

**Monthly Market Commentary**

We hope that you had a great Thanksgiving with your family! With Thanksgiving in the rear-view mirror, we can now focus on the Christmas season. Who is ready to spread some holiday cheer? This is a joyous time of year filled with Christmas parades, Christmas music on the radio, shopping for that special someone, and time spent with family and friends! We wish you a Merry Christmas and a happy holiday season! Cheers!

Markets rebounded strongly in November after a short spell of weakness seen in previous months as we progress into the final month of the year. Both equities and fixed income performed well in the last rebound, which seems to be a function of market participants now anticipating the end of the FED's aggressive rate hike cycle as the FED paused its rate hikes in its previous policy meetings. This is typical of late cycle environments where concurrent indicators start to follow leading indicators and as the reported economic data deteriorates markets start to be more optimistic on easier monetary policy in the future to curtail the slowdown in the economy. Finally, late cycle indicators like employment have started to show weakness in reported data while previously reported numbers have consistently been revised lower for seven consecutive months. Despite this weakness, unemployment has yet to come to levels that the FED may be comfortable to declare that the economy is cooling off enough and is consistent with inflation returning to its intended target rate. We believe we are at that inflection point in the economic cycle where employment cools off at a faster pace going forward; however, this dynamic still needs to play out over the short term. Considering the current economic backdrop, the aggressive rate cuts being priced into the market currently may be premature and lead to disappointment once again as inflation remains elevated. Although, inflation is progressing in the right direction and a premature shift to cut rates can once again cause a policy mistake that derails the path achieved so far.

As we have indicated earlier, we are approaching the later part of the economic cycle and the path in the near term may continue to remain uncertain with respect to the depth and magnitude of the slowdown. However, the mid-to-longer term outlook looks positive as we look farther out with the economy finding a trough and a rebound in earnings with positive revisions breadth sometime midway through next year.

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