

Open-End Net Fund Flows (\$)	10/16	9/16	YTD (Oct)
Equity	-38.12B	-22.37B	-196.45B
Taxable Bond	8.78B	13.77B	82.05B
Municipal Bond	1.37B	3.86B	51.47B
Hybrid	-5.08B	-4.23B	-25.98B
Taxable Money Market	-12.82B	-29.18B	28.01B

Key Interest Rates	11/30/16	12/31/15	11/30/15
Federal Funds Rate (Upper)	0.50%	0.50%	0.25%
LIBOR (3-Month)	0.93%	0.61%	0.42%
2-Year T-Note	1.12%	1.05%	0.93%
10-Year T-Note	2.38%	2.27%	2.21%
Bond Buyer 40	4.39%	4.21%	4.28%

Commodities/U.S. Dollar	11/16	YTD (Nov)	12 Mo.
U.S. Dollar Index (DXY)	3.10%	2.91%	1.33%
TR/CC CRB Commodity Index	1.63%	7.48%	3.71%
Crude Oil (Barrel)	5.51%	33.48%	18.70%
Natural Gas (per million BTUs)	10.56%	43.16%	49.55%
Gold Bullion (Ounce)	-8.04%	10.43%	9.85%

Total Return Performance

U.S. Stock Indices	11/16	YTD	12 Mo.
S&P 500	3.70%	9.79%	8.05%
DJIA	5.88%	12.62%	10.91%
NASDAQ 100	0.43%	6.06%	4.49%
S&P 400	8.00%	18.15%	13.22%
Russell 2000	11.14%	17.97%	12.05%
Russell 3000	4.47%	10.57%	8.30%

U.S. Styles/Market Caps	11/16	YTD	12 Mo.
S&P 500 Growth	1.22%	5.39%	3.78%
S&P 500 Value	6.30%	14.49%	12.55%
S&P MidCap 400 Growth	5.78%	12.07%	8.30%
S&P MidCap 400 Value	9.97%	24.08%	17.74%
Russell 2000 Growth	8.93%	9.79%	4.55%
Russell 2000 Value	13.26%	26.50%	19.83%

Foreign Stock Indices (USD)	11/16	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	-1.60%	-0.50%	-2.29%
MSCI Emerging Markets NET	-4.60%	10.94%	8.47%
MSCI Europe NET	-2.18%	-5.36%	-7.80%
MSCI BRIC NET	-3.63%	13.48%	11.40%
MSCI EM Latin America NET	-10.61%	29.91%	24.35%
Nikkei 225	-3.34%	3.47%	1.98%

Barclays Bond Indices	11/16	YTD	12 Mo.
U.S. Treasury: Intermediate	-1.74%	1.08%	0.89%
GNMA 30 Year	-1.55%	1.59%	1.66%
Municipal Bond (22+)	-4.95%	-0.69%	0.39%
U.S. Aggregate	-2.37%	2.50%	2.17%
Intermediate Corporate	-1.80%	3.79%	3.19%
U.S. Corporate High Yield	-0.47%	15.01%	12.11%
Global Aggregate	-3.97%	2.56%	3.10%
EM Hard Currency Aggregate	-3.33%	7.89%	6.70%

Sources: Bloomberg, Barclays, Investment Company Institute

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Climate

The U.S. economy may be poised to strengthen following the election. President-Elect Donald Trump's economic agenda looks to be pro-growth, in our opinion. We'll need to keep an eye on consumer confidence levels after the Conference Board's Consumer Confidence Index rose from a reading of 100.80 in October to 107.10 in November, its highest level since it stood at 111.94 on 7/31/07, according to Bloomberg. November's nonfarm payroll number was 178,000, not far off the 188,000 average through the first 11 months of 2016, according to data from the Bureau of Labor Statistics. The recovery in the banking industry rolls on. The Federal Deposit Insurance Corporation (FDIC) announced that U.S. commercial banks reported aggregate net income of \$45.6 billion in Q3'16, up 12.9% from the \$40.4 billion posted in Q3'15, according to its own release. The number of institutions on the FDIC's list of "problem banks" stood at 132 in Q3'16, down from 147 in Q2'16. The post-crisis high for the list was 888 in Q1'11. Trump's transition team has pledged to "dismantle," or at least make changes to, the 2010 Dodd-Frank law, which oversees the financial sector, according to *The Wall Street Journal*.

Stock Market

The S&P 500 Index closed at 2,198.81 on 11/30/16, which was 0.66% below its all-time high of 2,213.35 set on 11/25/16, according to Bloomberg. In November, the top two performing major sectors that comprise the S&P 500 Index were Financials and Industrials, up 13.94% and 8.85%, respectively, on a total return basis. The two worst performers were Utilities, down 5.40%, and Consumer Staples, down 4.29%. Y-T-D through November, the top two performing sectors were Energy and Industrials, up 24.95% and 18.26%, respectively, while the two worst performers were Health Care, down 3.40%, and Real Estate, down 3.10%. Goldman Sachs reported that if U.S. companies are allowed to repatriate some of the cash they are holding overseas at a reduced tax rate next year they will likely favor stock buybacks over other ways to spend the cash, according to *USA TODAY*. Goldman expects buybacks to rise by 30% from the amount spent in 2016, versus just 5% without a tax holiday. With the tax breaks, Goldman sees spending on research and development, stock dividends, capital investment (plants and equipment) and mergers and acquisitions rising by 7%, 6%, 6%, and 5%, respectively, in 2017. Goldman estimates that U.S. companies will leave around \$800 billion of the more than \$1 trillion held overseas even if a tax holiday is enacted. In the 119 calendar years since the launch of the Dow Jones Industrial Average (DJIA) in 1896, the index posted a yearly gain a total of 78 times, or 65.6% of the time, according to MarketWatch. Whenever the market rose in a given year, its odds of rising the following year were nearly identical at 65.4%. Y-T-D through 11/30/16, the DJIA posted a total return of 12.59%, according to Bloomberg.

Bond Market

In November, the yield on the benchmark 10-year Treasury note (T-note) rose 56 basis points to 2.38%, which was 17 basis points above its 2.21% yield on 11/30/15 and 20 basis points above its three-year average of 2.18%, according to Bloomberg. The yield on the 10-year T-note has risen by 78 basis points since 9/30/16. Bond valuations took a major hit in November. On a global basis, bond valuations plunged by \$1.7 trillion in the month, as measured by the Bloomberg Barclays Global Aggregate Total Return Index, which is comprised of global investment grade debt, according to *Barron's*. As indicated in the chart ("Barclays Bond Indices"), high yield corporate bonds, which are considered speculative-grade securities, performed much better in November than their investment grade counterparts. Of the major bond categories, municipal bonds declined the most in November. President-Elect Trump has pledged to reduce income tax rates across-the-board and has discussed reducing the number of tax brackets from seven to three. Lower tax rates in the U.S. could potentially influence demand for tax-free bonds.

Takeaway

The concept of a great rotation out of bond funds into stocks funds was introduced a few years ago, but never really materialized with the exception of 2013, when the yield on the 10-year T-note rose by 127 basis points. In 2013, open-end bond funds reported net outflows totaling \$71.2 billion, while equity funds took in a net \$159.5 billion, according to the Investment Company Institute. We intend to monitor fund flows moving forward.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	2213.35	11/25/2016	676.53	3/9/2009	2198.81	-0.66%	9.79%	2.12%
S&P 500 Growth	1235.45	8/15/2016	363.99	3/9/2009	1207.53	-2.26%	5.39%	1.69%
S&P 500 Value	980.14	11/25/2016	307.16	3/9/2009	977.95	-0.22%	14.49%	2.54%
S&P MidCap 400	1640.81	11/25/2016	404.62	3/9/2009	1627.52	-0.81%	18.15%	1.72%
S&P MidCap 400 Growth	732.41	11/25/2016	174.44	11/20/2008	723.73	-1.19%	12.07%	1.41%
S&P MidCap 400 Value	573.44	11/25/2016	144.98	3/9/2009	570.66	-0.48%	24.08%	1.99%
S&P 100	975.25	11/25/2016	322.13	3/9/2009	968.84	-0.66%	8.71%	2.26%
DJIA	19152.14	11/25/2016	6547.05	3/9/2009	19123.58	-0.15%	12.62%	2.49%
NASDAQ 100	4909.97	10/24/2016	1036.51	11/20/2008	4810.81	-2.02%	6.06%	1.25%
Russell 2000	1347.20	11/25/2016	343.26	3/9/2009	1322.34	-1.85%	17.97%	1.50%
Russell 2000 Growth	808.08	6/23/2015	190.73	3/9/2009	770.92	-4.60%	9.79%	0.96%
Russell 2000 Value	1732.61	11/25/2016	469.32	3/9/2009	1713.27	-1.12%	26.50%	2.00%
Russell 3000	1318.55	11/25/2016	389.61	3/9/2009	1308.29	-0.78%	10.57%	2.02%
MSCI World Net (ex U.S.) (USD)	5496.51	7/3/2014	2131.84	3/9/2009	4760.11	-13.40%	-0.50%	3.28%
MSCI Emerging Markets Net (USD)	473.36	10/29/2007	164.51	10/27/2008	379.00	-19.93%	10.94%	2.58%
Ibovespa/Brazil (USD)	44638.24	5/19/2008	9077.09	1/21/2016	18228.66	-59.16%	64.17%	2.93%
RTS/Russia (USD)	2487.92	5/19/2008	498.20	1/23/2009	1029.05	-58.64%	41.43%	4.16%
S&P BSE 500/India (USD)	226.04	1/7/2008	57.52	3/9/2009	163.29	-27.76%	3.04%	1.38%
Shanghai Composite/China (USD)	832.07	6/12/2015	249.66	11/4/2008	471.27	-43.36%	-11.84%	1.75%
KOSPI/South Korea (USD)	2.29	10/31/2007	0.63	11/20/2008	1.68	-26.33%	1.25%	1.60%
Hang Seng (USD)	4082.25	10/30/2007	1420.72	10/27/2008	2938.23	-28.02%	7.92%	3.60%
MSCI Euro (USD)	1985.51	10/31/2007	682.47	3/9/2009	1082.84	-45.46%	-4.02%	3.65%
S&P 500 Consumer Discretionary	658.55	11/25/2016	125.72	3/9/2009	648.55	-1.52%	5.96%	1.57%
S&P 500 Consumer Staples	571.69	7/14/2016	199.80	3/9/2009	516.81	-9.60%	2.14%	2.78%
S&P 500 Energy	737.09	6/23/2014	304.81	3/5/2009	544.67	-26.11%	24.95%	2.64%
S&P 500 Utilities	269.14	7/6/2016	113.81	3/9/2009	235.88	-12.36%	10.81%	3.71%
S&P 500 Financials	509.55	2/20/2007	81.74	3/6/2009	372.54	-26.89%	18.19%	1.72%
S&P 500 Banks	414.38	2/20/2007	49.02	3/5/2009	269.47	-34.97%	17.78%	1.93%
FTSE NAREIT All Equity REITs	725.61	8/1/2016	163.57	3/6/2009	629.44	-13.25%	4.21%	4.54%
S&P 500 Health Care	892.26	7/20/2015	252.84	3/5/2009	792.13	-11.22%	-3.40%	1.77%
S&P 500 Pharmaceuticals	647.69	8/1/2016	214.50	3/3/2009	564.42	-12.86%	-4.03%	2.67%
NYSE Arca Biotechnology	4431.87	7/17/2015	541.77	3/9/2009	3198.44	-27.83%	-15.96%	0.27%
S&P 500 Information Technology	811.68	10/24/2016	198.51	11/20/2008	795.89	-1.94%	12.10%	1.58%
Philadelphia Semiconductor	890.97	11/25/2016	171.32	11/20/2008	879.47	-1.29%	35.07%	1.54%
S&P 500 Telecom Services	183.85	7/1/2016	88.10	3/9/2009	163.39	-11.13%	14.21%	4.80%
S&P 500 Industrials	540.24	11/25/2016	132.83	3/9/2009	536.36	-0.72%	18.26%	2.20%
S&P 500 Materials	326.60	2/24/2015	108.33	3/2/2009	312.56	-4.30%	16.55%	2.13%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	79.88	-65.11%	77.12%	0.48%
TR/CC CRB Commodity	473.52	7/2/2008	155.01	2/11/2016	189.31	-60.02%	7.48%	N/A
BofA ML Perpetual Preferred	242.43	9/6/2016	51.79	3/9/2009	231.35	-4.57%	2.69%	5.50%
BofA ML U.S. High Yield Constrained	386.20	10/25/2016	130.37	12/12/2008	381.09	-1.32%	15.22%	6.83%

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