beatles appearance on the Ed Sullivan Show. To celebrate, chimney sweeps in England will spend a day speaking in a horrible im-

personation of an English accent, while here in America middle-aged men will strap on wigs and girdles to perform in their Beatles tribute bands at local community centers. Cor blimey, guvnor!

Cars are getting more powerful, more efficient, safer and smarter all the time, and in 2014, there will be cars that will do the driving for you. Yep, you read that right, you will be able to slip behind the wheel of a two-ton mass of steel and glass and command it to go where you want to go, simply by telling the car your destination. What does it mean? It means that south of San Francisco, in California's Silicon Valley, captains of the high-tech industry who helped create this technology will continue to spend three hours a day commuting in their self-propelled cars.

Yes, yes, we hear you say, that technology stuff is really cool, but what will be the hot color trends for 2014? We checked with Sherwin Williams to get the inside scoop, which we now see was a mistake; their color predictions: "Reasoned," "Diaphanous," "Curiosity," and "Intrinsic" make no sense at all to us, since they're not colors, are they? Hey, if we wanted a philosophy lesson, we'd go back to college! You won't find "Diaphanous" in a box of Crayola crayons, not even the box of 64 (which is all that you will ever need, really). Sherwin must be making the color choices over there these days, because Williams would never have allowed this kind of thing to happen.

So, you may have noticed that a lot of people—especially people on NPR—are now beginning sentences with the word "so." So, you may have found that it's annoying, since they're not using the word properly. So, it's not like they are using the word to sum up an explanation or come to a conclusion or anything. You might as well get used to it, people, because this is one of those trends that seems to be taking root and growing like a huge ugly pokeweed in that spot in your back yard that's always kind of swampy and may possibly be hiding a den of ground-hogs...yeah, it's that bad. Bad enough to make you yearn for some good-old Valley Girl Speech. So, we're not kidding.

Well, there you have it! We're confident that this information will prove to be invaluable to you, because information like this cannot be valued. Obviously. And we hope we haven't tried your patience with this month's missive; at the very least we hope it's slightly less tedious than our typical monthly dirge.

As we turn the page on another interesting year in the bond market, we want to once again express our sincere appreciation for our relationship with you, and wish all our clients and associated business colleagues, our families, and our friends a happy and healthy holiday season—and a prosperous 2014.