

# MONTHLY REVIEW—NOVEMBER 2011

## MARKET INDEXES

Index	1 Month	3 Months	Year to Date	Trailing 1 Year
<u>Domestic Equity (Large Cap)</u>				
Russell 1000 (Core)	(0.26)	2.64	0.66	7.38
Russell 1000 Growth	(0.01)	2.79	2.97	8.64
Russell 1000 Value	(0.52)	2.49	(1.59)	6.17
<u>Domestic Equity (Small/Mid Cap)</u>				
Russell 2500 (Core)	(0.35)	1.92	(2.73)	4.65
Russell 2500 Growth	(0.48)	2.39	(0.37)	7.06
Russell 2500 Value	(0.23)	1.47	(4.85)	2.48
<u>International Equity</u>				
MSCI World ex US (Core)	(4.62)	(5.86)	(11.24)	(4.09)
MSCI World ex US Growth	(4.12)	(6.38)	(11.18)	(4.12)
MSCI World ex US Value	(5.12)	(5.32)	(11.29)	(4.05)
MSCI Emerging Markets	(6.66)	(9.71)	(17.43)	(11.54)
<u>Domestic REITs</u>				
NAREIT All Equity	(3.76)	(2.08)	3.33	8.14
<u>Commodities</u>				
Dow Jones-UBS Commodity	(2.22)	(11.11)	(9.94)	(0.32)
<u>Domestic Fixed Income</u>				
Barclays U.S. Aggregate	(0.09)	0.75	6.67	5.52

## ECONOMIC INDICATORS

	Most Recent	Year-to-Date	Trailing 1 Year
U.S. Dollar (November)	0.5%	-0.3%	0.4%
Housing Prices (September)	-0.4%	-0.2%	-3.3%
Consumer Sentiment (level)	64.1	74.5	71.6
Retail Sales (October)	0.5%	5.7%	7.2%
Job Gains/Losses (November)	120,000	1,448,000	1,600,000
Inflation (October)	-0.2%	3.3%	3.5%

The month of November experienced large stock market gyrations in response to the unsettling news from Europe and the continued slow economic recovery in the US. Despite a last day of the month surge in global equity prices, monthly returns were negative across all equity indexes.

As the month of November began, global stock markets tumbled worldwide as the latest developments in Europe's debt crisis seemed to turn for the worse and dashed any hope of taming the extreme volatility seen over the last few months. The fears of a Eurozone blow-up was led by the unexpected announcement by the Greek Prime Minister to hold a voter referendum on the terms of the country's bailout by the rest of Europe. This announcement signaled to the other Eurozone countries the possibility of an end to Greece's membership

in the Eurozone, and a disastrous default on the country's large debt obligations. Later in the month, as the Eurozone region's defenses seemed to be faltering, concerns on Italy's and Spain's debt condition started to build, as evidenced by their historically high 10-year bond yields.

It was widely viewed by the region's largest economies, Germany and France, and the ECB that any failure to restore order may leave Italy joining Greece, Portugal and Ireland in seeking outside help. With limited funding, the European Financial Stability Facility (EFSF) would not likely be an option as the rescue fund would need to more than double in size to insulate Italy and Spain. To help restore confidence, Italy's Prime Minister Berlusconi resigned, which led to negotiations to form a new Italian government headed by economist, Mario Monti. Although initially received positively by the global markets, it is uncertain as to whether the selection of a new prime minister in Italy will bring long-term stability to the region. The Italian government has huge challenges ahead to implement spending cuts and reforms in order to balance their budget by 2014.

In the US, economic data for November continued to reveal an economy experiencing sluggish growth at best as fundamentals remain weak. Although the ISM Manufacturing index came in stronger than expected, housing prices and consumer confidence continue to be under pressure. Additionally, the US congressional "supercommittee" failed to reach a deficit reduction agreement, triggering the prospect of cutting \$1.2 trillion from military, education and health care over the next ten years. In reality, any spending cuts made over the next ten years are not likely to even resemble what was originally contemplated.

Recently, while central bankers around the world have acted in concert to reduce borrowing costs, the core issue remains that the prime abusers simply spend more money than they make. While the \$15.1 trillion deficit in the United States garners most of the attention, we need not forget that we are spending roughly \$1.0 to \$1.5 trillion more than we bring in every year! As the macroeconomic environment remains highly uncertain, investors should consider including strategies in their portfolios that are not necessarily dependent upon economic prosperity.