



Monthly Market Review

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P), ended the month increasing 3.1%, pushing the year-to-date (YTD) performance up to 20.5%.
- Sector performance within the S&P was strong with all 11 sectors posting positive returns. Telecom was the best performing sector, with a 6.0% return. The Materials sector finished as the worst performing sector but still earned a positive 1.0% return.
- By market capitalizations, mid-caps (Russell Midcap Index) led the pack with a 3.4% return, followed by large-caps (Russell 1000 Index, 3.1%), and small-caps (Russell 2000 Index, 2.9%). Small-caps continue to underperform during the year. Value and growth stocks' returns did not have a meaningful difference, with a return difference of less than 4 basis points (bps) in all market caps.

Non-U.S. Equity

- Non-U.S. equity markets, represented by MSCI ACWI ex-U.S., ended the month 0.8% higher. Developed Markets, represented by MSCI EAFE Index finished up 1.1% while the Emerging Markets, represented by MSCI Emerging Markets Index, finished up 0.2%. On the year, both Developed and Emerging Markets have maintained strong returns of 23.1% and 32.5% respectively.
- Within the ACWI ex-U.S. Index, Consumer Staples was the strongest performer over the month, gaining 1.7%, while Industrials suffered the worst losses of 0.2%. Small-caps outperformed large-caps and growth indices outperformed value in both the Developed and Emerging Markets.

Fixed Income

- The Bloomberg Barclays U.S. Aggregate Index fell 0.10% as yields rose across the curve during the month.
- Investment grade (IG) credit within the Aggregate fell 0.10% as IG credit spreads were relatively flat. Within the IG credit spectrum, returns were negative across all qualities and tilted towards lower-quality with BBB falling 0.06%. A-rated bonds fell 0.10%, with AA (-0.12%) and AAA (-0.18%) lagging behind. High Yield (HY), represented by the Bloomberg Barclays U.S. Corporate HY Index, also fell 0.3% as high yield spreads moderately widened.
- The U.S. Treasury Yield curve followed the trend in 2017 and flattened during the month of November. Yields increased across all tenors except for the 30-year, as the intermediate term yields increased more than the longer term. Yields along the 3-month and 5-year terms increased between 12 and 19 bps.

Other Asset Classes

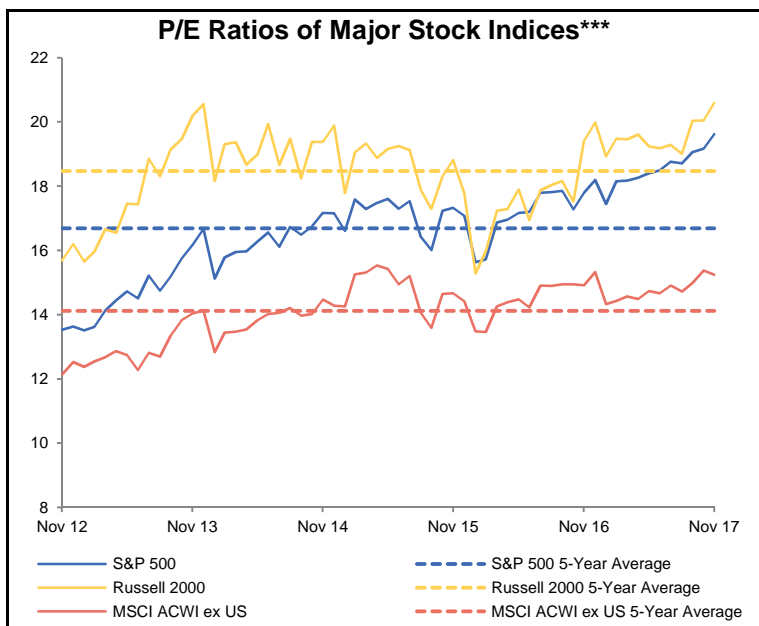
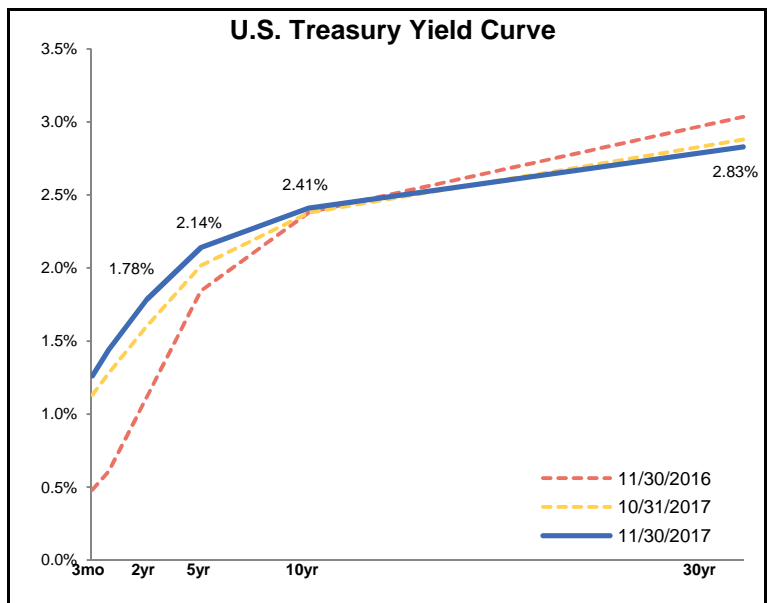
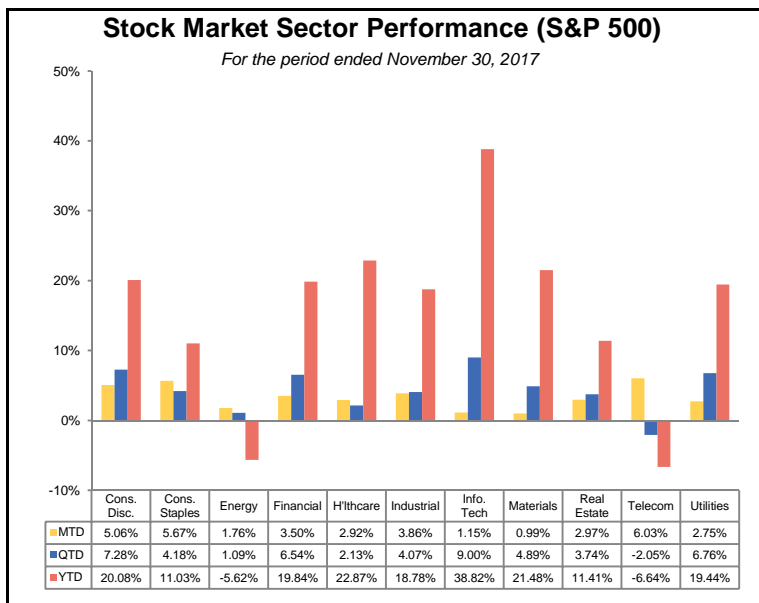
- After a negative October, real estate investment trusts (REITs) represented by FTSE NAREIT index bounced back with a 2.7% return in November, increasing the YTD return to 5.5%. Eight of the nine individual real estate sectors ended the month in the green. The top and bottom performing sectors flipped from October. Retail was the biggest detractor in October but was the top performer in November, rising 7.3%. Data Centers were the top performer in October but was the biggest detractor in November, dropping 0.3%.
- Commodities, represented by the Bloomberg Commodity Index, fell as the index posted a loss of 0.6%, bringing the YTD losses to 2.1%. The active contract for West Texas Intermediate (WTI) crude finished the month higher, ending at \$57.4/barrel.

Items to Watch

- The Senate passed its version of the tax bill on December 2. This means that the bill will enter a conference committee where the Senate and the House will reconcile the differences and then pass the updated version in both houses. The two versions differ on several aspects such as individual tax bracket changes and tax rules affecting pass through business expenses and estate taxes amongst others. Congress hopes to send the bill to President Trump's desk by the end of this year.
- The year-over-year change in the Core PCE index (Fed's preferred measure of inflation) is 1.45% as of October. This puts inflation below the Fed's 2% target despite a tightening labor market and upward revision of third quarter GDP from 3.0% to 3.3%. Fed chairwoman, Janet Yellen has labeled low inflation as "transitory" for months now, but this does not appear to be the case. Regardless, the Fed is widely believed to raise rates by 25 bps during its Federal Open Markets Committee meeting on December 13 to address the risk of an overheating labor market.
- The Eurozone continues to see strong economic growth, aided by a pickup in output, employment, demand and manufacturing. The manufacturing Purchasing Managers Index (PMI), an indicator of manufacturing activity, came in at 60.1 for the month of November. This is the highest PMI reading for the region in over 16 years. Europe has seen an uptick in political instability with the election results in Germany and the Catalonia Crisis in Spain. However, economists believe that the Eurozone will continue on its trajectory of growth and end the year strongly.
- November saw 228,000 jobs added to the economy, which came in above estimates of 195,000. Unemployment remained at the lowest level since 2000 at 4.1% while wages grew 0.2%, bringing the annual increase to 2.5%.

Total Return of Major Indices as of 11/30/17				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	3.07%	5.47%	20.49%	22.87%
Russell 3000	3.04%	5.28%	19.93%	22.26%
Russell 2000	2.88%	3.76%	15.10%	18.32%
Russell 1000	3.05%	5.41%	20.34%	22.60%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex US	0.81%	2.71%	24.41%	27.59%
MSCI EAFE	1.05%	2.58%	23.06%	27.27%
MSCI Emerging Markets	0.20%	3.71%	32.53%	32.82%
Fixed Income*	MTD	QTD	YTD	1 YR
Barclays Aggregate	-0.13%	-0.07%	3.07%	3.21%
Barclays Global Agg	1.11%	0.73%	7.02%	6.53%
Barclays US High Yield	-0.26%	0.17%	7.18%	9.16%
Alternatives	MTD	QTD	YTD	1 YR
FTSE NAREIT Equity	2.71%	1.72%	5.45%	10.40%
Bloomberg Commodity	-0.56%	1.47%	-2.07%	-0.35%

Economic Indicators		
Domestic	Current	Previous
Unemployment Rate (%)	4.1%	4.2%
Initial Jobless Claims (4 week avg)	242.3 K	240 K
CB Leading Economic Indicators	1.2	0.1
Capacity Utilization	77.0%	76.4%
GDP (annual growth rate)	3.3%	3.1%
Univ Michigan Consumer Confidence	98.5	100.7
New Home Starts	685 K	645 K
Existing Home Sales	5.5 MM	5.4 MM
Retail Sales (YoY)	4.3%	4.7%
U.S. Durable Goods (MoM)	-0.8%	2.4%
Consumer Price Index (YoY)	2.0%	2.2%
Producer Price Index (MoM)	0.2%	0.8%
Developed International**	9/30/2017	6/30/2017
Market GDP (ann'l rate)	2.1%	2.1%
Market Unemployment	5.2%	5.3%



Source: Bloomberg. Data as of November 30, 2017 unless otherwise noted.
 *Effective 8/25/2016, all Barclays fixed income indices were transitioned to Bloomberg and renamed Bloomberg Barclays indices.
 **Developed market data is calculated with respect to the weightings in the MSCI World ex-US index. Most current data is as of September 30, 2017 due to release dates of numerous countries.
 ***P/E ratios are calculated based on 1-year-forward estimates and adjusted to include only positive earning results for consistency.

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