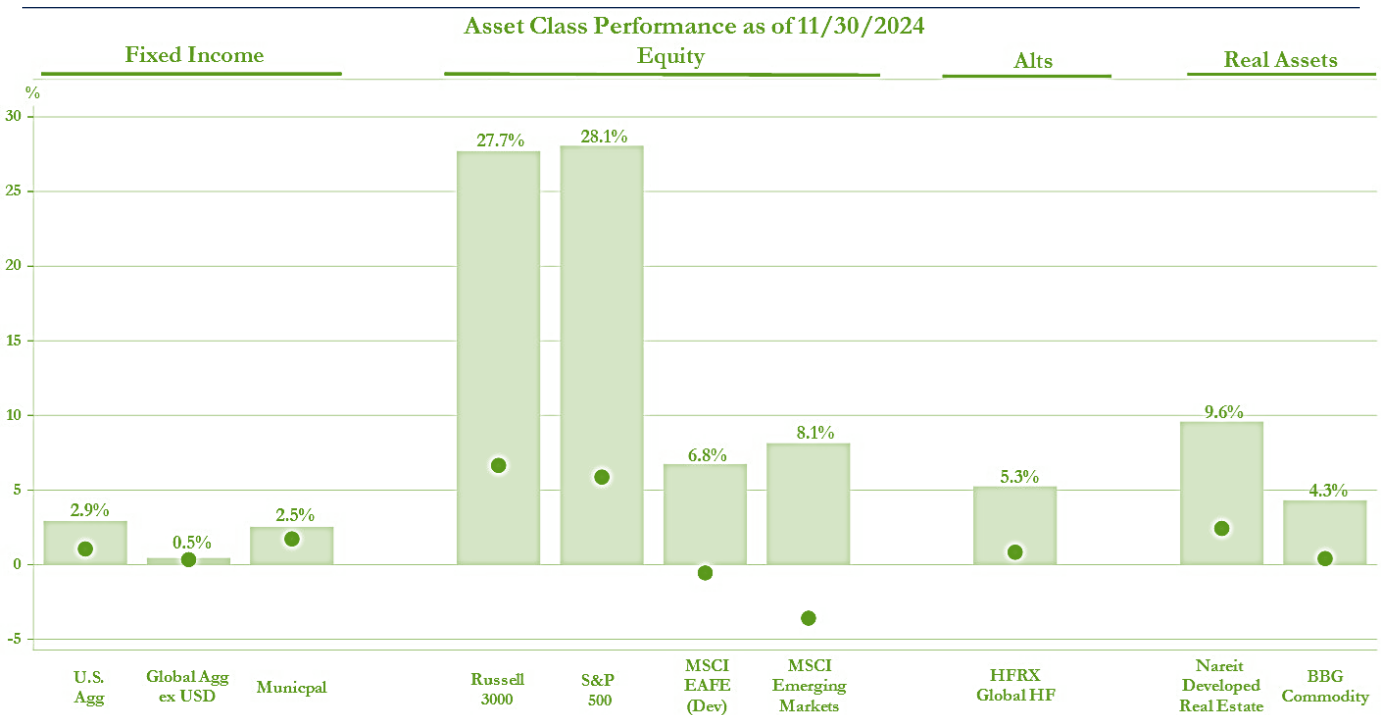




Key Takeaways

- U.S. equities rallied after Trump's reelection, with small-cap stocks gaining 11.0% and the S&P 500 reaching a new all-time high after returning 5.7% in November, driven by the prospect of tax cuts and less government oversight.
- Market breadth continued to widen as all eleven S&P 500 sectors advanced, led by consumer discretionary, which is typically a bullish sign for the broader market.
- Outside the U.S., developed and emerging market equities posted negative returns due to concerns over Trump's nationalistic policies that would most likely hamper global trade and currency losses from a stronger dollar.
- At the November FOMC meeting, Fed Chair Powell announced a 25 basis point rate cut, bringing the target range to 4.50%-4.75%. Treasury yields, however, crept higher over subsequent weeks due to expectations of higher inflation from the new administration's proposed economic policies.
- Within labor markets, the JOLTS survey reported an increase in job openings from 7.37 million in September to 7.74 million in October. Additionally, layoffs fell to their lowest level since June, while quits reached their highest level since May, indicating increased worker confidence in their ability to find a new job.
- Core PCE, the Fed's preferred inflation measure, rose by 0.3% in October and 2.8% year-over-year, aligning with expectations. Prices for services increased by 0.4%, while goods prices fell by 0.1%, though Fed officials remain confident that inflation is moving towards their 2% target.
- ISM Services PMI, which measures the economic activity of services companies, fell 3.9% from 56.0% in October to 52.1% in November, though remains above 50.0% which marks the cutoff between expansion and contraction.
- The Consumer Confidence Index rose from 109.6 in October to 111.7 in November, marking its highest level since July 2023. Consumers' inflation expectations dropped to 4.9%, the lowest since March 2020, despite concerns regarding potential inflation from Trump's policies.
- The housing market continues to weigh on consumer confidence as prices remain elevated and mortgage rates jumped higher after bottoming near 6.0% in late September.



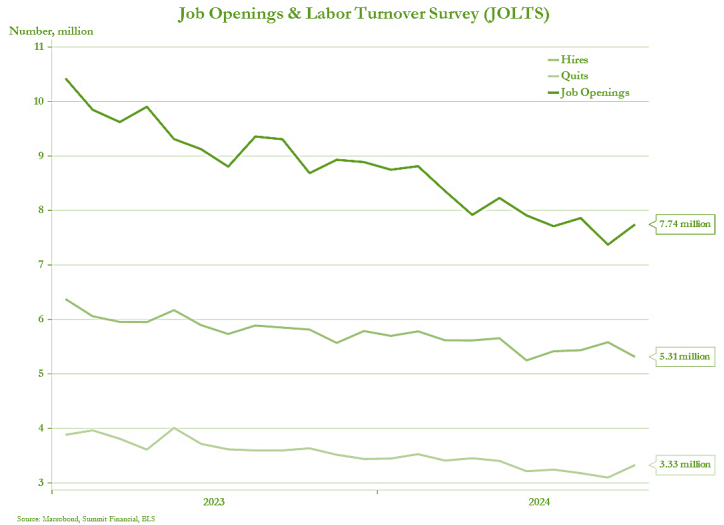
● MTD ■ YTD

Source: MacroBond, Summit Financial, Bloomberg, MSCI, FTSE, Russell Investment Group, S&P Global, HF R

Economy

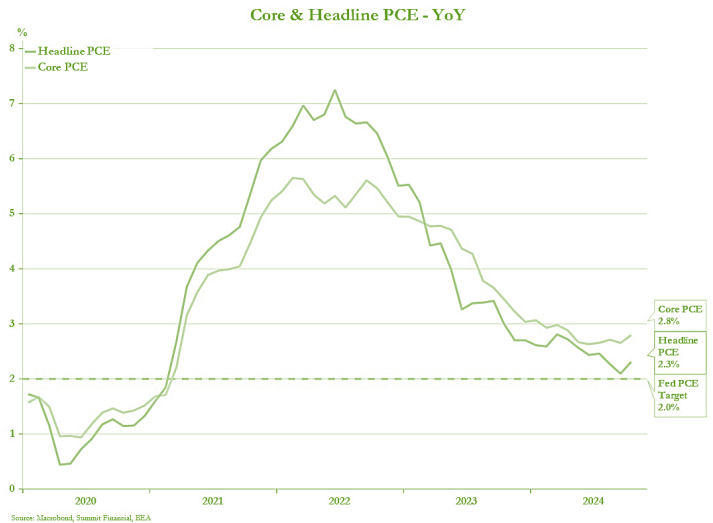
Labor Demand Steadies as U.S. Job Openings Pick Up

- According to the most recent JOLTS survey conducted by the Bureau of Labor Statistics, available positions increased from 7.37 million in September to 7.74 million in October.
- Layoffs decreased to the lowest level since June, while quits reached its highest level since May, suggesting workers are becoming more confident in their ability to find a new job.
- One sign of weakness, however, was that only 5.3 million people were hired, down from 5.6 million in September.
- The mixed report suggests that, despite cooling during the course of the year, the demand for workers is stabilizing and the labor market is staying afloat.



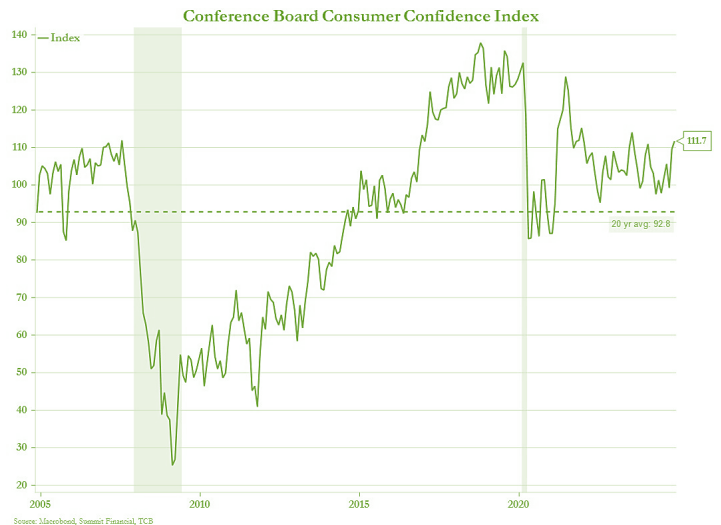
Inflation Ticks Higher in October

- Core PCE, the Fed's preferred inflation gauge, increased 0.3% in October and 2.8% YOY, both in line with expectations. Prices for services drove inflation for the month, increasing 0.4%, while goods fell 0.1%.
- The headline figure increased 0.2% from September and 2.3% YOY, which also met expectations. Food prices were mostly stable while energy prices moderated 0.1%.
- Despite the increases, traders increased their bets that the Fed would approve an additional rate cut at their December meeting. Markets are now pricing in a 76% chance of a 25 bp cut and a 24% chance of no cut.
- Fed officials have expressed confidence that inflation is moving towards their 2% target, though some members are advocating for a gradual reduction in interest rates and tempering expectations for the ultimate number of cuts that will be required.



U.S. Consumer Confidence Hits 16-Month High

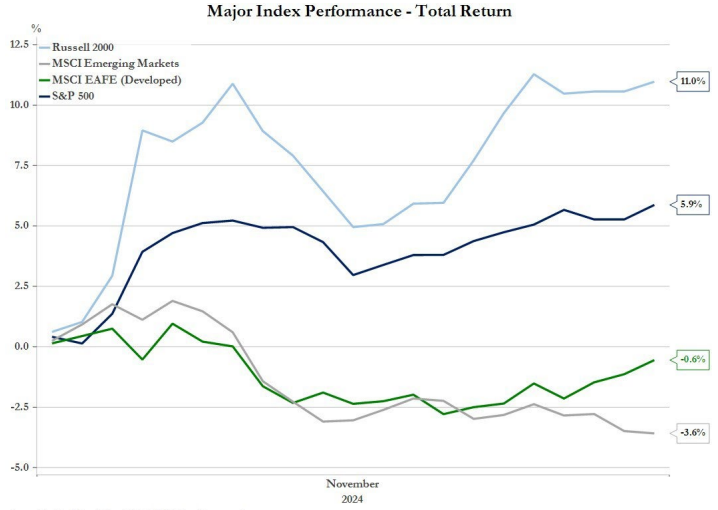
- The College Board's Consumer Confidence Index increased from 109.6 in October to 111.7 in November, its highest level since July 2023.
- Consumers' average 12-month inflation expectations dropped from 5.3% in October to 4.9%, the lowest since March 2020, despite concerns that Trump's economic policies could stoke inflation and slow the pace of future interest rate cuts.
- However, plans to buy a home dropped sharply as prices remain elevated and the average rate on a 30-year fixed rate mortgage jumped to 6.72% by the end of October from an 18-month low of 6.08% in late September.



Markets

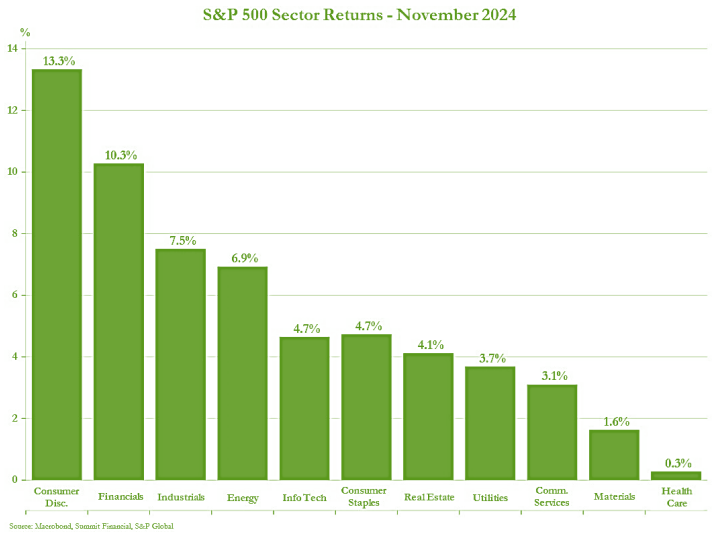
U.S. Equities Continue to Outpace International Equities

- Following Trump’s reelection, U.S. equities were boosted by the prospect of tax cuts, expansionary fiscal policy, and a more nationalistic trade policy.
- Small-cap stocks were the largest beneficiary, with the Russell 2000 gaining 11.0% during the month, while the S&P 500 finished November at a new all-time high after returning 5.7%.
- Outside the U.S., the election result was met with caution, as both emerging and developed markets posted losses.
- Emerging markets (-3.6%) trailed developed markets (-0.6%) by ~300 bps, as a potential future trade conflict weighed on Chinese equities.



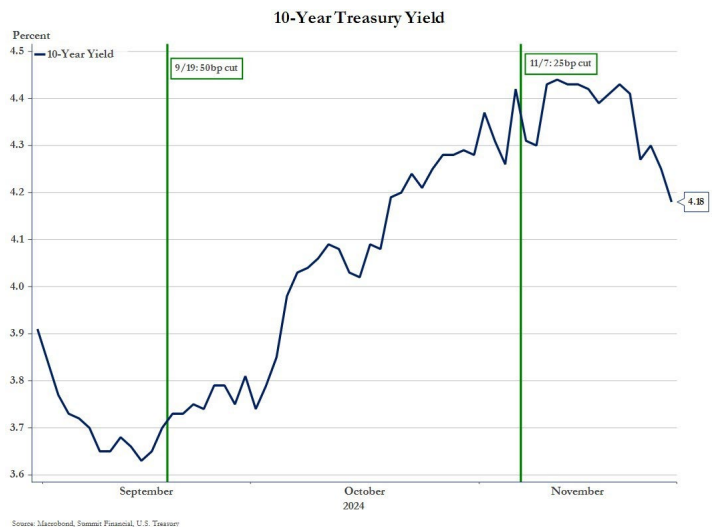
Every S&P 500 Sector Positive in November

- Consumer discretionary led the way gaining 13.3%, a bullish sign for the broader market as it suggests the U.S. consumer is remaining resilient despite macro headwinds.
- Financials also had strong results, driven by the expectation of less regulatory oversight when Trump takes office.
- The healthcare sector was dragged down by drugmakers due to heightened uncertainty around the new administration’s policies, while insurers fared much better as deregulation would bode well for M&A activity.
- At month end, over 95% of S&P members had reported Q3 earnings with over 75% beating estimates and aggregate earnings were up 8.2%, well ahead of the 5% forecasted at the start of the season.



Interest Rates See Post-Cut Volatility

- As widely expected, Fed Chair Powell announced a 25 bp interest rate cut at the November FOMC meeting, bringing the target range to 4.50% - 4.75%.
- Following the cut, Treasury yields climbed higher over ensuing weeks, driven by expectations that Trump’s economic policies, including tariffs and tax cuts, will lead to higher inflation and larger fiscal deficits.
- The yield on 10-year Treasuries rose to as high as 4.44% before reversing course as markets digested Trump’s policy proposals and cabinet nominations. It ultimately finished the month at 4.18%, 11 bps below where it started.
- Fixed income markets broadly finished positive, but the path forward for rates remains murky.



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Label	Index	Index Description
U.S. Agg	Bloomberg U.S. Aggregate Bond Index	The Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS, and CMBS (agency and non-agency).
Global Agg ex USD	Bloomberg Global Aggregate Index	The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers.
Municipal	Bloomberg Municipal Bond Index	The Bloomberg Municipal Bond Index covers the U.S. dollar-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.
Russell 3000	Russell 3000 Index	The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. It is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are included.
Russell 2000	Russell 2000 Index	The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.
S&P 500	S&P 500 Index	The S&P 500 Index is a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. It measures the movement of the largest issues. Standard and Poor's chooses the member companies for the 500 based on market size, liquidity, and industry group representation. Included are the stocks of eleven different sectors.
MSCI EAFE (Dev)	MSCI EAFE Index	The MSCI EAFE Index (Europe, Australasia, Far East) captures large- and mid-cap representation across developed markets countries around the world, excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
MSCI Emerging Markets	MSCI Emerging Markets Index	The MSCI Emerging Markets Index captures large- and mid-cap representation across emerging markets countries across the world. The index covers approximately 85% of the free float-adjusted market capitalization in each country.
HFRX Global HF	HFRX Global Hedge Fund Index	The HFRX Global Hedge Fund Index is comprised of funds representing the overall hedge fund universe. Constituent funds include but are not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event-driven, macro, merger arbitrage, and relative value arbitrage. The underlying strategies are asset-weighted based on the distribution of assets in the hedge fund industry.
NAREIT Developed Real Estate	FTSE EPRA/NAREIT Developed Index	The FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real estate companies and REITS worldwide. Index constituents are free float-adjusted, subject to liquidity, size, and revenue screening for inclusion.
BBG Commodity	Bloomberg Commodity Index	The Bloomberg Commodity Index reflects commodity futures price movements and is calculated on an excess return basis. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production, and weight-caps are applied at the commodity, sector, and group level for diversification. The roll period typically occurs from the 6th-10th business day based on the roll schedule.
CBOE Consumer Confidence Index	CBOE Consumer Confidence Index	The Consumer Confidence Index reports how consumers feel about the current situation of the economy and about where they feel it is headed. Conducted by the Conference Board, the survey consists of five questions about the present situation and three questions about their expectations for the economy in the future. It provides insight into how they spend and save, which helps businesses and economic leaders track inflation and output.
U.S. Dollar Index (DXY)	U.S. Dollar Index (DXY)	The U.S. Dollar Index (DXY) is an index of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of U.S. trade partners' currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies.
DJIA	Dow Jones Industrial Average	The Dow Jones Industrial Average (DJIA), commonly known as “The Dow”, is a price-weighted measure of 30 U.S. blue-chip companies. The index covers all industries except transportation and utilities.