



The Month in Review

November Takeaways

- Stocks returned to their *winning ways in November*, with most indexes recording new all-time highs. As noted last month, this is the start of the seasonally favorable time for equities; and so November's action was a welcome return to historical patterns. Last month's action was a *continuation pattern* following what turned out to be a surprising performance in equities during a traditionally harsh month for investors.
- One pleasant surprise was the *recent strength* in the *lagging Russell 2000* which finally put in a new high and is enjoying renewed interest from investors. There was also an increase in investor interest in value stocks (more defensive) and in particular, small-cap-value. Do you want to guess where we are over-weighted?
- The way we manage money normally has us *early to the party*. This can make us look wrong out of the gate, but over *17 years* of testing and investing in our primary investment platform has proved *that it pays to be patient*. Currently, we see no signal changes on the horizon and we will stay the current course.
- The economic picture remains positive, but uncertainty remains. I am choosing to use uncertainty to describe the various challenges we face moving forward since I am willing to bet that everyone is tired of hearing *Trade War! Brexit! Recession!* I know I am getting weary writing about it.
- There are a couple of items to keep an eye on in December. *A successful defense* of his office by Boris Johnson in the UK election would move the goal post on Brexit to the end of January. *Progress* on the North American trade front (USMCA) and a move on the China trade front from Phase 0 to Phase 1 would also be *a plus for equity investors*. Remember that investors accept that uncertainty exists; they just do not like it!
- I have been encountering the word "*deceleration*" in my reading of the markets. You have to be careful with words. Technically, both describe the same thing. They are a function of velocity, which remains up. There are cracks in the *Wall of Worry* investors continue to climb. We have had an outstanding year thus far. Recession fears have retreated and some recent research I have read suggests we may see a *rare soft-landing* (read shallow recession). I will save my thoughts on this for year-end!

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