MEEDER

MEEDER EDGE AND PRIVATE WEALTH

Market Viewpoints

November 2023

Market Highlights

TOTAL RETURNS (AS OF 11/30/23)

EQUITY INDICES	1 MONTH	YTD	1 YEAR	3 YEAR	5 YEAR
S&P 500	9.1%	20.8%	13.8%	9.8%	12.5%
US Large Cap Growth	10.9%	36.6%	26.2%	8.9%	16.4%
US Large Cap Value	7.5%	5.6%	1.4%	8.3%	7.5%
US Small Cap	9.1%	4.2%	-2.6%	1.1%	4.8%
Developed International	9.3%	12.3%	12.4%	3.8%	6.0%
Emerging Markets	8.0%	5.7%	4.2%	-4.0%	2.3%
FIXED INCOME INDICES	**1 MONTH**	**YTD**	**1 YEAR**	**3 YEAR**	**5 YEAR**
US Investment Grade	4.5%	1.6%	1.2%	-4.5%	0.7%
US High Yield	4.5%	9.4%	8.6%	1.4%	4.0%

SOURCE: MORNINGSTAR DIRECT, MEEDER INVESTMENT RESEARCH. INDICES: S&P 500 INDEX, RUSSELL 1000 GROWTH, RUSSELL 1000 VALUE, RUSSELL 2000, MSCI EAFE, MSCI EM, BLOOMBERG US AGG BOND, ICE BOFA US HIGH YIELD

EQUITIES

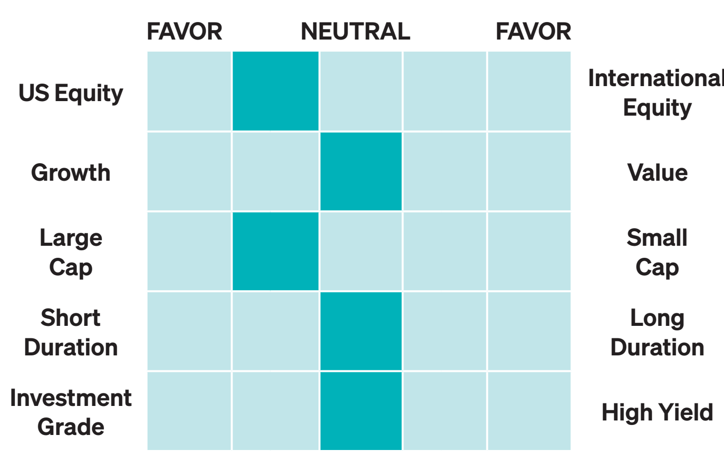
Equity markets rallied in November to snap a three-month losing streak as investors have come to the consensus that the Fed is done raising rates. This belief stems from favorable CPI and PCE (the Fed's preferred measure of inflation) readings during the month. The surge in the S&P 500 of 9.1% was the strongest monthly performance since July 2022 and the fourth best November since 1950. Growth outperformed Value once again but encouraging signs of broader participation surfaced as Small-Caps contributed to the rally. Both Developed International and Emerging Markets had strong months as well benefiting from a 3.1% drop in the U.S. Dollar.

FIXED INCOME

Bonds posted a stellar November as the benchmark 10-year Treasury note yield sharply declined from 4.9% to 4.3%. U.S. Investment Grade, as measured by the Bloomberg U.S. Aggregate Bond Index, was up 4.5%, recording its best showing since May 1985. It was also the 8th best return since the inception of the index in 1976. The decline in interest rates can be attributed to continued disinflation, less hawkish comments from the Fed, and a growing belief in Fed rate cuts in early to mid-2024. U.S. High Yield participated in the rally as spreads tightened on the prospect of a soft landing in the U.S. economy remaining on the table.

Portfolio Positioning

- With continued outsized performance of the "Magnificent 7" propelling growth stocks balanced against the desire for high quality value-oriented names in the face of lingering economic headwinds, we remain neutral on growth/value.
- Small-Caps kept pace with Large-Caps during the month on improved market breadth but still significantly trail YTD. While the rally was encouraging, a tilt towards Large-Caps is warranted as smaller companies grapple with elevated financing costs and the potential for recession in 2024.
- We remain neutral on duration after slightly extending a few months ago. Intermediate-Term bonds outperformed shorter names in November as interest rates declined but we're cautious about lengthening duration further as inflation still has upside risk.



Market Insights

U.S. DOLLAR SINKS AS INFLATION SUBSIDES

The U.S. Dollar came under pressure in November against the backdrop of falling interest rates and increasing expectations of a Fed rate cut in early to mid-2024. The catalyst of these moves was the soft CPI print mid-month which saw headline inflation drop to 3.2% with stickier core inflation (ex- food and energy) dropping to 4%, both below expectations (see **Figure 1**).

As a result, the U.S. Dollar index (a measure of the value of the U.S. Dollar against a basket of six foreign currencies) suffered its worst day in a year, down 1.4%. The dollar index ended the month down 3.1% (see **Figure 2**). While a weaker dollar clearly has downsides such as increased import prices, reduced purchasing power, and negative investor sentiment, it can have a positive impact on various asset classes. We saw this impact play out during November's rally.

Further weakness in the dollar and signs that the trend is sustainable would compel us to evaluate our international equity positioning as international markets, particularly emerging markets, benefit from a weak dollar.

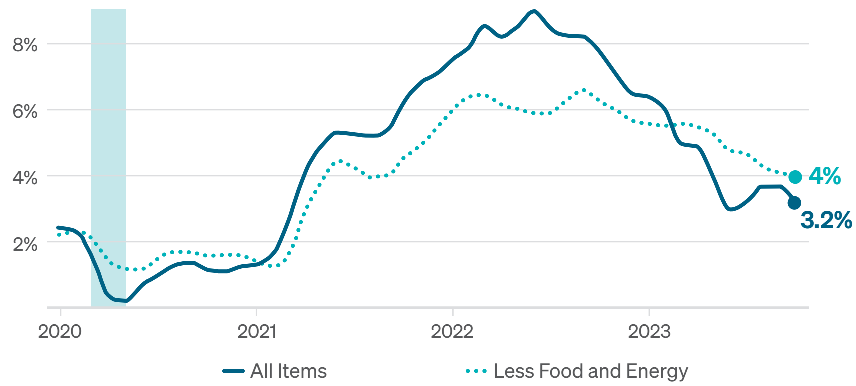
LABOR MARKET SHOWS SIGNS OF COOLING

As the Fed began its rate hiking cycle in March 2022 with the objective of reducing inflation, it became clear that a softening in the labor market would be necessary to achieve this. In a perfect scenario, policymakers wanted to see softening through less demand for workers rather than an increase in the unemployed. The latest Job Openings and Labor Turnover Survey (JOLTS) report continues to show a retreat in vacancies which is great news for the Fed.

According to the U.S. Bureau of Labor Statistics, available positions decreased to 8.7 million in October from a high of 12 million in early 2022 (see **Figure 3**). The reading was at its lowest level since early 2021. Unemployment has stayed relatively stable throughout the JOLTS decline but has started to tick up recently, which would be a concern if the trend continued.

The cooling labor market along with contained unemployment shows progress on the path to a soft landing although economic headwinds remain, making it as important as ever that investors remain diligent in their investment process.

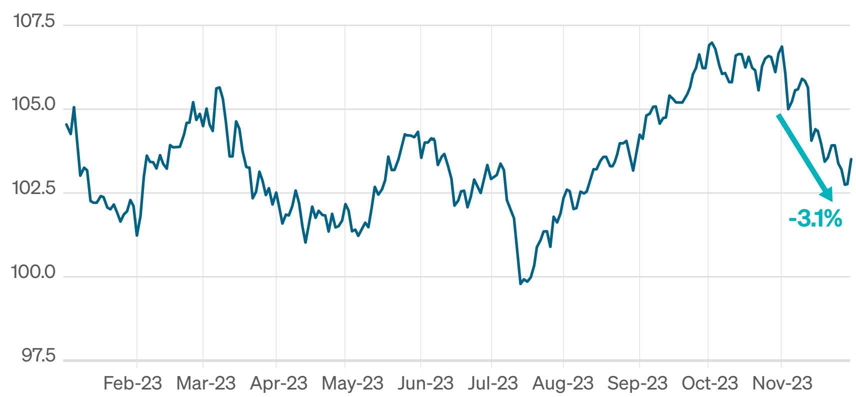
FIGURE 1
U.S. CONSUMER PRICE INDEX
Year-over-year percent change as of October 2023



Notes: Shaded area indicates recession. Data as of Nov. 14, 2023
Chart: Gabriel Cortes / CNBC

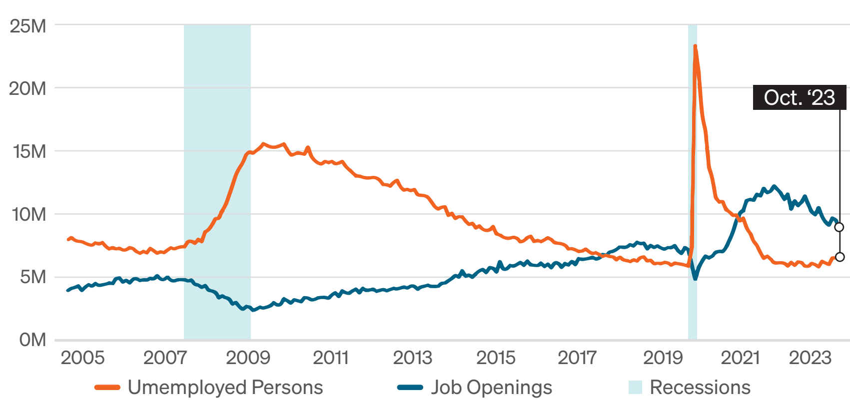
SOURCE: U.S. BUREAU OF LABOR STATISTICS

FIGURE 2
US DOLLAR INDEX HISTORICAL DATA



SOURCE: WSJ

FIGURE 3
U.S. JOB OPENINGS DROP TO LOWEST LEVEL SINCE MARCH 2021
Number of unemployed persons and job openings in the United States, seasonally adjusted



SOURCE: U.S. BUREAU OF LABOR STATISTICS

Outside the Markets

If you're seeking a light holiday read, James Joyce's *"Finnegan's Wake"* might not be your best bet. Recently, a California-based book club completed their inaugural journey through this notoriously challenging classic, which they embarked on 28 years ago.

James Joyce famously suggested that readers should dedicate their entire lives to his works, a sentiment embraced by a California book club. Over the past 28 years, these individuals meticulously unraveled the mysteries of *"Finnegan's Wake,"* a book so intricate that claiming complete comprehension remains elusive. Written in a complex blend of invented words, puns, and references to about 80 languages, the book's setting and characters remain a subject of disagreement.

Gerry Fialka, an experimental filmmaker from Venice, California, initiated the book club focused solely on *"Finnegan's Wake"* in 1995. The original group of 10 to 30 readers met for monthly meetings at a local library to analyze two pages per session, but that pace was eventually slowed to one page to allow for more thorough discussion. Despite changes in membership and the shift to virtual meetings via Zoom, Fialka and the core members have persisted, culminating in the completion of their first full reading of the book in October.

Remarkably, Fialka's group took longer to finish the tome than Joyce did to write it—17 years, which included a four-year period of writer's block. Sadly, the author's demise shortly after the book's publication left readers to decipher its enigmatic content without his guidance.

This dedicated California book club is not alone in its devotion to *"Finnegan's Wake."* Fialka identified over 52 active groups worldwide, one in Zurich, Switzerland, having persisted for around 40 years and currently on its fourth reading, the initial one having taken them "just" 11 years.

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