

At-A-Glance

The S&P 500 ended the month 2.9% below its most recent all-time high set on November 18.

The Dow Industrials fared worse, shedding 1,336 points (-3.50%) last month. The Dow 30 index ended 5.1% below its November 8 record high, trimming its YTD gain to 14.61%.

Among the three major U.S. equity indices, the tech-heavy Nasdaq Composite performed best last month, up 0.33%. Nasdaq stocks are up 21.28% YTD.

In just over 20 months from the March 23, 2020 COVID-19 bear market low, U.S. stocks have more than doubled (S&P 500 +110%, Nasdaq Comp.+129%).

Despite the fractional S&P 500 November setback, staying invested means continued participation in the strongest and steepest bull market in modern history.

MONTHLY RECAP

November 2021 Recap

Market Indices ¹	November	Year-to-Date
S&P 500	-0.69%	23.18%
Russell 3000	-1.52%	20.90%
Russell 2000	-4.17%	12.31%
MSCI EAFE	-4.65%	5.84%
MSCI Emerging Markets	-4.08%	-4.34%
Barclays U.S. Aggregate Bond	0.30%	-1.29%
Barclays U.S. Municipal Bond	0.85%	1.35%
Barclays U.S. Corporate High Yield	-0.97%	3.34%

¹Morningstar Direct (all equity performance is total return based, which include reinvested dividends)

The S&P 500 closed out November fractionally lower, with post-Thanksgiving day losses of 2.8% outweighing earlier November gains. The sub-1% November loss marks the third, but smallest, monthly decline of the year. Equity volatility spiked last month with the Cboe VIX Volatility Index up 41% in November. Following October's strong 7% gain, the S&P 500 is still up 6.3% so far in the fourth quarter.

Equity valuations continue to be well supported by quarterly earnings. However, potential headwind occurred at month-end when Fed Chairman Powell told a Congressional committee that the central bank will discuss speeding up the withdrawal of monthly bond-buying activity at its December meeting. Despite the threatening overtones from the newly emerged omicron-variant, Powell said the economy is very strong and with inflationary pressures at 30-year highs it is therefore appropriate to consider "wrapping up the taper of our asset purchases...perhaps a few months sooner." He also favors no longer describing inflation as being "transitory." Manufacturing prices have expanded for a 17th consecutive month in October and inflationary pressures from supply-chain disruptions show few signs of easing.

The omicron COVID-19 variant is now the major uncertainty to markets, as officials determine whether it is more severe or milder than delta. Drug makers are racing at testing their vaccines and treatments for the new strain, but so far remain cautious at the timing of new targeted immunizations. Omicron has officially reached 24 nations, including Canada, prompting renewed travel restrictions.

As shown in the style boxes below, Value-oriented companies outperformed Growth for the month and year-to-date (YTD) except in large caps. For the first time this year Large Growth has outpaced Small cap Value in YTD style leadership (+24.95% versus +23.24%).

November				YTD			
	Value	Core	Growth		Value	Core	Growth
Large	-3.52%	-1.34%	0.61%	Large	17.73%	21.53%	24.95%
Mid	-3.04%	-3.48%	-4.23%	Mid	20.76%	17.77%	12.33%
Small	-3.42%	-4.17%	-4.88%	Small	23.24%	12.31%	2.38%

Style Box Index returns above are represented by: Large Value (Russell 1000 Value), Large Core (Russell 1000), Large Growth (Russell 1000 Growth), Mid Value (Russell Mid Cap Value), Mid Core (Russell Mid Cap), Mid Growth (Russell Mid Cap Growth), Small Value (Russell 2000 Value), Small Core (Russell 2000), Small Growth (Russell 2000 Growth). Source: Morningstar Direct, total return based, including reinvested dividends.

In sector performance shown below, only two of the 11 major sector groups posted positive returns last month. Technology and Consumer Discretionary upheld their sector leaderboard standings a second month, while Energy (the second-best gainer in October), became November's third-worst sector performer. Energy declined amid a selloff in crude oil on slowing demand fears and a planned oil release from national reserves. Nevertheless, Energy remains the top YTD performer, up 50% (versus +58% in October). Consumer Staples and Utilities maintained their prior month standings as rising the least YTD.

Top Performers – November	Top Performers – YTD ¹
Technology (+4.35%)	Energy (+50.03%)
Consumer Discretionary (+1.97%)	Real Estate (+32.62%)
Materials (-0.49%)	Financials (+30.69%)
Bottom Performers – November	Bottom Performers – YTD ¹
Financials (-5.68%)	Industrials (+14.98%)
Communication Services (-5.16%)	Consumer Staples (+7.56%)
Energy (-5.09%)	Utilities (+7.33%)

¹ Morningstar Direct (all performance percentages are total return based, which include reinvested dividends)

Foreign equity markets broadly underperformed relative to U.S. equities in November, with the MSCI EAFE Index (representing developed markets outside of the U.S. and Canada) falling nearly 4.7% to trim YTD gains below 6%. Germany (-6.52%), Europe's largest economy, posted among the largest November declines in the EU region followed by the UK (-5.60). Emerging markets fell just over 4% to extend its YTD loss to -4.3%. Russian equities suffered outsized losses with a -10.9% November correction yet remains among the top three best YTD EM gainers (+21.82%). India and Taiwan follow with respective YTD gains of 21.69% and 19.65%. Mainland China retreated nearly 6% in November, widening its YTD loss to -19.17%.

Turning to fixed income markets, U.S. Treasuries outperformed equities, with the Bloomberg U.S. Government Bond Index gaining 0.74%. On a broader basis, investment-grade bonds of all types rose a lesser 0.30% in November while higher-risk, non-investment grade high yield corporate bonds fell nearly 1%. Municipal bonds gained 0.85%, becoming second best bond performer behind U.S. Treasury TIPS (+0.89%).

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](https://twitter.com/CeteraIM) on Twitter.



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Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in

practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index[®] (VIX[®])** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

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.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with

a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.