

# SPECIAL REPORT

December 29, 2011

Look Back at Q4  
Predictions

Top 12 Predictions for  
2012

## Special YEAR-END 2011 REPORT

### Top 12 Predictions for 2012

Before we provide our top 12 predictions for 2012, here's a quick look-back at our Top 4 Predictions for Q4, announced at the start of 4Q11.

**Prediction #1: One or more of these tech giants will be acquired in the quarter: NOK, YHOO, RIMM, AOL.**

Well, none of these firms has been acquired---yet. However, RIMM remains the odds-on favorite, given its missteps. Yahoo! is engaged in major changes, Nokia might be turning around, but AOL still has issues. Might be a sleeper...

**Prediction #2: The more things change, the more they stay the same.**

We referred to volatility and the mess in Europe. Last time I checked, nothing has changed.

**Prediction #3: We will end the quarter up 3-5% on the major indices.**

We were right and wrong here. As of today's close, the DJIA is up 4.9% for the year, while the S&P 500 is down .6%. We have 2 trading days left, so we could be right, with a little luck. NASDAQ and the Russell 2000 Index are down 2.4% and 6.3%, respectively.

**Prediction #4: The holiday season will end on what I term a logical note.** We predicted that electronics sales would have a strong holiday season, as would online sales, again. Dollar and discount stores will have a robust holiday season. Looks like it held true to form.

***All in all, not bad. Now for 2012....***

## Goldman Small Cap Research

### 2012 Predictions

**Prediction #1: The Dow Jones Industrial Average and S&P 500 Index will end the year up 9%, with much of the gains in the early and latter part of the year.**

**Prediction #2: The NASDAQ Composite and Russell 2000 Index will bounce back strongly, with the NASDAQ rising 12% and the Russell 2000 jumping 14%.**

**Prediction #3: Gold is not going to have the types of returns it has recorded in recent years, but will make several runs during the course of the year.** We predict that Gold will end 2012 7% higher than when it began.

**Prediction #4: President Obama will win re-election in November 2012, and may have a new running mate.** The race will be tighter than in 2008, with a lower voter turnout, despite the angst of the voters at large. The turnout would be bolstered if Hillary Clinton is on the ticket.

**Prediction #5: The Republicans will completely blow it.** Mitt Romney wins the nomination but watching grass grow becomes more exciting than listening to him speak. The "no attack Obama" plan by the Party backfires. If a 3<sup>rd</sup> party candidate emerges, the election is over just after the Party conventions.

**Prediction #6: Next year, we will witness a series of pockets of tension abroad, but no large-scale conflicts.** Conflicts on the home front will also continue, as the electorate's anxiety level remains high. Obama finds a way to benefit from these events, even though key supporters leave him.

**Prediction #7: Although things aren't getting better, they do not appear to be getting worse, financially.** As if on cue, financials lead the pack beginning in Q2, and have a strong 2H12.

**Prediction #8: The power and reach of Google and Facebook (especially after the IPO) are readily apparent.** Not that Apple is a slouch, but the technology and evangelists are all over Google and Facebook. Watch out for Microsoft, too.

**Prediction # 9: The Super Bowl winner will be the defending champion Green Bay Packers, making the 250,000 shares of stock recently sold by the team very cool to own, but in reality, not worth much.**

**Prediction #10: The Groupon model breaks down.** Sure, people want to save money, but they want to save money on places where they go regularly, or those touted by their spheres of influence. Plus, clients become margin-conscious as other entrants take business away.

**Prediction #11: Howard Stern takes the world by storm, now that he is a judge on a hit reality show.** While some abhor him and his style, he has an indelible impact on the U.S. Pure genius, actually.

**Prediction #12: By mid-year, we don't care much for or about the Kardashians and Lilo.** Unfortunately, we are treated to unending pics, videos and stories of a new "ho", Miley Cyrus.

From your friends at Goldman Small Cap Research, have a healthy, happy, and prosperous New Year!

Until next year...

**Analyst: Robert Goldman**

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

**Analyst Certification**

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