Global Market Investment Returns

November 30, 2018

		Nov. 2018	YTD	1-Year	3-Years	5-Years	10-Years
U.S. Large Cap Equities	S&P 500	2.04%	5.11%	6.27%	12.16%	11.12%	14.32%
U.S Mid Cap Equities	Russell Midcap	2.46%	0.95%	1.89%	9.84%	9.14%	15.71%
U.S. Small Cap Equities	Russell 2000	1.59%	0.98%	0.57%	10.08%	7.50%	14.04%
Master Limited Partnerships (MLP)	Alerian MLP	-0.83%	-3.38%	1.21%	1.00%	-5.16%	10.25%
Global Equities	MSCI All Country World Index	1.46%	-2.55%	-0.98%	8.57%	6.16%	10.65%
International Developed Equities	MSCI EAFE	-0.13%	-9.39%	-7.94%	4.12%	1.84%	7.47%
Emerging Market Equities	MSCI Emerging Markets	4.12%	-12.24%	-9.09%	9.41%	1.90%	9.13%
U.S. Taxable Fixed Income	Barclay's U.S. Aggregate	0.60%	-1.79%	-1.34%	1.33%	2.03%	3.67%
U.S. Tax-Exempt Fixed Income	Barclay’s Municipal Aggregate	1.11%	0.08%	1.13%	2.13%	3.52%	4.88%
High Yield Fixed Income	Barclay’s U.S. Corporate High Yield	-0.86%	0.06%	0.36%	7.09%	4.39%	12.19%
Floating Rate Fixed Income	S&P/LSTA Leveraged Loan	-0.90%	3.06%	3.47%	5.36%	3.68%	8.52%
International Fixed Income	Barclay's Global Aggregate Ex-U.S.	0.11%	-4.27%	-4.01%	2.82%	-0.57%	2.29%

- November results were generally positive, but geopolitical concerns weighed heavily on investor sentiment; appetite for risk was low.
- U.S. markets ended the month up 2.0%, recouping about 30% of the loss from October, as U.S. data showed a solid growth trend.
- Despite generally favorable indicators, areas of softness were evident during the month. Demand for homebuilding was meaningfully lower amid higher U.S. interest rates, and oil prices dropped $14/barrel to approximately $50. Core inflation declined to 2.1% year-on-year, signaling no meaningful acceleration in the underlying pace of inflation; there remains an 80% probability of a December rate hike.
- Foreign equity returns diverged in November as international developed fell 0.1% and emerging markets gained 4.0%. The divergence was attributable to signs of weakness in Europe, including contraction in Germany and Italy, and unresolved Brexit negotiations.
- U.S. bond market results were mixed, with investment grade gaining 0.6% and high yield bonds falling 0.9%. High yield bonds declined despite a higher correlation to U.S. equities, as investors exited the asset class due to concerns over higher levels of corporate leverage.
- Floating rate loans declined, but for only the third time in thirteen months. The pull-back is not surprising considering the excellent return year-to-date, and the appeal of loans (yield pickup and floating rates) remains in place.
- Non-U.S. bonds gained 0.1% in November, but remain sharply negative for the year. Local currency returns have been significantly higher due to the strong U.S. dollar.

Source: eVestment Analytics

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Economic Update

The outlook for the Canadian economy is slightly negative relative to one year ago. This is attributable to a combination of domestic issues and stability concerns. Specifically, Canada appears less competitive as manufacturing has sharply declined in Ontario and oil prices have fallen in Western Canada. The newly negotiated United States-Mexico-Canada agreement improved Canadian economic sentiment for a time, but any exuberance has been replaced by concerns about the glut in oil prices, which is estimated to cost the Canadian economy up to $50 million per day in lost revenue and taxes. The unresolved U.S./Canadian trade negotiations continue to hurt exports, which has added further pressure to the economy. Updated GDP data released last week shows growth slowed to 2% in the third quarter as business investment spending moved lower and household spending stalled.

Interest Rate Update

Canada raised its benchmark interest rate by 0.25% to 1.75% in October, the third incremental rate increase in 2018 and the highest rate since 2008.

Date Range	CAD to USD	+/-
November	0.761 - 0.752	-1.2%
YTD 2018	0.795 - 0.752	-5.4%
12-Months	0.776 - 0.752	-3.1%
USD to CAD	**30-Days**	**90-Days**
High	1.33065	0.33065
Low	1.28793	1.28122
Average	1.31954	1.30843
Volatility	0.45%	0.32%