U.S. and Pacific markets surge while others diverge.

Monthly snapshot

- Global equity markets finished with mixed performance in November. A rally in the U.S. in response to former President Donald Trump's victory in the presidential election, as well as strong performance in the Pacific ex Japan region, was partially offset by downturns in Europe and emerging markets.
- Global fixed-income assets posted modest gains during the month. U.S. Treasury yields moved modestly lower over the month, with the exception of the 1-month and 1-year segments of the curve. (Prices move inversely to yields.)
- We believe it is usually best that investors pay strict attention to the market fundamentals and ignore the politics.

Global stock markets finished with mixed performance in November. A rally in the U.S. in response to former President Donald Trump's victory in the presidential election, as well as strong performance in the Pacific ex Japan region, was partially offset by downturns in Europe and emerging markets. All three major U.S. equity market indexes established record highs during the month. Additionally, the Dow Jones Industrial Average, the broad-market S&P 500 Index, and the small-cap Russell 2000 Index posted their largest monthly gains of 2024. Developed markets gained ground and significantly outperformed their emerging-market counterparts, which ended the month in negative territory. North America was the top performer among developed markets in November, lifted by upturns in the U.S. and Canada. The Pacific ex Japan region also garnered a positive return due mainly to strength in Singapore and New Zealand. Conversely, Europe was the weakest performer due to market downturns in Ireland and Portugal. The significant underperformance of the Nordic countries resulted from weakness in Finland and Denmark. Jordan + Egypt + Morocco led the emerging markets in November. In contrast to its developed-market counterpart, Emerging Europe ended the month in positive territory, bolstered by strength in Hungary and Czech Republic. The worst-performing emerging markets for the month included Latin America and the Association of Southeast Asian Nations (ASEAN), hampered mainly by market declines in Brazil and the Philippines, respectively.[1]

Global fixed-income assets, as measured by the Bloomberg Global Aggregate Bond Index, returned 0.3% in November. Mortgage-backed securities (MBS) were the strongest performers within the U.S. fixed-income market, followed by investment-grade corporate bonds, high-yield bonds, and U.S. Treasurys. Treasury yields moved modestly lower over the month, with the exception of the 1-month and 1-year segments of the curve. Yields on 2-, 3-, 5- and 10-year Treasury notes declined by corresponding margins of 0.03%, 0.02%, 0.10%, and 0.10%, ending the month at 4.13%, 4.10%, 4.05%, and 4.18%, respectively.[2] The spread between 10- and 2-year notes narrowed from +0.12% to +0.05% over the month, and the yield curve remained positively sloped (longer-term yields exceeded shorter-term yields). A positively sloped yield curve generally indicates that the economy is expected to grow in the future.

[1] All equity market performance statements are based on the MSCI ACWI Index.

[2] According to the U.S. Department of the Treasury. As of November 29, 2024.

Key measures: November 2024

Equity	
Dow Jones Industrial Average	7.74% ↑
S&P 500 Index	5.87% ↑
NASDAQ Composite Index	6.29% ↑
MSCI ACWI Index (Net)	3.74% ↑

Bond	
Bloomberg Global Aggregate Index	0.34% ↑

Volatility	
Chicago Board Options Exchange Volatility Index **PRIOR MONTHLY: 23.16**	13.51 ↓

Oil	
WTI Cushing crude oil prices **PRIOR MONTHLY: $69.26**	$68.00 ↓

Currencies	
Sterling vs. U.S. dollar	$1.27 ↓
Euro vs. U.S. dollar	$1.06 ↓
U.S. dollar vs. yen	¥150.19 ↓

Sources: Bloomberg, FactSet, Lipper

Global commodity prices, as represented by the Bloomberg Commodity Total Return Index, gained 0.4% in November. The West Texas Intermediate (WTI) and Brent crude oil prices declined 1.8% and 1.3%, respectively, over the month amid easing worries about the risk of supply constraints caused by the Israel-Hezbollah conflict. The gold spot price was down 2.5%, pressured by Donald Trump's election victory, which sparked a rally in the U.S. dollar. (The gold price typically moves inversely to the greenback.) The 24.2% surge in the New York Mercantile Exchange (NYMEX) natural gas price in November was attributable to forecasts of below-average temperatures in much of the U.S. in December, which could lead to increased demand. Wheat prices were down 3.9%, hampered by falling prices for exports from Argentina and the Black Sea region, as well as U.S. dollar strength. (The wheat price typically moves inversely to the U.S, dollar.)

Donald Trump, a Republican, defeated his Democratic Party opponent, Vice President Kamala Harris, winning majorities in both the Electoral College and the popular vote. Trump is the first U.S. president since Grover Cleveland—who served from 1885 to 1889, and 1893 to 1897—to be elected to two non-consecutive terms. The president-elect ran on a populist platform focused on illegal immigration, crime, tariffs, and tax cuts. The election results initially sparked a week-long rally in the U.S. equity market as investors expressed optimism that the new administration's proposed tax cuts and loosening of regulations will boost economic growth. The upward momentum subsequently slowed in response to stickier-than-expected inflation data and less dovish comments from Federal Reserve (Fed) Chair Jerome Powell.

In prepared remarks delivered in Dallas, Texas, in mid-November, Powell stated that, given signs of continued economic strength, the central bank does not see an urgent need to accelerate the pace of interest-rate cuts. "The recent performance of our economy has been remarkably good, by far the best of any major economy in the world," he said. "The economy is not sending any signals that we need to be in a hurry to lower rates. The strength we are currently seeing in the economy gives us the ability to approach our decisions carefully."

On the geopolitical front, Ukraine launched U.S.-made long-range missiles into Russia for the first time on November 19. This action prompted Russian President Vladimir Putin to approve amendments to the nation's nuclear doctrine, expanding the conditions under which Russia may use nuclear weapons. In the Middle East, Israel and Hezbollah, an Iran-backed Shia militia based in Lebanon, reached agreement on a ceasefire in late November. Under the terms of the 60-day truce, Israel will gradually withdraw its troops from Lebanon, and Hezbollah's forces will move away from Lebanon's border with Israel.

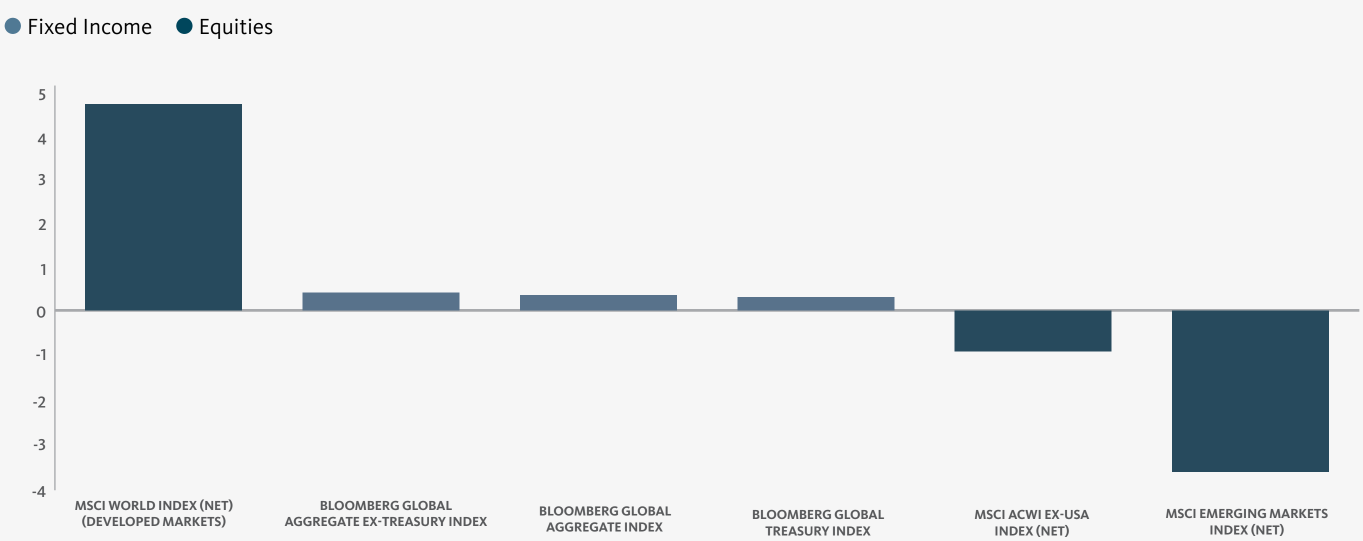
Economic data

U.S.

The Department of Labor reported that the consumer-price index (CPI) rose 0.2% in October, matching the upturns in the previous three months. The 2.6% year-over-year advance in the index was up from the 2.4% annual rise in September, in line with expectations. Housing costs rose 0.4% and 4.9% in October and year-over-year, respectively. Costs for transportation services increased 0.4% for the month and 8.2% versus the same period in 2023. Conversely, prices for fuel oil plummeted 4.6% in October and 20.8% year-over-year, while gasoline prices fell 0.9% and 12.2% for the respective periods. The 3.3% rolling 12-month rise in core inflation in October, as measured by the CPI for all items less food and energy, was marginally higher than the 3.2% annual rise in September.

According to the second estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annualized rate of 2.8% in the third quarter of 2024—unchanged from the 2.8% initial estimate and slightly lower than the 3.0% increase in the second quarter of the year. The largest contributors to GDP growth for the third quarter included consumer spending, exports (which are added to the calculation of GDP), and federal government spending. Imports (which are subtracted from the calculation of GDP) increased over the quarter. The government attributed the modest quarter-over-quarter decline in the GDP growth rate to downturns in private inventory investment (a measure of the changes in values of inventories from one time period to the next) and residential fixed investment (purchases of private residential structures and residential equipment that property owners use for rentals).

Major Index Performance in November 2024 (Percent Return)



Sources: FactSet, Lipper

U.K.

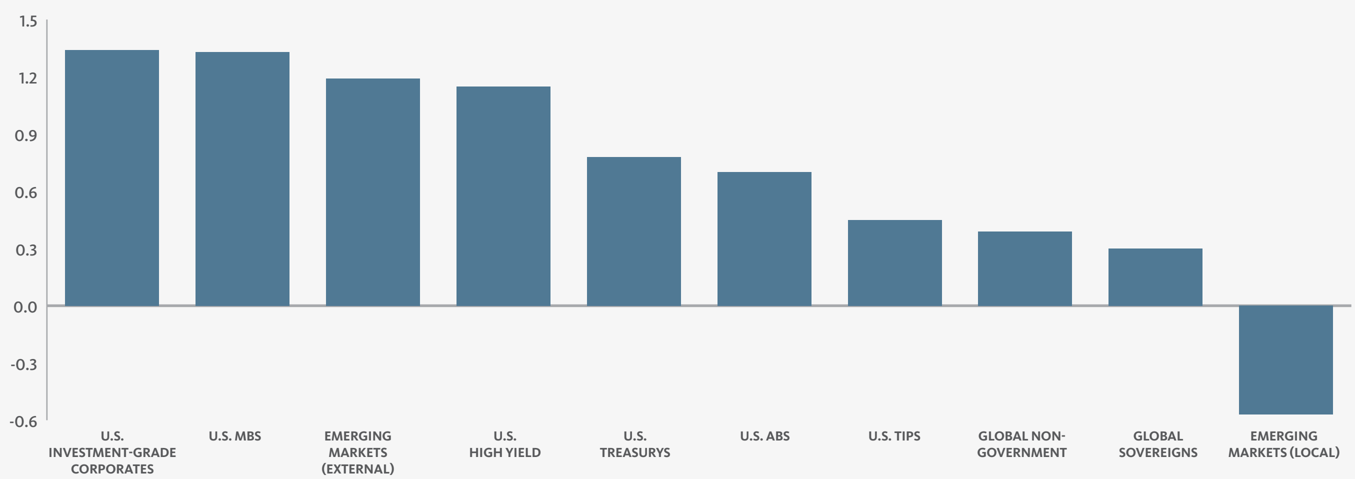
The Office for National Statistics (ONS) reported that inflation in the U.K., as measured by the CPI, rose 0.6% in October, up sharply from a flat reading in September. The CPI advanced at an annual rate of 2.3% in October, notably higher than the 1.7% upturn for the previous month. Costs for health care, alcohol and tobacco, and education posted corresponding increases of 5.6%, 5.3%, and 5.0%, year-over-year, while prices for transportation and furniture and household goods declined 1.9% and 0.3%, respectively, over the previous 12-month period. Core inflation, which excludes volatile food, energy, and alcohol and tobacco prices, rose by an annual rate of 3.3% in September, up marginally from the 3.2% year-over-year increase in September.[3]

The ONS also announced that U.K. GDP dipped 0.1% in September and edged up 0.1% over previous three months (the most recent reporting periods). The marginal decline in GDP for September was down from the 0.2% growth rate in August. Output in the services sector was flat in September, while production and construction output ticked up 0.1%. Production output was down 0.5% for the month.[4]

[3] According to the ONS. November 20, 2024.

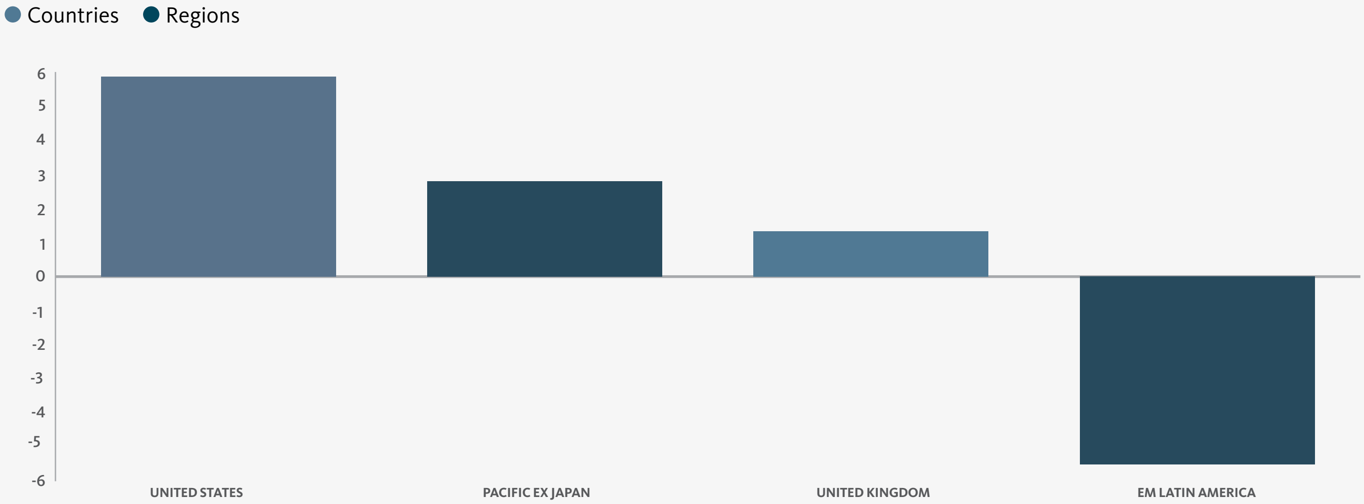
[4] According to the ONS. November 15, 2024.

Fixed-Income Performance in November 2024 (Percent Return)



Sources: FactSet, Lipper. See “Corresponding Indexes for Fixed-Income Performance Exhibit” in the Index descriptions section for more information.

Regional Equity Performance in November 2024 (Percent Return)



Sources: FactSet, Lipper. See “Corresponding Indexes for Regional Equity Performance Exhibit” in the Index descriptions section for more information.

Eurozone

Eurostat pegged the inflation rate for the eurozone at 2.3% for the 12-month period ending in November, an increase from the 2.0% annual upturn in October. Costs in the services sector rose at an annual rate of 3.9%, down marginally from the 4.0% gain in October. Prices for food, alcohol and tobacco increased 2.8% year-over-year in November, slightly lower than the 2.9% annual rate for the previous month. Energy prices fell 1.9% over the previous 12-month period in November following a 4.6% year-over-year downturn in October. Core inflation, which excludes volatile energy and food prices, increased at an annual rate of 2.8% in November, down from the 2.9% year-over-year upturn for the previous month.[5]

Eurostat also reported that eurozone GDP rose 0.4% in the third quarter of 2024, modestly higher than the 0.2% increase in the second quarter. The eurozone economy expanded by 0.9% year-over-year—an improvement from the 0.6% annual growth rate for the previous quarter. The economies of Lithuania and Cyprus were the strongest performers for the third quarter, expanding 1.1% and 1.0%, respectively. In contrast, GDP in Hungary and Latvia declined by corresponding margins of 0.7% and 0.4% during the quarter.[6]

[5] According to Eurostat. November 19, 2024.

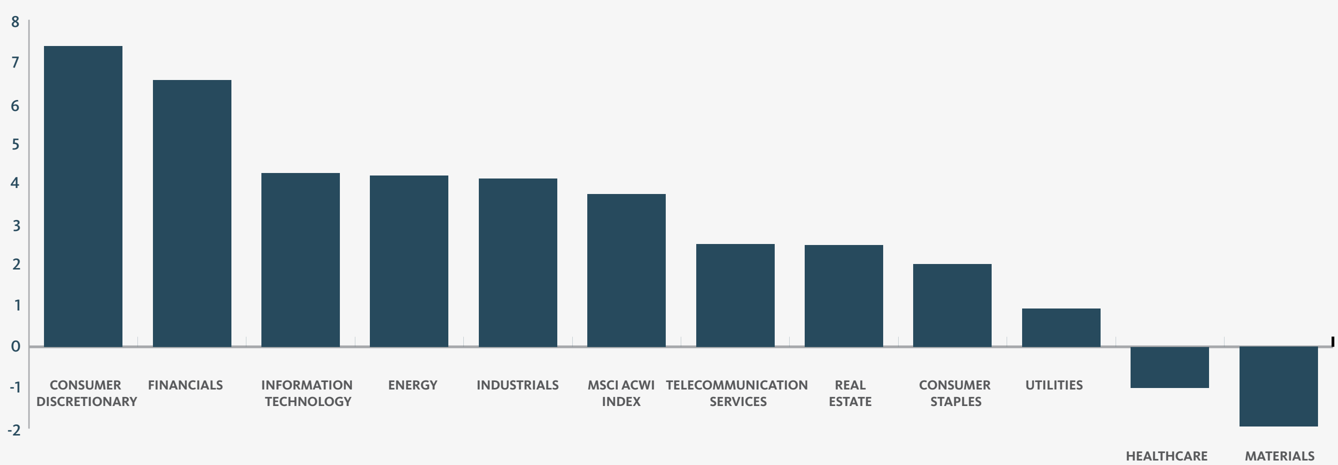
[6] According to Eurostat. November 14, 2024.

SEI's view

We were not surprised that the yield on the 10-year Treasury note has risen significantly since Fed's 50-basis-point interest-rate cut in September. It appears that investors have priced in the probability of a monetary policy mistake and resurgence of inflationary pressures. We think that a pause in monetary stimulus is also in order for next year, given the uncertainties surrounding the new Trump administration's trade, tax, and immigration policies and their potential effects on the inflationary environment.

We expect that Trump's legislative agenda will be tempered before being put into effect. We also believe it is usually best that investors pay strict attention to the market fundamentals and ignore the politics. Accordingly, we are not making changes to our portfolios based on the election's outcome.

Global Equity Sector Performance in November 2024 (Percent Return)



Sources: FactSet, Lipper. MSCI ACWI Index Components (as defined by SEI).

Broader participation in global equities is our key viewpoint, as performance should expand beyond a handful of names in a few sectors from one country. The rest of the world outperforming the U.S., emerging markets outperforming developed, small caps outperforming large, value stocks outperforming growth, and active management outperforming passive are all versions of the reflation theme we see potentially playing out for the remainder of 2024. Therefore, while we remain, as always, strategically diversified among profitable companies with strong earnings momentum at reasonable prices, we are particularly confident in global value and active management in the U.S. large-cap space. Value looks particularly attractive as the magnitude of the dispersion between cheap and expensive names has reached historically wide levels. Likewise, we favor active management in U.S. large caps given the unusually high amount of idiosyncratic risk in passive strategies from increased concentration in high-multiple, mega-tech names.

As always, we will pay close attention to policy-driven fundamental changes and the financial-market imbalances they create, in terms of the risks and opportunities they present. At present, rising government debt and inflation are among the range of topics we are tracking. Clearly, deporting undocumented immigrant workers, who comprise almost 5% of the U.S. labor force, will result in higher labor costs. Furthermore, allowing a president to shape monetary policy could have dramatic impacts on borrowing costs and the economy. We will continue to position portfolios based on economic and legislative developments.

We believe it is usually best that investors pay strict attention to the market fundamentals and ignore the politics.

Glossary of Financial Terms

The **federal-funds rate** is the interest rate charged to lending institutions on unsecured overnight loans. It is set by the U.S. Federal Reserve's Federal Open Market Committee. The rate is increased when the Federal Reserve wants to discourage borrowing and slow the economy and decreased when the Federal Reserve wants to spur economic growth.

Yield is the income returned on an investment, such as the interest received from holding a security. The yield is usually expressed as an annual percentage rate based on the investment's cost, current market value, or face value.

Yield curve represents differences in yields across a range of maturities of bonds of the same issuer or credit rating (are (which is used to assess the risk of default of companies or countries). A steeper yield curve represents a greater difference between the yields. A flatter curve indicates that short- and long-term yields are closer together.

An **inverted yield curve** occurs when short-term yields exceed long-term yields. While an inverted yield curve historically has predicted economic recessions, it is an indicator—not a forecast.

Monetary policy refers to decisions by central banks to influence the amount of money and credit in the economy by managing the level of benchmark interest rates and the purchase or sale of securities. Central banks typically make policy decisions based on their mandates to target specific levels or ranges for inflation and employment.

Index definitions

All indexes are quoted in gross performance unless otherwise indicated.

The **MSCI ACWI Index** is a market capitalization-weighted index that tracks the performance of over 2,000 companies, and is representative of the market structure of 48 developed and emerging-market countries in North and South America, Europe, Africa, and the Pacific Rim. The index is calculated with net dividends reinvested in U.S. dollars.

The **Dow Jones Industrial Average** is a price-weighted average of 30 large, publicly traded stocks listed on the New York Stock Exchange and Nasdaq.

The **S&P 500 Inde**x is a market-weighted index that tracks the performance of the 500 largest publicly traded U.S. companies and is considered representative of the broad U.S. stock market.

The **Russell 2000 Index** tracks the performance of the small-cap segment of the U S. equity market. The index is a subset of the Russell 3000 Index, which comprises the 3,000 largest U.S. companies, and includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg Global Aggregate Bond Index** is a market capitalization-weighted index that tracks the performance of investment-grade (rated BBB- or higher by S&P Global Ratings/Fitch Ratings or Baa3 or higher by Moody's Investors Service) fixed-income securities denominated in 13 currencies. The index reflects reinvestment of all distributions and changes in market prices.

The **S&P US Mortgage Backed Securities Index** tracks the performance of U.S. dollar-denominated, fixed-rate and adjustable-rate/hybrid mortgage pass-through securities issued by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).

The **ICE BofA U.S. Corporate Index** includes publicly issued, fixed-rate, nonconvertible investment-grade (rated BBB- or higher by S&P Global Ratings and Fitch Ratings or Baa3 or higher by Moody's Investors Service) dollar-denominated, U.S. Securities and Exchange (SEC)-registered corporate debt having at least one year to maturity.

The **ICE BofA U.S. High Yield Constrained Index** is a market value-weighted index of all domestic and Yankee high-yield bonds, including deferred interest bonds and payment-in-kind securities, with maturities of one year or more and a credit rating of BB+ or lower by S&P Global Ratings and Fitch Ratings or Ba1 or lower by Moody's Investors Service, but are not in default.

The **ICE BofA U.S. Treasury Index** tracks the performance of the direct sovereign debt of the U. S. government.

The **Bloomberg Commodity Total Return Index** comprises futures contracts and tracks the performance of a fully collateralized investment in the index. This combines the returns of the index with the returns on cash collateral invested in 13-week (three-month) U.S. Treasury bills.

Consumer-price indexes measure changes in the price level of a weighted-average market basket of consumer goods and services purchased by households. A consumer price index is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

Corresponding Indexes for Fixed-Income Performance Exhibit	
U.S. High Yield	ICE BofA U.S. High Yield Constrained Index
Global Sovereigns	Bloomberg Global Treasury Index
Global Non-Government	Bloomberg Global Aggregate ex-Treasury Index
Emerging Markets (Local)	JPMorgan GBI-EM Global Diversified Index
Emerging Markets (External)	JPMorgan EMBI Global Diversified Index
U.S. Mortgage-Backed Securities (MBS)	Bloomberg US Mortgage Backed Securities Index
U.S. Asset-Backed Securities (ABS)	Bloomberg US Asset Backed Securities Index
U.S. Treasurys	Bloomberg US Treasury Index
U.S. Treasury Inflation-Protected Securities (TIPS)	Bloomberg 1-10 Year US TIPS Index
U.S. Investment-Grade Corporates	Bloomberg US Corporate Bond Index

Corresponding Indexes for Regional Equity Performance Exhibit	
United States	S&P 500 Index
United Kingdom	FTSE All-Share Index
Pacific ex Japan	MSCI Pacific ex Japan Index (Net)
Japan	TOPIX, also known as the Tokyo Stock Price Index
Europe ex U.K.	MSCI Europe ex UK Index (Net)
EM Latin America	MSCI Emerging Markets Latin America Index (Net)

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