

~ NOVEMBER 2017 NEWSLETTER ~

Monthly Summary

Despite a lackluster start to the month, U.S. stocks eventually gained steam to deliver strong returns in November. Results in other asset classes were mixed. Expectations that tax reform and reduced government regulation would boost corporate profits continued to be a boon for U.S. companies. Several trends, however, rapidly reversed course in the final days of the month. Value stocks rebounded versus growth stocks. Technology stocks unwound yet remain the highest performing sector this year. Most U.S. fixed income markets showed modest losses as interest rates and credit spreads both increased for the month. Outside the U.S., Asian markets, notably China and Japan, offset weakness in Europe. Emerging markets took a breather after outpacing developed markets for much of the year. Energy prices rose, but industrial metals and livestock prices lost ground. Volatility in both the stock and bond markets continue to remain remarkably low despite high valuation levels and ongoing uncertainties from tax reform to Brexit and Germany's struggle to form a coalition government to North Korea, etc.

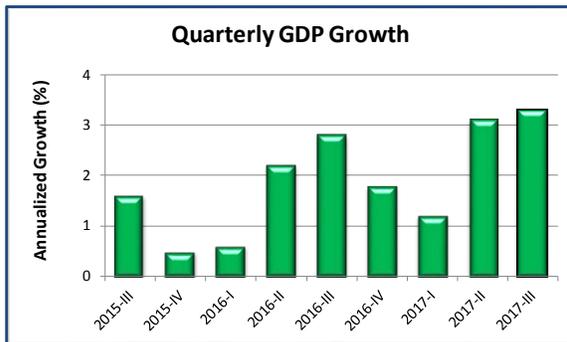
Global economic growth appears to remain on track. Third quarter U.S. GDP growth was revised upward to 3.3%. Recent improvements in productivity and business investment spending have offset a slowdown in consumer spending. Federal Reserve policies, including interest rate hikes and the unwinding of quantitative easing, have resulted in higher short-term rates. At the same time, long-term interest rates have declined. A flatter yield curve makes it more difficult for investors to navigate the fixed income markets and may be a harbinger of weaker economic growth down the road.

Economic Data

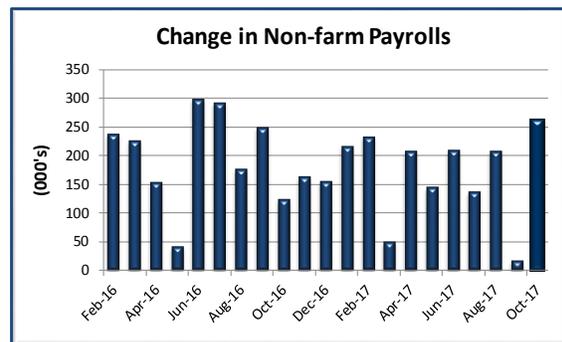
General	Prior	Current
GDP growth	3.1% (Q2)	3.3% (Q3)
Trade balance	-\$44.9B (Sep)	-\$48.7B (Oct)

Employment	Prior	Current
Initial jobless claims	238,000 (11/25)	236,000 (12/2)
Continuing claims	1.96MM (11/18)	1.91MM (11/25)
Change in non-farm payrolls	18,000 (Sep)	261,000 (Oct)
Unemployment rate	4.2% (Sep)	4.1% (Oct)
Average weekly hours	34.4 (Sep)	34.4 (Oct)

Consumer	Prior	Current
Consumer confidence index (Conference Board)	126.2 (Oct)	129.5 (Nov)
Retail sales growth	1.9% (Sep)	0.2% (Oct)
Change in consumer credit	\$13.1B (Aug)	\$20.8B (Sep)



Data Source: U.S. Bureau of Economic Analysis

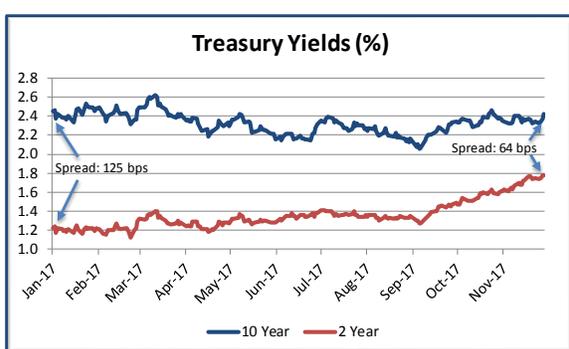


Data Source: U.S. Bureau of Labor Statistics

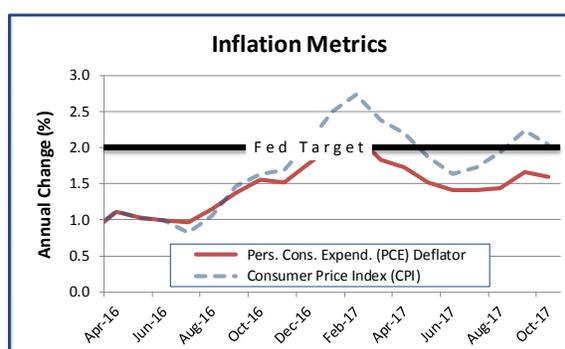
Manufacturing & Service	Prior	Current
ISM manufacturing index	58.7 (Oct)	58.2 (Nov)
ISM non-manufacturing index	60.1 (Oct)	57.4 (Nov)
Durable goods orders growth	2.2% (Sep)	-1.2% (Oct)
Industrial production growth	0.4% (Sep)	0.9% (Oct)
Capacity utilization	76.4% (Sep)	77.0% (Oct)

Real Estate	Prior	Current
New home sales	645,000 (Sep)	685,000 (Oct)
Existing home sales	5.4MM (Sep)	5.5MM (Oct)
S&P CoreLogic CS home price index (YoY)	5.9% (Aug)	6.2% (Sep)

Inflation	Prior	Current
Consumer price index/Core (YoY growth)	2.2%/1.7% (Sep)	2.0%/1.8% (Oct)
Producer price index/Core (YoY growth)	2.6%/2.1% (Sep)	2.8%/2.3% (Oct)



Data Source: U.S. Department of The Treasury



Data Sources: U.S. Bureau of Labor Stats. & Economic Analysis

Market Returns

	Nov 2017	YTD 2017
Fixed Income		
BBgBarc Aggregate Bond	-0.1%	3.1%
BBgBarc Municipal Bond	-0.5%	4.4%
BBgBarc Gbl Agg. ex. U.S.	2.1%	10.2%
Alternatives		
Bloomberg Commodity	-0.5%	-1.2%
DJ U.S. Real Estate	2.6%	9.9%

Data Source: Morningstar

	Nov 2017	YTD 2017
Domestic Equities		
Wilshire 5000	3.0%	19.7%
S&P 500	3.1%	20.5%
Russell 2000	2.9%	15.1%
International Equities		
MSCI EAFE (Developed)	1.0%	23.1%
MSCI EM (Emerging)	0.2%	32.5%

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