

Market Review

Snapshot

Global and U.S. stocks snapped a three-month losing streak in November and boosted their year-to-date gains. Yields broadly declined, and U.S. bonds' monthly rally pushed year-to-date returns back into positive territory.

- The S&P 500 Index rallied in November amid easing inflation, declining Treasury yields and rising expectations for the Fed to extend its pause and possibly cut rates in 2024.
- In its best monthly performance in more than a year, the S&P 500 Index returned 9.13%. Most sectors advanced for the month, led by the rallying information technology, real estate and consumer discretionary sectors. The energy sector declined.
- Non-U.S. stocks experienced similar monthly gains. Falling government bond yields and signs that central bank rate hikes may be close to ending aided the market backdrop. Emerging markets stocks also advanced but underperformed U.S. and non-U.S. developed markets stocks.
- The pace of annualized U.S. headline inflation eased from 3.7% in September to 3.2% in October, while core inflation slowed from 4.1% to 4%. Amid moderating food and energy prices, inflation continued to slow in Europe and eased in the U.K., but consumer prices remained above central bank targets.
- U.S. and non-U.S. developed markets stock gains were widespread in November, and large- and small-cap stocks delivered similar returns. Growth stocks generally outperformed value stocks across capitalizations.
- After topping 5% in October, the benchmark 10-year U.S. Treasury yield dropped sharply in November, and the broad bond market rallied for the month.

Returns (%)

INDEX	1 MO	3 MO	YTD	1 YR	3 YR	5 YR	10 YR
U.S. Large-Cap Equity							
S&P 500	9.13	1.74	20.80	13.84	9.76	12.51	11.82
U.S. Small-Cap Equity							
Russell 2000	9.05	-4.37	4.20	-2.57	1.13	4.78	6.13
Intl. Developed Markets Equity							
MSCI World ex USA	9.40	1.25	11.83	11.29	4.11	6.17	3.92
Emerging Markets Equity							
MSCI Emerging Markets	8.00	1.09	5.70	4.21	-4.04	2.34	2.12
Global Real Estate Equity							
S&P Global REIT	10.60	-1.52	0.66	-2.88	1.31	1.04	3.75
U.S. Fixed Income							
Bloomberg U.S. Aggregate	4.53	0.26	1.64	1.18	-4.47	0.71	1.37
Global Fixed Income							
Bloomberg Global Aggregate Bond	5.04	0.76	1.50	2.05	-6.37	-0.73	-0.09
U.S. Cash							
Bloomberg U.S. 1-3 Month Treasury Bill	0.45	1.36	4.65	5.02	2.06	1.82	1.18

Data as of 11/30/2023. Performance in USD. Periods greater than one year have been annualized. Past performance is no guarantee of future results. Source: FactSet.

Equity Returns | Size and Style

		U.S.				Non-U.S. Developed Markets				Emerging Markets			
		QTD (%)		YTD (%)		QTD (%)		YTD (%)		QTD (%)		YTD (%)	
		Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth	Value	Growth
Size	Large	3.75	9.32	5.61	36.63	3.21	6.99	13.22	11.58	1.95	5.25	7.77	2.18
	Small	2.50	0.69	1.96	5.97	2.82	3.63	7.17	3.07	4.71	3.97	17.94	19.45

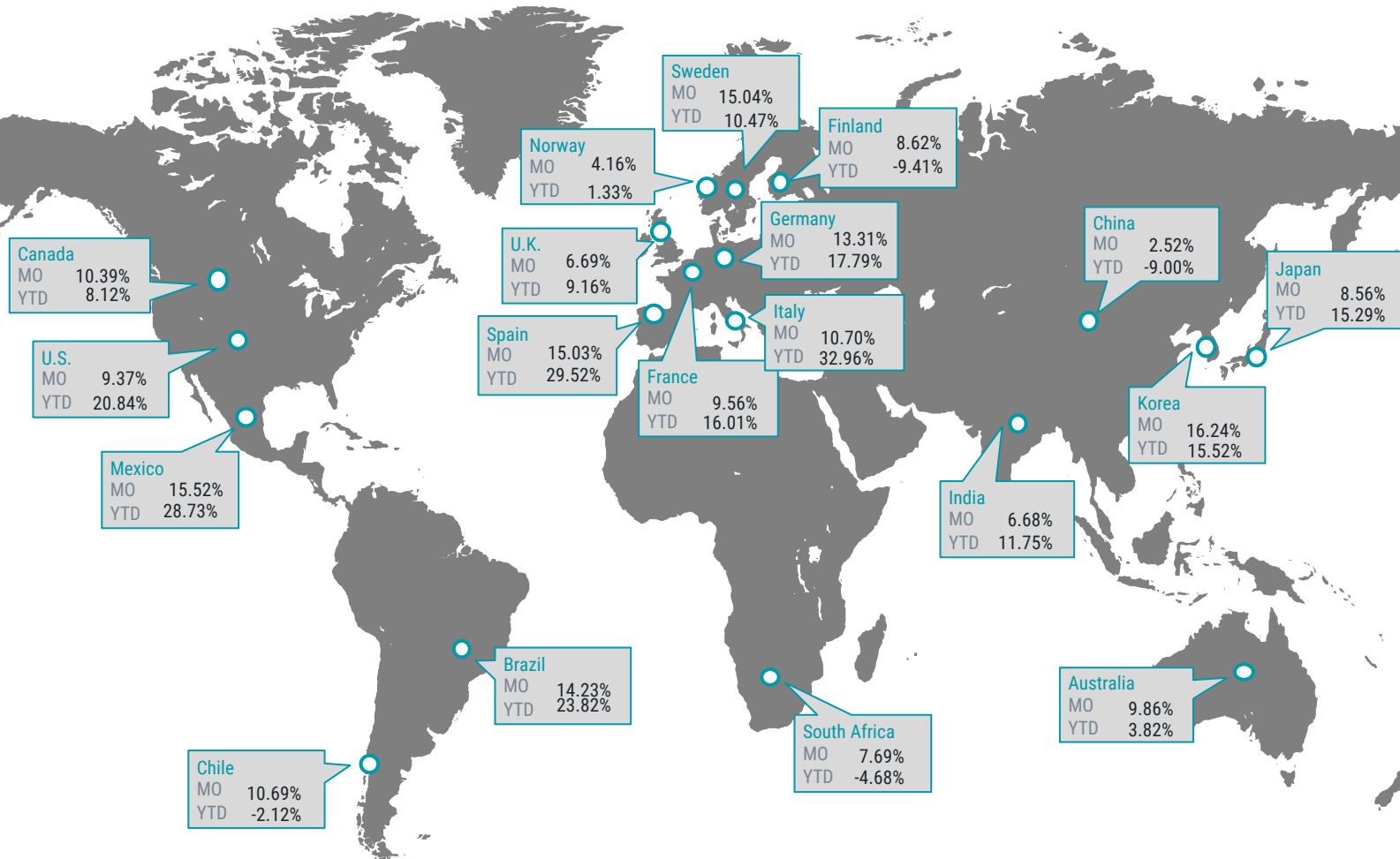
- U.S. stocks broadly advanced quarter to date, and most indices delivered solid year-to-date gains.
- Large-cap stocks fared better than small-caps for the two months. Year to date, large-caps surged nearly 21% and sharply outpaced their small-cap peers.
- Growth stocks outperformed value stocks among large-caps but underperformed in the small-cap arena. Year to date, growth stocks outperformed, particularly among large-caps, gaining 37% versus 6% for value.

- The broad international developed markets stocks index advanced quarter to date and maintained a strong year-to-date gain.
- Large-cap stocks outperformed small-caps for the two-month period. Year to date, large-caps advanced more than 12% compared with 5% for their small-cap peers.
- Growth stocks outpaced value stocks among large- and small-caps for the quarter-to-date period. Year to date, value outperformed across the board.

- The emerging markets stock index advanced quarter to date, and its year-to-date return turned positive.
- Small-cap stocks outperformed large-caps quarter to date. For the year-to-date period, small-caps advanced nearly 19% and sharply outperformed large-caps, which gained nearly 5%.
- Quarter to date, growth outpaced value among large caps and modestly lagged among small-caps. Year to date, growth lagged value in the large-cap arena and outperformed among small-caps.

Data as of 11/30/2023. Performance in USD. Past performance is no guarantee of future results. Source: FactSet. U.S. Equity, International Developed Markets and Emerging Markets Equity style boxes are represented by Russell, MSCI World ex USA and MSCI Emerging Markets indices, respectively.

Equity Returns | Country



Fixed-Income Returns

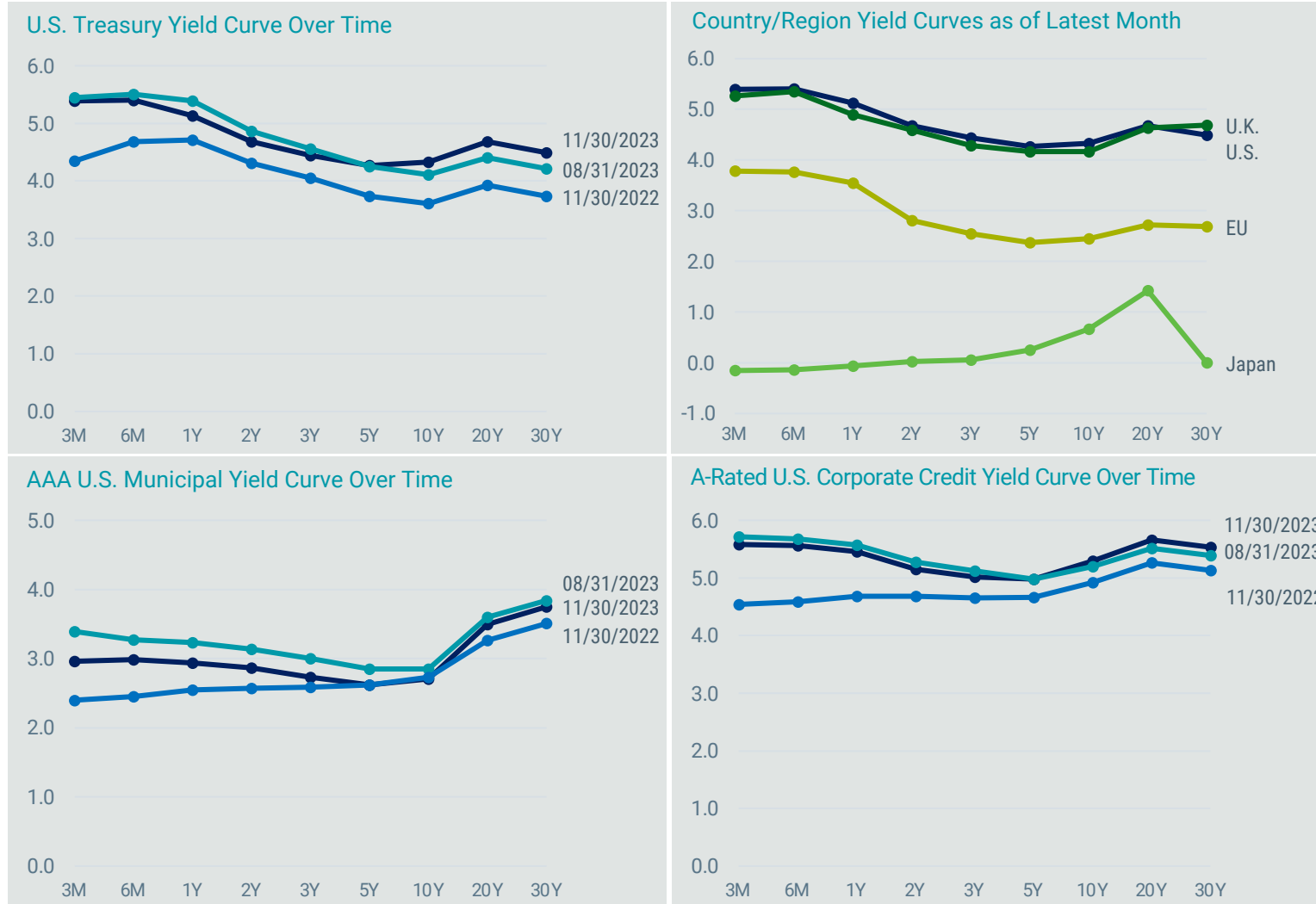
Treasury yields reversed course and declined in November, leading to the best monthly gain for the broad U.S. bond index in nearly 40 years. Year-to-date returns flipped into positive territory.

- The Bloomberg U.S. Aggregate Bond Index returned 4.53% in November, as all index sectors advanced. Amid signs the Fed may maintain its policy pause, combined with less-than-expected Treasury issuance and easing inflation, the 10-year Treasury yield dropped 60 bps.
- Spreads narrowed, and investment-grade corporate and mortgage-backed bonds outperformed Treasuries and the broad bond index. High-yield corporates advanced but underperformed investment-grade corporates.
- Following Fitch Rating's downgrade of U.S. debt in August, Moody's downgraded the U.S. government's credit rating outlook from "stable" to "negative," citing soaring budget deficits and political polarization.
- Looking ahead to the Fed's monetary policy meetings, the futures market expected the Fed to pause until May, when the probability shifts to a rate cut.
- Annual headline CPI moderated to 3.2% in October. Core inflation eased slightly to 4%. The shelter component, which rose 6.7%, continued to account for more than 70% of core CPI's annual gain.
- Municipal bond (muni) yields fell in November, and muni returns rallied in November. Munis continued to outperform Treasuries.
- Inflation breakeven rates declined in November, and TIPS underperformed nominal Treasuries.

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U.S. Fixed Income							
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U.S. High-Yield Corporate							
Bloomberg U.S. Corporate High Yield Bond	4.53	2.09	9.37	8.69	1.37	4.15	4.27
U.S. Investment Grade							
Bloomberg U.S. Corporate Bond	5.98	1.22	4.01	3.55	-4.51	2.06	2.50
Municipals							
Bloomberg Municipal Bond	6.35	2.35	3.98	4.28	-0.96	2.03	2.77
U.S. TIPS							
Bloomberg U.S. TIPS	2.71	0.08	1.17	0.14	-1.49	2.72	2.00
U.S. Treasuries							
Bloomberg U.S. Treasury Bond	3.47	-0.04	0.67	0.14	-4.95	0.29	0.84
U.S. Cash							
Bloomberg U.S. 1-3 Month Treasury Bill	0.45	1.36	4.65	5.02	2.06	1.82	1.18

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Global Yield Curves



Data as at 11/30/2023 Source: Bloomberg.

Yield is a rate of return for bonds and other fixed-income securities. A yield curve is a line graph that shows yields of fixed-income securities from a single sector (e.g., Treasuries) over various maturities (e.g., five and 10 years) at a single point in time (e.g., 12/31/2020).