

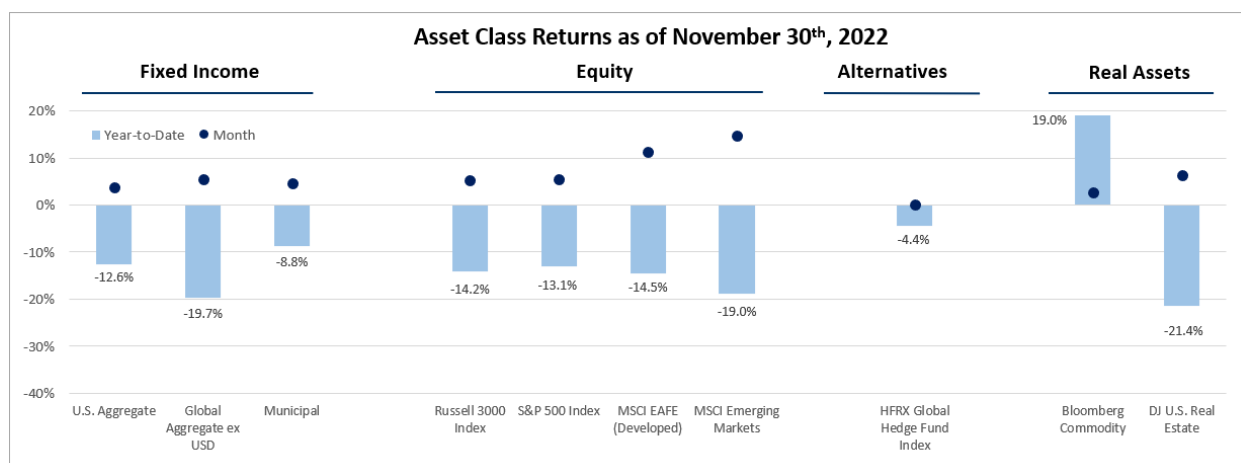
November brought investors some additional reprieve as the economy continued its bumpy transition to its next phase. Somewhat defying the Fed's best efforts, much of the U.S. economic data released over the month was positive. Putting aside notable layoff headlines and a slight uptick in the unemployment rate, the overall labor market remained on solid footing supporting a resilient consumer. That said, higher rates have had a significant cooling effect on select areas of the economy, such as housing, where building activity and home sales fell dramatically. Overall inflation figures have shown signs of peaking, although shelter pricing has continued to rise. Somewhat paradoxically, shelter inflation could be further accelerated by the Fed's actions and reduced new supply in certain areas. As we look forward to 2023, the markets will likely shift focus from containing inflation to the severity of a potential recession. Encouragingly, many asset prices have reset over the course of 2022 and may offer more compelling forward returns for long-term investors.

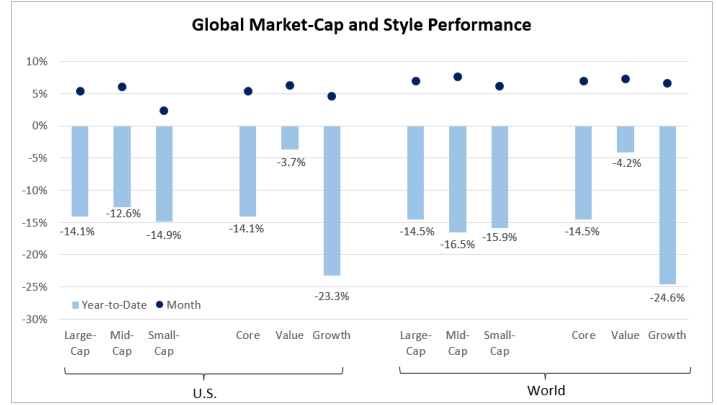
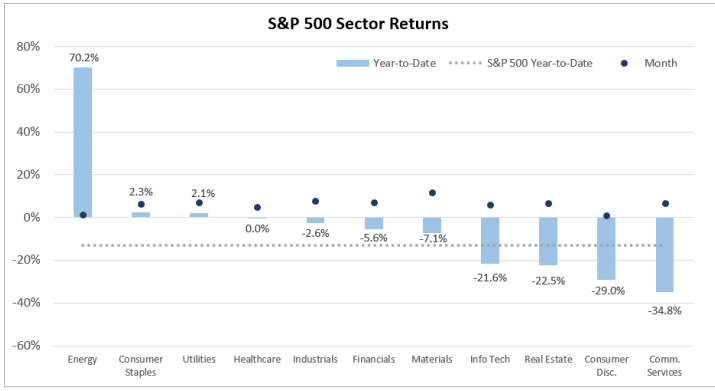
Over the month, central banks delivered on additional policy rate hikes as anticipated. The Fed enacted another 75 basis point policy rate increase, bringing the Fed Funds rate upper bound to 4%. Credibility concerns will likely push the Fed to continue down its slated path into early 2023 with hikes likely tapering off from there. Using the Treasury yield curve as an indicator, markets are expecting significantly lower rates in the future and the repricing of the middle and longer end of the curve over the last several weeks has been dramatic. Predictions for a recession sometime in 2023 are becoming gradually more prevalent, although the magnitude is uncertain and will impact policy paths into next year and beyond. Notably, the curbing of areas of excess in the economy stemming from higher interest rates and shoring of business cost structures leading into an uncertain 2023 should help mitigate the depth of a potential recession.

Equity markets recovered some lost ground in November reflecting more encouraging inflation data and expectations for less aggressive rate hikes. Within the U.S., large-caps well-outpaced small-caps and value shares continued to lead growth stocks. By sector, the more cyclically exposed portions of the market realized the largest gains. This included materials, industrials, and financials. Bucking the trend so far established this year, international equity market performance was robust and exceeded U.S. performance by a wide margin. In developed international markets, strong local market performance translated to even better USD-based performance as a weakening dollar offered a tailwind. Emerging market equities rose nearly 15% over the month surrounding newfound optimism after early signs of China reversing its stance on zero-COVID and the easing of more draconian preventive measures. Valuations across nearly all major equity markets are more compelling relative to the start of 2022 although there is more uncertainty around earnings figures leading into 2023.

Fixed income investors found relief in November as bond yields broadly declined, pushing up bond prices. Signs that inflation might be abating and signals from the Fed that the pace of rate hikes would slow created the positive backdrop for bonds. However, the yield curve became more inverted, with the spread between the 2 and 10- year Treasury yields widening to almost 70 bps after the Fed's 75 bp policy rate hike pushed up short-term yields. All major bond sectors posted positive returns, with high quality corporate and residential mortgages outperforming. Municipal bonds appear to have turned the corner, topping all other U.S. bond sectors due to favorable supply/demand trends with limited new supply and a downturn in outflows driven by tax loss harvesting activity. Despite continued central bank tightening, non-U.S. bond markets also saw lower yields. The U.S. dollar gave up some of its gains versus other currencies, providing an additional boost for international bonds, particularly emerging market bonds which rose more than 7% for the month.

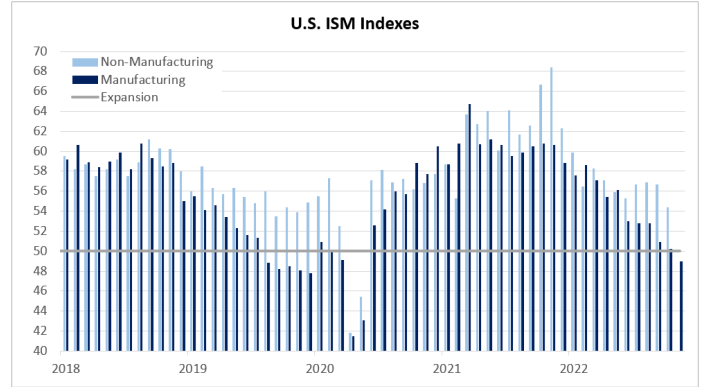
There is hope for a more favorable environment for capital markets. Inflation is slowing without sending the labor market and housing prices into a nose-dive. China's easing of its COVID policies should trigger more solid economic growth and an improvement in global supply chains. The U.S. election is behind us and with a closely divided government, fiscal and tax policy is unlikely to see major changes. However, there are signs of fragility. Banks have been shoring up their balance sheets, the Fed is concerned about liquidity in the Treasury markets, and the turmoil in the crypto markets is keeping investors on edge. This is an opportune time to revisit your investment portfolio to ensure it is in line with your financial goals and is effectively diversified across and within asset classes.





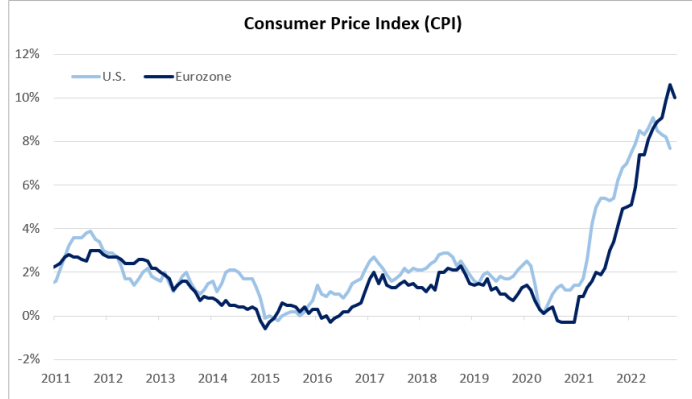
Bloomberg; U.S. indices from Russell and world indices from MSCI

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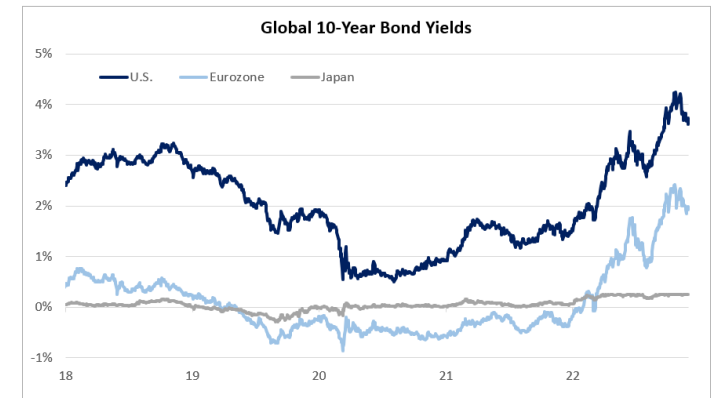
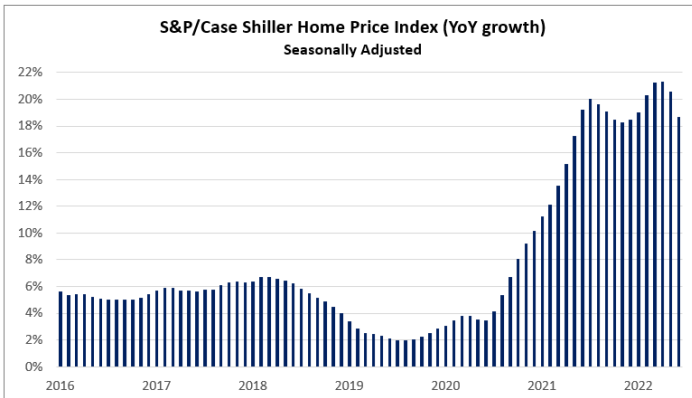
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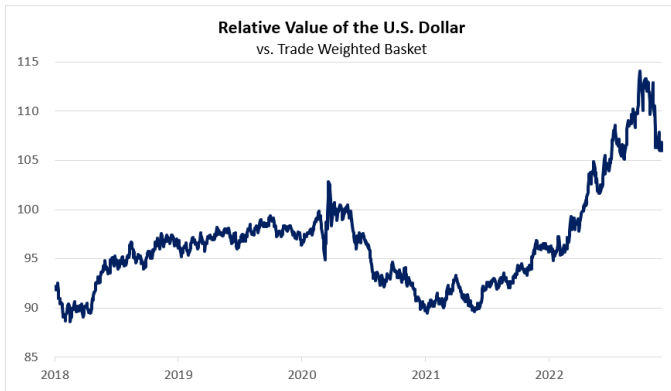
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U.S. Bureau of Labor Statistics

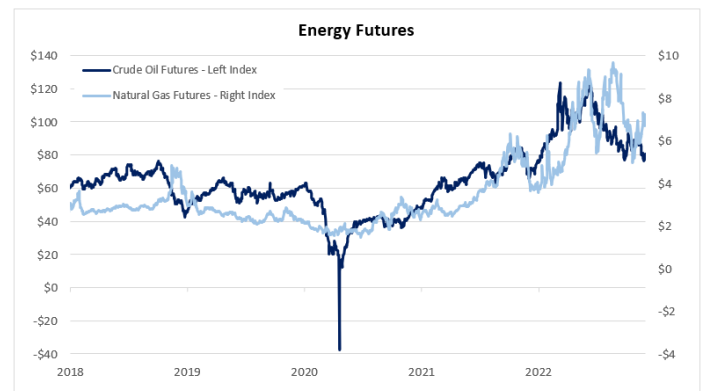


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The Russell 3000 Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected; The Russell 2000 Index measures the performance 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 Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap Index 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 Index represents approximately 31% of the total market capitalization of the Russell 1000 companies; 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 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 World Index captures large- and mid-cap representation across developed markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country; the Bloomberg Commodity Index reflects commodity futures price movements and is calculated on an excess return basis. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production, and weight-caps are applied at the commodity, sector, and group level for diversification. Roll period typically occurs from the 6th-10th business day based on the roll schedule; 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 Global Aggregate Ex U.S. Index is a measure of investment-grade debt from twenty-four local currency markets. This multi-currency benchmark includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. Bonds issued in U.S. dollars are excluded; 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 Dow Jones U.S. Real Estate Index measures the performance of real estate investment trusts (REITs) and other companies that invest directly or indirectly in U.S. real estate through development, management, or ownership, including property agencies; 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 HFRX Global Hedge Fund Index is comprised of funds representing the overall hedge fund universe. Constituent funds include but are not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, even driven, macro, merger arbitrage, and relative value arbitrage. The underlying strategies are asset weighted based on the distribution of assets in the hedge fund industry; The S&P Case-Shiller Home Price Index measures the value of single-family housing within the U.S. The index is a composite of single-family home price indices for the nine U.S. Census divisions. Leading economic indicators (LEI) are statistics that precede economic events. They predict the next phase of the business cycle. The OECD Composite leading indicators (CLIs), designed to anticipate turning points in economic activity relative to trend, continue to strengthen in most major economies. 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 Consumer Confidence Index is a measure based on a survey administered by The Conference Board that reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitude, buying intentions, vacation plans and consumer expectations for inflation, stock prices and interest rates. A Treasury Bill (T-Bill) is a short-term U.S. government debt obligation backed by the Treasury Department with a maturity of one year or less. The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of executives covering all North American Industry Classification System's businesses in the manufacturing sector. The ISM Non-Manufacturing Index is a monthly indicator of U.S. economic activity based on a survey of executives covering all North American Industry Classification System's businesses in the services (or non-manufacturing) sector. 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. 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