

U.S. Equity

- ▶ Domestic equity markets, as represented by the S&P 500 Index (S&P), returned -0.70% in November, a sharp reversal from October's strong gains.
- ▶ Within the S&P, two of the 11 sectors posted positive returns. The Information Technology sector was the best performer of the month, returning 4.35%. Consumer Discretionary was second-best sector, returning 1.97%. Financials was the worst-performing sector posting a negative return of -5.68%.
- ▶ By market capitalization, small-caps (Russell 2000) returned -4.19%, large-caps (Russell 1000 Index) returned -1.34%, and mid-caps (Russell Mid Cap Index) returned -3.49%. Growth stocks outperformed value stocks in large-caps but underperformed in mid- and small-caps.

Non-U.S. Equity

- ▶ Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S., returned -4.50%. Developed markets, represented by the MSCI EAFE Index, returned -4.65%, while emerging markets (EM), represented by the MSCI Emerging Markets Index, returned -4.08% in November.
- ▶ Within the ACWI ex-U.S. Index, all 11 sectors posted negative returns. Information Technology was the best-performing sector, returning a loss of only -0.66%, the second-best performer was Telecommunications, returning -2.34%. Energy was the worst performer by far, returning -8.40%.
- ▶ Non-U.S. returns were negative, with Japan performing the best, returning -2.47%, while EMEA (Europe, the Middle East and Africa) lagged for the month, returning -6.99%.

Fixed Income

- ▶ In November, the yield curve flattened slightly and rates on the longer end of the curve fell, while rates shorter than two years remained relatively flat. The Bloomberg Barclays U.S. Aggregate Index (Aggregate) gained 0.30% in November. The 10- and 30-year treasuries rates fell 10 and 14 basis points (bps), respectively, leading to the broad treasury index returning 0.09%.
- ▶ Within the investment-grade (IG) credit spectrum, AAA-rated bonds returned 0.25%, AA-rated bonds returned 0.33%, A-rated bonds returned 0.16% and BBB-rated bonds returned -0.05%.
- ▶ Yields generally increased across the U.S. Treasury yield curve during the month of November, highlighted by a 17 bps decrease in the three-month yield and a 12 bps increase in the 2-year yield.

Alternatives and Other Asset Classes

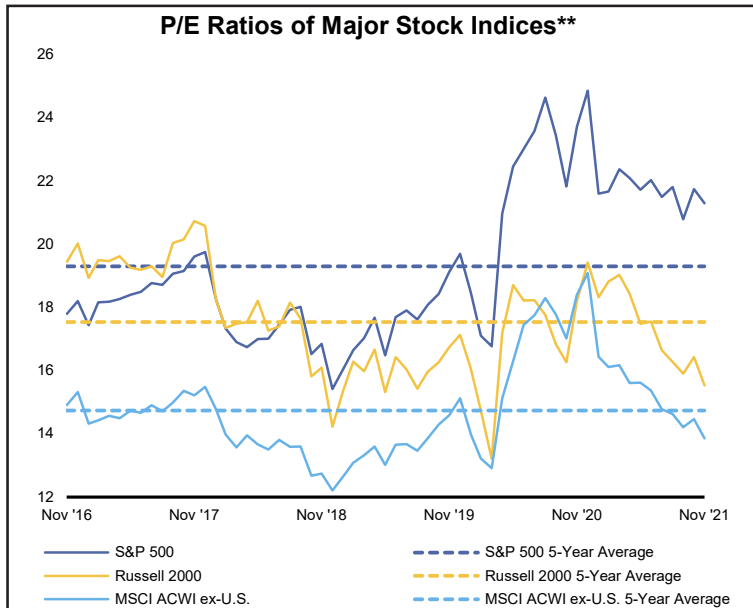
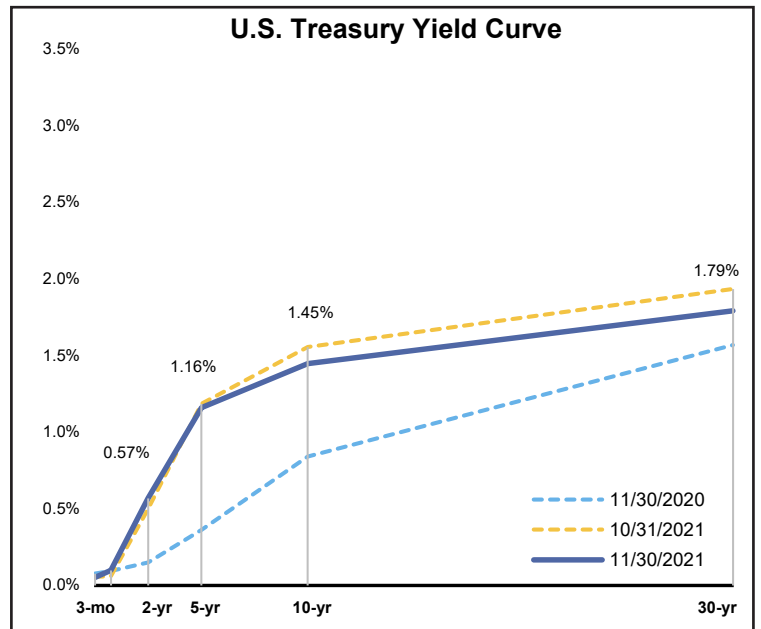
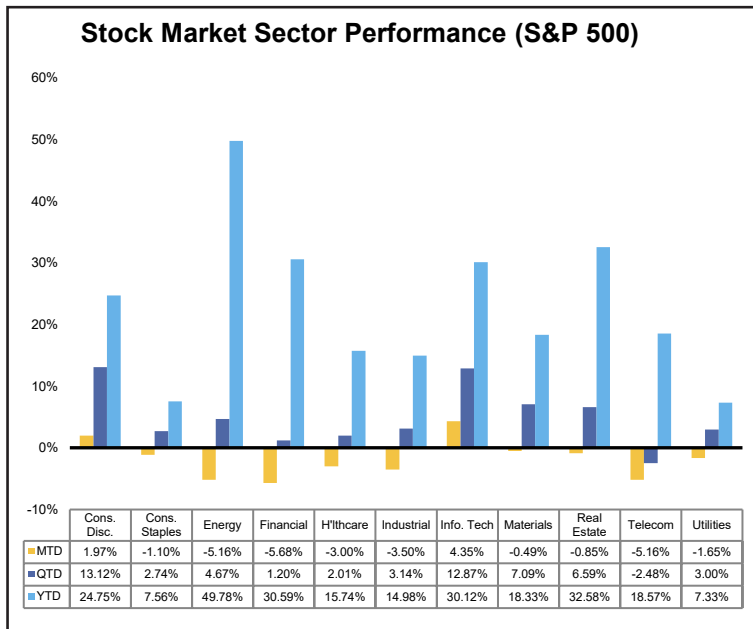
- ▶ Real estate investment trusts (REITs) represented by the FTSE NAREIT index fell -0.67% in November. Performance was positive across two of the nine real estate sectors. Industrial Real Estate did the best, returning 3.88%. The worst-performing REIT sector of the month was Lodging and Resorts, which returned -8.21%.
- ▶ The active contract for West Texas Intermediate (WTI) crude fell to \$66.18/barrel in November from \$83.57/barrel at the end of October.

Items to Watch

- ▶ Inflation is on the mind of the markets domestically and globally. The Federal Reserve (Fed) changed their tone last month, pivoting to a hawkish note. After Fed Chairman Jerome Powell's December remarks to Congress, the markets have estimated a 50/50 chance that the Fed will hike as early as May. Eurozone inflation soared in November with consumer prices increasing to an annual 4.9%, the highest level since relevant records began in 1997 and above consensus of 4.5%. Some countries within the Eurozone saw even higher inflation levels, with Germany hitting a 29 year high with November's inflation reading of 6.0%. Energy prices were the main culprit and were worth watching for the remainder of winter.
- ▶ The progress on the second prong of the Fed's dual mandate has also been pointing to a policy change, as the need to support labor markets appears to shrink. The unemployment rate fell from 4.6% in October to 4.2% in November, surpassing expectations of a 0.1% drop. The labor force participation rate increased slightly to 61.8% from 61.6%. However, we continue to watch those headwinds that still remain for the labor market. Hiring recovery has not been nearly as promising as virus cases swung higher and the supply chain crisis charged forward. Non-farm payrolls saw their smallest gain this year, climbing only 210,000 for November, well below expectations of a 550,000 increase.
- ▶ The Omicron variant of the coronavirus has raised both health and economic concerns as the Organisation for Economic Co-operation and Development (OECD) warns that the new variant could lead to higher and more persistent inflation. Though the impact remains to be seen, the strain's potency will determine the severity. Some changes are already being felt as over 50 countries are reportedly introducing travel measures to prevent spread, and markets have seen a reflection of the uncertainty in slumping prices.

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	-0.70%	6.26%	23.17%	27.90%
Russell 3000	-1.52%	5.13%	20.88%	26.32%
Russell 2000	-4.19%	-0.11%	12.28%	21.99%
Russell 1000	-1.34%	5.50%	21.52%	26.65%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-4.50%	-2.22%	3.54%	9.14%
MSCI EAFE	-4.65%	-2.31%	5.84%	10.77%
MSCI Emerging Markets	-4.08%	-3.13%	-4.34%	2.70%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg Barclays U.S. Agg	0.30%	0.27%	-1.29%	-1.15%
Bloomberg Barclays Global Agg	-0.29%	-0.53%	-4.57%	-3.29%
Bloomberg Barclays U.S. HY	-0.97%	-1.14%	3.34%	5.29%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	-0.67%	6.88%	31.61%	35.94%
Bloomberg Commodity	-7.31%	-4.92%	22.73%	28.83%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.2%	4.6%
Initial Jobless Claims (4 week average)	238.8 K	251 K
CB Leading Economic Indicators	0.9	0.1
Capacity Utilization	76.4%	75.2%
GDP (annual growth rate)	2.1%	6.7%
University of Michigan Consumer Confidence	67.4	71.7
New Home Starts	745 K	742 K
Existing Home Sales	6.3 MM	6.3 MM
Retail Sales (YoY)	17.6%	15.7%
U.S. Durable Goods (MoM)	-0.4%	-0.4%
Consumer Price Index (YoY)	6.2%	5.4%
Producer Price Index (MoM)	1.2%	1.5%
Developed International*	9/30/2021	6/30/2021
Market GDP (annual rate)	5.6%	11.8%
Market Unemployment	6.4%	6.8%



Source: Bloomberg. Data as of November 30, 2021, unless otherwise noted.
 *Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of September 30, 2021 due to release dates of numerous countries.
 **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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