QUANTITATIVE ASSET MANAGEMENT, LLC
Investment & Advisory Services

Newsletter

April 19, 2012

Dear Clients,

Quarter Ending March 31, 2012			
Year to Date Performance	**Last Full Quarter**	**YTD**	**Index Close**
Dow Jones Industrial Averages	8.8%	10.1%	13,212.04
NASDAQ Composite Price	18.7%	11.2%	3,091.57
Standard & Poor's Averages	12.6%	8.5%	1,408.47
Barclay's Capital Bond Index	0.1%	7.6%	
EAFE-Global Markets	11.0%	(5.3)%	

In the first quarter, the equity markets continued their positive trends from the fourth quarter and produced the strongest results in more than two years. These results brought back memories of late 1990's, some good and some bad.

These positive numbers were skewed significantly as a result of one company, Apple, just like Microsoft in 2000. Apple's $600 billion market cap (identical to Microsoft's in 2000), and its performance in the first quarter, accounted for about one third of the S&P tech sector index's 20% year to date return. According to Thomson Reuters' estimates, tech sector revenue growth will be 6.7% - without Apple it's 2.3%. One needs to take all this into consideration when evaluating where we have come from and where we may be going. I believe, much like Microsoft, Apple will struggle to replicate past performance, and will still have an undue influence on the market statistics. The balance of the companies in the indexes will provide their own opportunities and should be viewed separately from Apple's influence.

The global economic outlook continues to stabilize, but we are far from resolving all of the issues that will influence our markets. The PIIGS (Portugal, Italy, Ireland, Greece and Spain), will continue to dominate the news reports, as will China and India as they struggle with managing their slower economic growth.

Another serious issue on the horizon is how to deal with the huge student loan debt burden and servicing these loans during the difficult and weak jobs market. The economy needs to improve significantly to mitigate these issues. This issue not only affects the consumer and its respective debt burden, but also the government as they deal with the looming default risks.

The housing market is expected to see significantly greater foreclosures now that legal issues with this process have been resolved. We are getting closer to stabilizing this sector, but don't look for any robust recovery given the likelihood that low mortgage interest rates will began to disappear.

Last but not least, the presidential election battle will push many significant economic legislative issues into the fourth quarter. This will make it almost impossible to effectively resolve many of the major economic issues we now face. This will potentially create uncertainty and slow consumer and corporate spending - both detrimental to our markets.

All told, there are lots of economic issues that will impact the markets going forward. History will show there is nothing new today that we haven't faced before. I've just finished reading a book titled *The First Tycoon, The epic life of Cornelius Vanderbilt*, by T.J. Stiles. Just change the dates and names and you would have difficulty figuring out which decade (much less which century) one was in. Leveraged companies, market instability, insider trading, corrupt government officials, and corporate manipulations … nothing has changed.

Today, corporate America, the consumer and the banking industry have all taken a step back from the brink. The economy continues to heal, chugging along and not likely to improve significantly until we get past the future budget cuts that will be required to continue the healing process.

Opportunities will continue to exist for the investor, and we will continue to provide our clients the best results and service possible.

Sincerely,

Jeffrey L. Farni Sr.

**As required by Advisors Act Rule 204-3 advisory disclosure documents (ADV Part 2A) are available upon request.*

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