Summit Snapshot: Week of November 22nd, 2021

Periodic Returns

	Trailing Week			Quarter-to-Date			Year-to-Date		
	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth
U.S. Large-Cap	-1.8%	0.1%	1.8%	4.7%	8.9%	12.7%	21.6%	25.4%	28.8%
U.S. Mid-Cap	-1.4%	-1.3%	-1.2%	6.6%	7.0%	7.9%	26.0%	23.3%	18.2%
U.S. Small-Cap	-2.6%	-2.8%	-3.0%	6.4%	6.4%	6.4%	30.8%	19.6%	9.4%

	Trailing Week	Quarter-to-Date	Year-to-Date
S&P 500 Index	0.4%	9.3%	26.7%
NASDAQ Composite	1.3%	11.2%	25.3%
International Developed	-0.8%	3.0%	11.6%
Emerging Markets	-1.3%	1.4%	0.1%
U.S. Aggregate Bond	0.1%	-0.1%	-1.6%
U.S. Municipals	0.0%	0.3%	1.1%
Corporate High Yield	-0.4%	-0.2%	4.3%

Source: Morningstar, see ‘Disclaimer’ for details

U.S. Equity Markets

- U.S. stocks had a mixed week as optimism surrounding strong earnings and economic data was offset by fears about inflation and resurging coronavirus cases globally.
- Large-cap growth stocks were one of the few positive areas of the U.S. market, which resulted in the Nasdaq reaching a fresh record high last Friday. Value and small-cap stocks both lagged.
- Strength in the performance of large constituents – Tesla and Amazon.com – helped the consumer discretionary sector rise nearly 4% over the week.
- The energy sector was a notable laggard, falling nearly 5%, reflecting weakness in oil prices and higher inventories. The financials sector also lagged, falling nearly 3%.
- Year-to-date, large-cap stocks have a strong lead over small-caps in all but the value segment of the market. Value stocks have maintained a lead over growth stocks in the mid- and small-cap portions of the market.

International Equity Markets

- Both developed and emerging non-U.S. equity markets declined last week in USD-term. While developed, non-U.S. equities maintain a double-digit gain for the year, emerging market equities are now nearly flat.
- European equities were little changed last week, held back by the increase in coronavirus infections in select nations.
- Japanese equity market returns were muted last week, despite the government announcing a larger-than-expected stimulus package.
- Chinese equities continued to lag after disappointing earnings from several key constituents. Notably, e-commerce giant Alibaba had disappointing current quarterly results paired with lowered future guidance. Both factors contributed to a sizeable decline in the stock price.

Summit Financial, LLC | 4 Campus Dr | Parsippany, NJ 07054 | (973)-285-3600 | summitfinancial.com

Credit Markets (Perspectives from our partners at Piton Investment Management)

- Treasuries rallied as the yield curve shifted lower Friday morning following COVID-related news out of Europe.
- The news on lockdown concerns across Europe drove U.S. sort-term rates lower, with the 2-year note down almost 0.06% to 0.44%.
- This flight to quality also saw a decline in the 10-year yield to 1.55%, down from Tuesday's 1.63% and below the 50-day moving average.
- The long end of the curve also moved lower to 1.91%, down 0.08% on the week.
- Corporate spreads tightened modestly over the week and both investment grade and high yield corporate funds received inflows.
- Benchmark municipal yields were stable to slightly weaker, underperforming Treasuries on the week as re-emerging COVID concerns caused Treasuries to rally on Friday.
- Municipal funds saw inflows of $1.4 billion for the week ended Wednesday, the 37th consecutive week.
- **Expanded fixed income commentary from Piton can be found using this link.**

U.S. Economic Data/News

- President Biden is set to nominate Federal Reserve Chairman Jerome Powell to a second term leading the central bank, opting for continuity in U.S. economic policy despite pushback from some Democrats who wanted someone tougher on bank regulations and climate change. Mr. Biden will also nominate Fed governor Lael Brainard as vice-chair of the central bank's board of governors. President Biden's decision ends months of guesswork in financial markets and Washington policy circles over one of the world's most important economic policy posts.
- Recent economic data suggested the recovery was regaining some steam. October retail sales jumped nearly 2%, the largest gain since March. Industrial production was also robust, rising 1.6% versus expectations of 0.7%.
- On Friday, the House passed the Build Back Better bill. Several provisions will be challenged as it moves through the Senate including an increase of the SALT cap from $10k to $80k. The Senate will look to impose income limits of $400k-$500k as the cap increase is seen as still too beneficial for wealthy taxpayers.

International Economic Data/News

- European Central Bank (ECB) President Christine Lagarde pushed back on potential rate hikes based on the belief that inflation would fade and that reemerging COVID infections could hold back the current recovery.
- Several European countries started reimposing restrictions to help curb the spread of the coronavirus. Notably, the Netherlands introduced a three-week partial lockdown and Germany is imposing a three-step system of tougher controls.
- Japan's new prime minister approved a larger-than-anticipated fiscal support package of nearly USD $500 billion. A sizeable portion of the spending will go towards fighting and preventing coronavirus infections and supporting the medical system.
- Chinese economic data continued to disappoint and pointed to slower economic momentum. Prices for new and resold homes fell in October and housing sales shrank meaningfully.

Summit Financial, LLC | 4 Campus Dr | Parsippany, NJ 07054 | (973)-285-3600 | summitfinancial.com

Odds and Ends

- Nebraska logged the lowest unemployment rate of any state on record in October, reflecting the acute labor shortages that have quickly swept across the nation amid an economic recovery that is without parallel. Nebraska's unemployment rate ticked down to 1.9% last month, well below the national jobless rate of 4.6% and the lowest for state records tracing back to 1976, Labor Department data show. Nebraska's jobless rate tends to run below the national rate. Economists cite a combination of factors that have kept joblessness in the state well below the U.S. average from the onset of the pandemic.
- In North Carolina, Democratic Governor Roy Cooper signed a significant tax cut for individuals and businesses. The tax cut is part of a two-year state budget that trades Republican priorities for pay increases for public workers. The GOP controls the Legislature and is aiming for a supermajority next year. Mr. Cooper went along with a bipartisan deal rather than veto and give the GOP the tax issue. The deal phases out the state's 2.5% corporate income tax between 2025 and 2031. When fully repealed, that will amount to at least $900 million in annual tax savings. The deal also cuts the state's flat 5.25% personal income tax rate in stages to 3.99% by July 1, 2027.
- Activision Blizzard CEO Bobby Kotick has told senior managers he would consider leaving the company if he can't quickly fix the culture problems at the videogame giant. Kotick, who has led Activision for three decades, stopped short of saying he would step down in a Friday meeting with executives of the company's Blizzard Entertainment unit, but left the possibility open if misconduct issues across the company weren't fixed "with speed."

Resource of the week:

- In this Manager Meeting episode of the *Capital Allocator's* podcast, Paul Black speaks to Ryan Batchelor. Paul is the Co-CEO of WCM Investment Management – a west coast-based, growth-oriented asset manager with over $100 billion of assets. Ryan is the Co-Founder and Portfolio Manager at Clifford Capital Partners, a $300 million+ value manager based in Alpine, Utah. Clifford employs a blend of core and deep value holdings selected through bottom-up research into sustainable wide-moat businesses for core holdings and out-of-favor stocks for deep-value holdings. The overlap of interest in moats led WCM to take an equity stake in Clifford three years ago. If you're interested in a deep-dive into a unique investment approach within the value equity space, then give this episode a listen.
- Podcast link: https://capitalallocators.com/podcast/clifford-capital-partners/

Sources: The WSJ, T. Rowe Price Global Markets Weekly Update

DISCLAIMER

This commentary was written by Craig Amico, CFA®, CIPM®, Associate Director, Noreen Brown, CFA®, Chief Wealth Strategist and Steven Melnick, CFA®, Associate Director at Summit Financial, LLC., an SEC Registered Investment Adviser ("Summit"), headquartered at 4 Campus Drive, Parsippany, NJ 07054, Tel. 973-285-3600. It is provided for your information and guidance and is not intended as specific advice and does not constitute an offer to sell securities. Summit is an investment adviser and offers asset management and financial planning services. Indices are unmanaged and cannot be invested into directly. The periodic returns are represented by the following indices: large cap value by Russell 1000 Value TR Index, large cap blend by Russell 1000 TR Index, large cap growth by Russell 1000 Growth TR Index, mid cap value by Russell Mid Cap Value TR Index, mid cap blend by Russell Mid Cap TR Index, mid cap growth by Russell Mid Cap Growth TR Index, small cap value by Russell 2000 Value TR Index, small cap blend by Russell 2000 TR Index, and small cap growth by Russell 2000 Growth TR Index, international developed by the MSCI EAFE NR USD Index, Emerging Markets by the MSCI EM NR USD Index, U.S. Aggregate Bond by the BBgBarc US Agg Bond TR USD Index, U.S. Municipals by the BBgBarc Municipal TR USD Index, and Corporate High Yield by the BBgBarc US Corporate High Yield TR USD 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. The Nasdaq Composite Index is a large market capitalization-weighted index of more than 2,500 U.S.-domiciled stocks. The index's composition is heavily weighted to the information technology sector, with consumer services, health care and financials the next most prominent industries. 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. The Russell 1000 Index measures the performance of the large cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index representing approximately 90% of the total market capitalization of that index. It includes approximately 1,000 of the largest 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. 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 reflected. 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. 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. The MSCI Europe Index captures large- and mid-cap representation across developed markets countries in Europe. The index covers approximately 85% of the free float-adjusted market capitalization across the European developed markets equity universe. The MSCI China Index captures large- and mid-cap representation across China A shares, H shares, Red chips, P chips and foreign listings. The index covers about 85% of the China equity universe. The Nikkei 225 Index is a stock market index for the Tokyo Stock Exchange which is price-weighted operating in Japanese Yen. The index measures the performance of 225 large, publicly owned companies in Japan from different industry sectors. The Bloomberg Barclays 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. The Bloomberg Barclays 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. The Bloomberg Barclays U.S. Corporate High-Yield Index measures the U.S. dollar-denominated, high yield, fixed-rate 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. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded. The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The Caixin China General Services PMI (Purchasing Managers' Index) is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 private service sector companies. The index tracks variables such as sales, employment, inventories, and prices. A reading above 50 indicates that the services sector is generally expanding; below 50 indicates that it is generally declining.

Data in this newsletter is obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Consult your financial professional before making any investment decision. Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against a loss. The attached materials, URLs, or referenced external websites are created and maintained by a third-party, which is not affiliated with Summit Financial LLC. or its affiliates. The information and opinions found within have not been verified by Summit, nor do we make any representations as to its accuracy and completeness. Summit Financial, LLC, and affiliates are not endorsing these third-party services, or their privacy and security policies, which may differ from ours. We recommend that you review these third-party's policies and terms.