

MONTH IN REVIEW

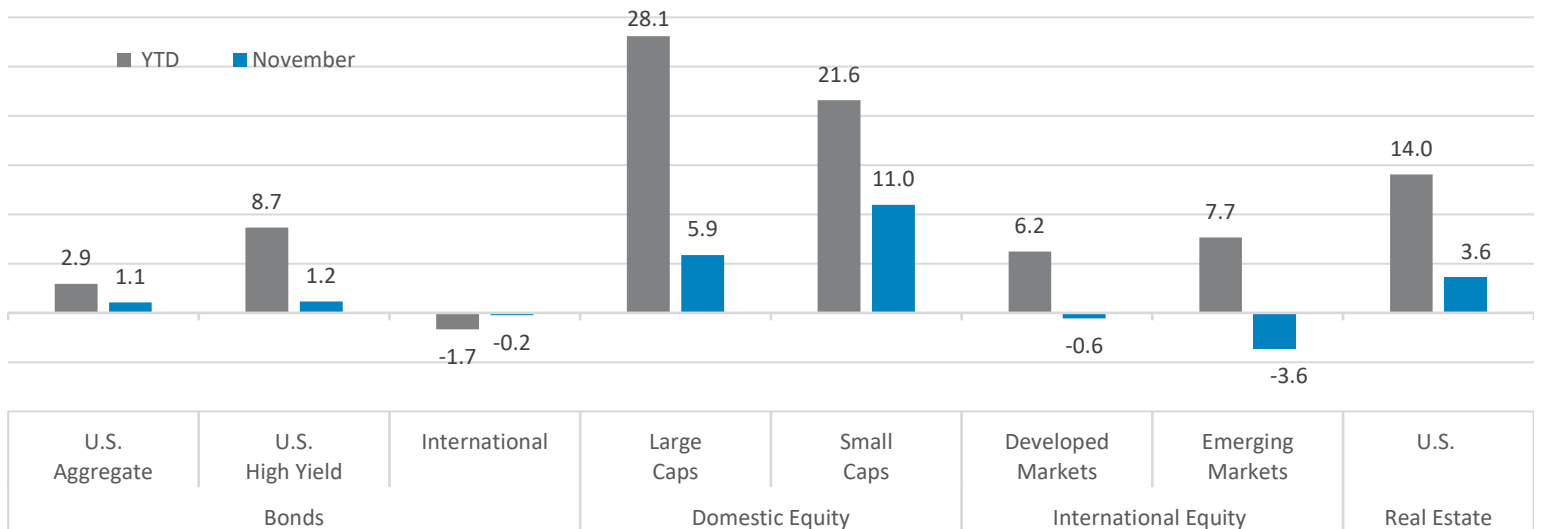


Quick Takes

- Strong Stock Markets.** Equity markets rallied in November after Donald Trump won re-election. The S&P 500 was up 5% during the month. This was also helped by strong results from companies like Amazon, Walmart, and Nvidia.
- Inflation and Interest Rates.** The 10Y treasury yield fell slightly in November from 4.4% to 4.2%. Unemployment remained steady at 4.1% and nonfarm payrolls increased by just 12K because of strikes and hurricanes. CPI inflation rose to 2.6% in October from 2.4% in September. PCE inflation came in at 2.8% in line with forecasts.
- Antitrust.** The Department of Justice requested Google to sell its Chrome browser on antitrust grounds in November as well as its android business. In the meantime, the Federal Trade Commission moved to prevent UnitedHealth's purchase of Amedisys.
- Trump Tariff Threats.** President-Elect Donald Trump has announced that he would enact tariffs on imported goods to help American industry. He announced that he would enact a 25% tariff on all imports from Canada and Mexico. He also wants to tax Chinese imports at an additional 10%.

Asset Class Performance

Small Caps had a good November, beating large caps following a Trump election victory. International stocks lagged the U.S. market during the month amid Trump's tariff threats and conflict in the Middle East. Domestic assets across the board ended the month higher including both fixed-income and equities while international assets generally fell.



Source: Bloomberg, as of October 31, 2024. Asset-class performance is presented by using total returns for an index proxy that best represents the respective broad asset class. U.S. Bonds (Barclays U.S. Aggregate Bond TR), U.S. High Yield (Barclays U.S. HY 2% Issuer-Capped TR), International Bonds (Barclays Global Aggregate ex USD TR), Large Caps (S&P 500 TR), Small Caps (Russell 2000 TR), Developed Markets (MSCI EAFE NR USD), Emerging Markets (MSCI EM NR USD), Real Estate (FTSE NAREIT All Equity REITS TR).

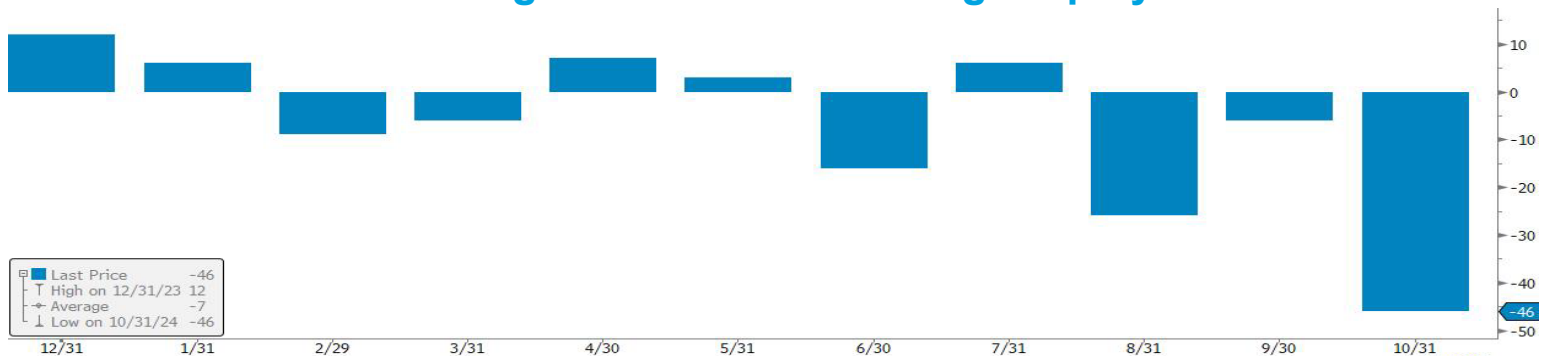


November 2024

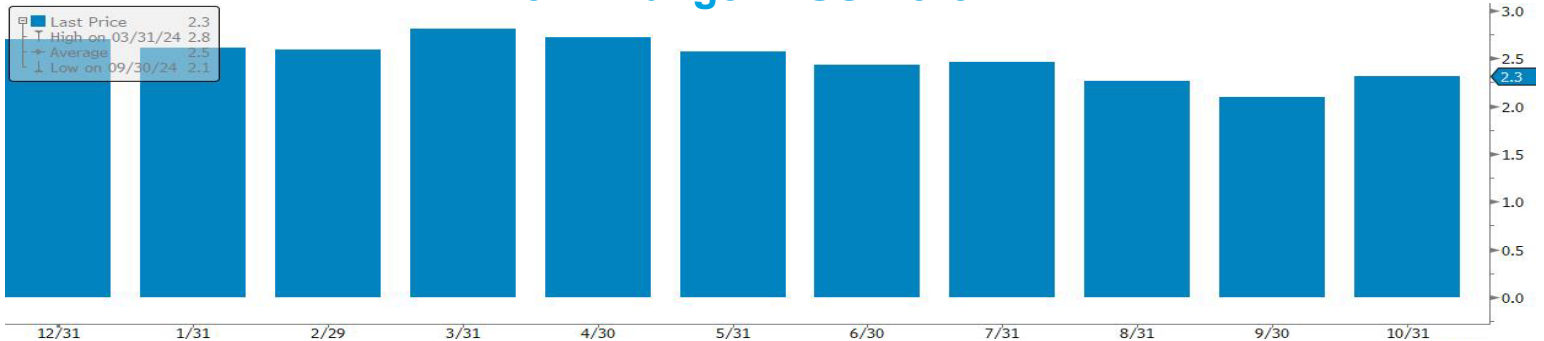
Markets & Macroeconomics

Activity Strong in November, Manufacturing Remains Weak

MoM Change in US Manufacturing Employment



YoY Change in US Core CPI



Source: Bloomberg

The economy continued to show signs of strength in November, although manufacturing activity remained weak based on new data from October. Nonfarm payroll growth for October was weaker than expected at 12k versus the expected 100k additions because of the strikes and hurricanes that hit Florida, Georgia, and the Carolinas. Unemployment remains low, but higher than it was at the beginning of the year at 4.1%. Forecasts indicate an expected addition of 215k jobs in November while unemployment is expected to have remained constant at 4.1%. Despite generally strong employment data and consistent unemployment, manufacturing employment growth has been very weak this year. October saw a larger decline than expected in manufacturing payrolls with a decline of 46k versus the forecasted loss of 30k. Before October's print, total US manufacturing payrolls had already fallen by 41k this year. The economy is forecasted to have added 30k manufacturing jobs in November, but even if that number is correct, total manufacturing employment will still have fallen by 57k jobs in 2024. Meanwhile, inflation accelerated slightly in October with the PCE Price Index increasing 2.3% YoY in October versus the prior month's YoY increase of 2.1%. CPI inflation in October was 2.6% versus September's YoY increase of 2.4%. Despite this acceleration in the headline numbers, core

inflation remained more in line with the prior month's measures with Core PCE increasing 2.8% YoY in October versus September's 2.7% increase and Core CPI increasing YoY by 3.3% in October versus a 3.3% increase in September. The FOMC cut interest rates in November by 25 bps with the Federal Funds target rate now at 4.50-4.75%. Fed Minutes from November 6-7 indicate that the FOMC will look to continue interest rate cuts if inflation continues to move toward the Fed's long-term target of 2%, although some FOMC members are concerned about inflation remaining elevated relative to this target despite progress. The FOMC also indicated that upside risk to inflation going forward has not changed significantly since the committee's last meeting while downside risks to growth and employment seem to have eased. Investors are currently pricing in another 25-bp cut to rates at the Fed's December 18 meeting.

Bottom Line: Inflation remains elevated but is not straying too far from expectations. Unemployment remains low at 4.1%, but manufacturing jobs growth has been weak this year. The FOMC cut rates in November to reduce potential pressure on economic growth and employment. While investors expect another cut in December, the FOMC says that more cuts will depend on inflation falling to 2%.

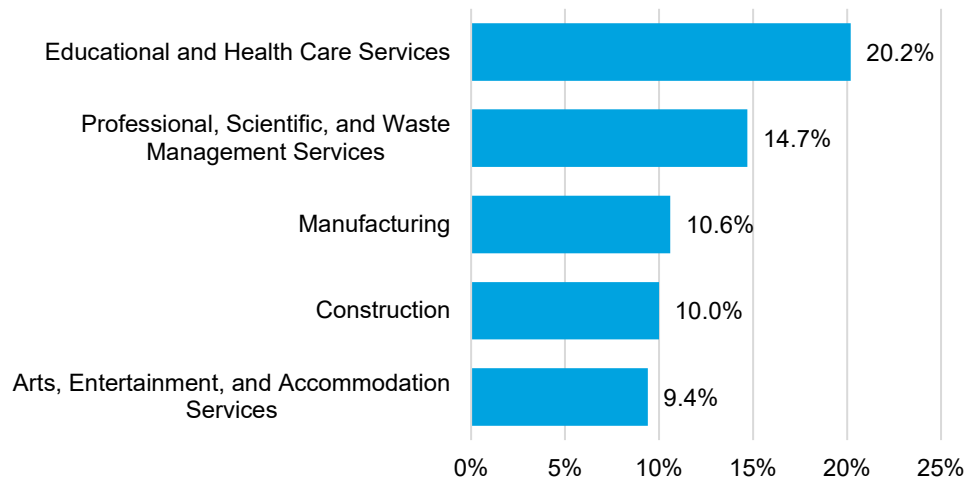
What's Ahead

Trump's cabinet picks and market impact

Equities had their best month of 2024 in November following a Trump victory in the US presidential election. The S&P 500 was up 5.7% while the Nasdaq was up over 12%. Small-cap stocks did especially well as the Russell 2000 index rose nearly 11% on the month. While the market rose sharply after the election, the remainder of the month was bumpier as markets reacted to signals from Trump on what his policies may look like in his second administration. Investors particularly reacted to Trump's cabinet picks. Some of the most notable cabinet picks were Trump's choice of Howard Lutnick, the chairman and CEO of Cantor Fitzgerald, for Treasury secretary. The investment banker is a supporter of Trump's trade policies which the president-elect has indicated are likely to involve tariffs on imported goods from across the world. Additionally, the president-elect announced that he would nominate Kevin Hassett, the former chairman of the President's National Economic Council from 2017-2019 under the previous Trump administration, to lead the council again. He also chose Jamieson Greer, a trade lawyer, to be his US trade representative. Both of

Industries Employing the Largest Share of Foreign-Born Workers

Mass deportations could reduce labor supply in some industries



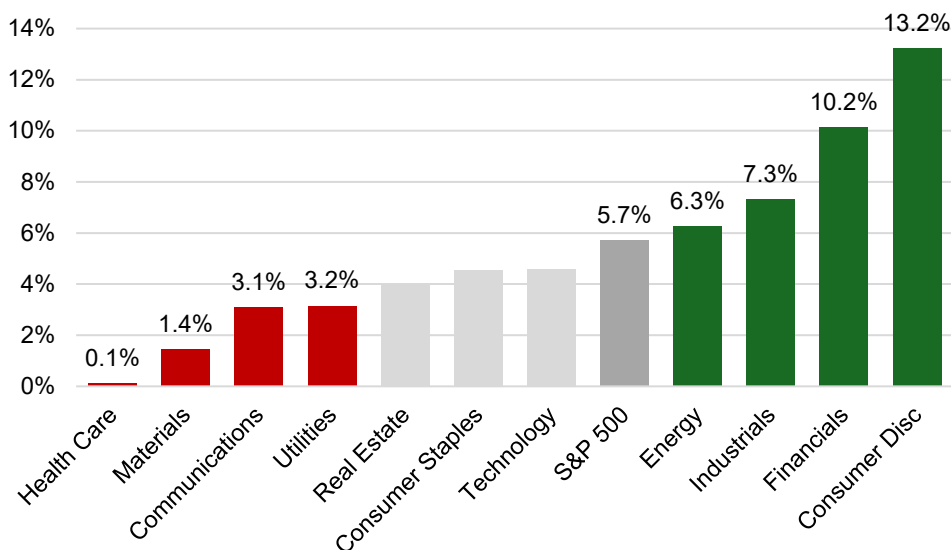
Source: US Census Bureau

these nominations will be critical for shaping the new administration's trade policies. Trump has also nominated others to key posts who share his views on deregulation with the nominations of North Dakota Governor Doug Burgum for interior secretary and energy czar to oversee the National Energy Council and the nomination of Chris Wright, the CEO of Liberty Energy, a natural gas

company, to lead the Department of Energy. Pharmaceutical stocks fell immediately following Trump's nomination of Robert F Kennedy Jr for Health and Human Services secretary and defense stocks fell after Trump's nomination of Peter Hegseth for Defense Secretary. RFK Jr has indicated that he would scrutinize vaccines more and has been critical of the GLP-1 agonist drugs like Mounjaro and Zepbound for diabetes and obesity. Some investors will also be eyeing actions by Elon Musk and Vivek Ramaswamy who Trump has chosen to run the new Department of Government Efficiency (DOGE) to steeply cut government spending.

Consumer Disc, Financials Outperform After the Election

Health care, materials, and communications lagged the index



Source: Bloomberg

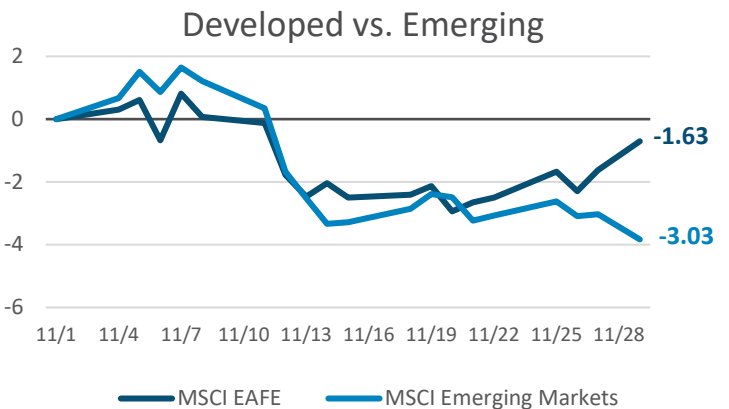
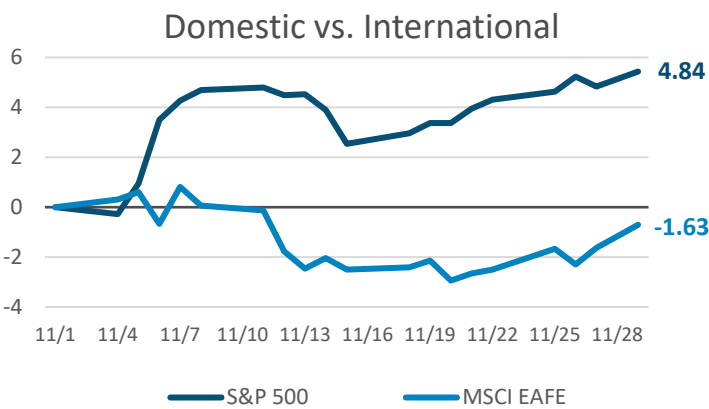
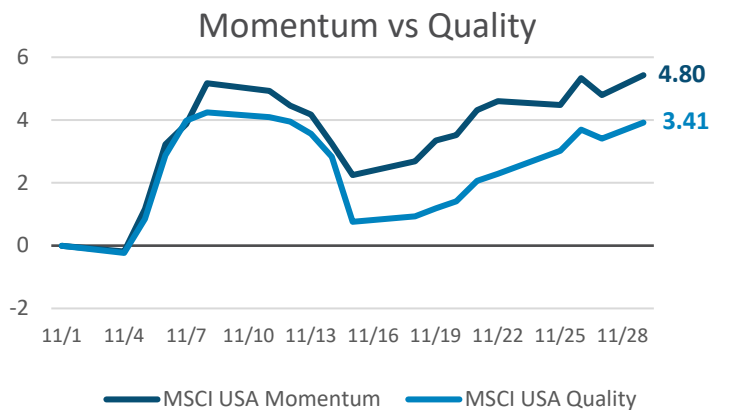
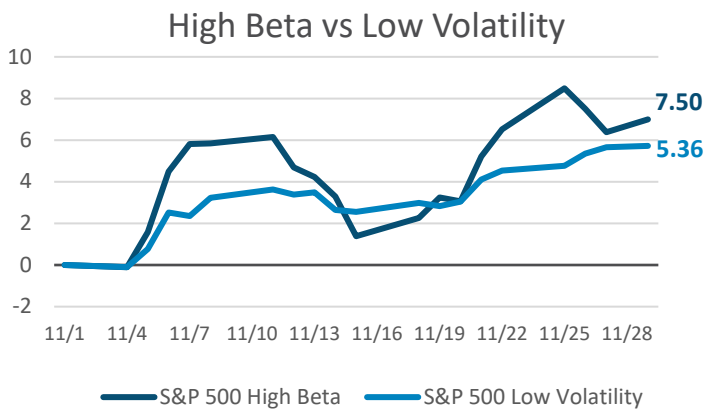
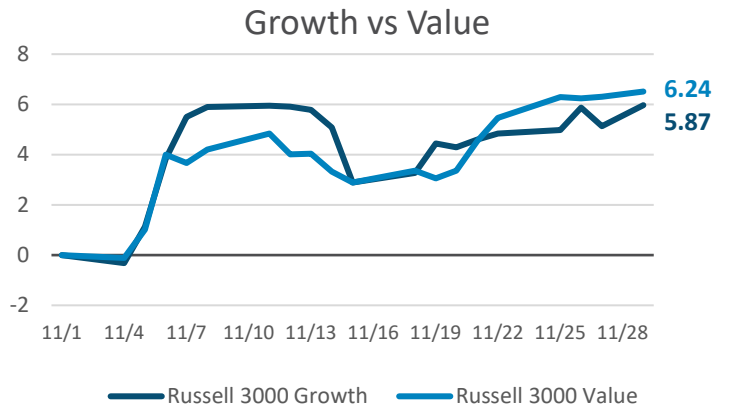
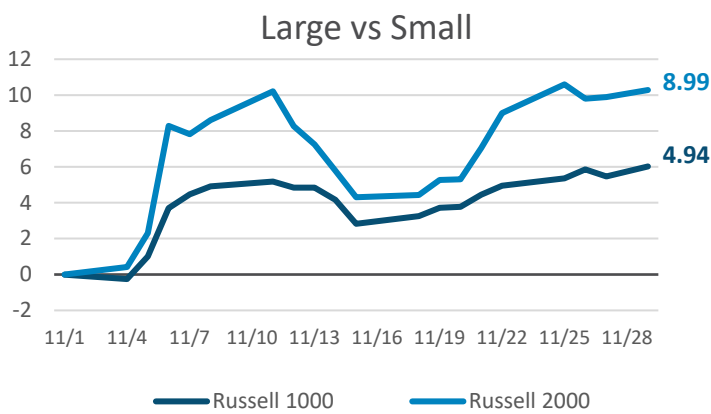
Bottom Line: The new Trump administration will look to reduce regulation, increase tariffs on foreign imports from allies and adversaries alike, and sharply reduce government spending. Many of the specifics of these plans will be shaped by his cabinet members and other advisors. A key question going forward for investors will be whether his more market-friendly priorities like deregulation and tax cuts will be prioritized over his more populist proposals like tariffs and deportations of illegal immigrants, which could shrink the labor force.

November 2024

Equity Themes

What Worked, What Didn't

- **Small Outperformed Large while Value Outperformed Growth.** Market participants moved into small-cap value stocks in November more so than large-cap or growth, but the margin between growth and value was just 47 bps versus a 405 bps difference between small and large.
- **High Vol and Momentum Outperform.** High Beta outperformed Low Volatility in November as investors sought more risk coming out of the election. Momentum outperformed quality in November after the Trump victory.
- **Domestic Over International, Developed Over Emerging.** Domestic equities vastly outperformed international equities again in November amid geopolitical tension and conflict in the middle east and concerns around trade policy changes under a new Trump administration.



Source: Bloomberg.

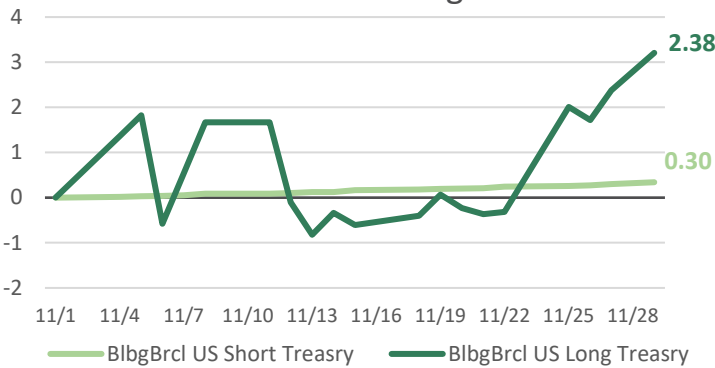
November 2024

Bond Themes

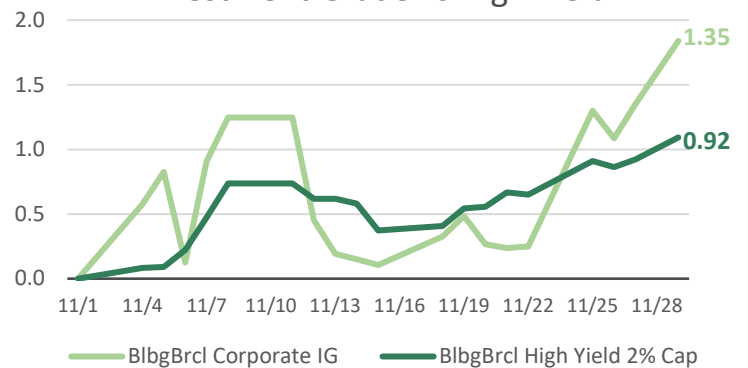
What Worked, What Didn't

- **Long Duration and Investment Grade Outperform.** Long Duration Treasuries performed better in November outperforming Short Duration by 208 bps. High Yield lagged in November losing to Investment Grade by 43 bps.
- **Duration Tops Credit and Treasuries Outperforms.** In November, Long Duration considerably outperformed Credit while Treasuries outperformed TIPS by 25 bps.
- **Munis and Domestic Outperform.** Tax-exempt Municipal bonds outperformed Taxable Aggregate, while U.S. bonds outperformed their International peers in November as Trump's win signals potential trade barriers that could hurt emerging markets.

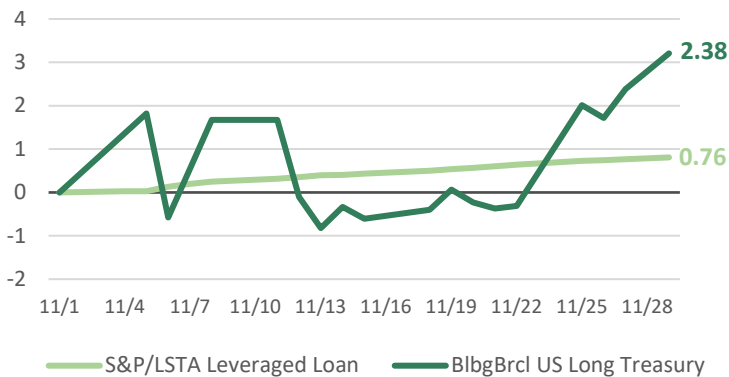
Short Duration vs Long Duration



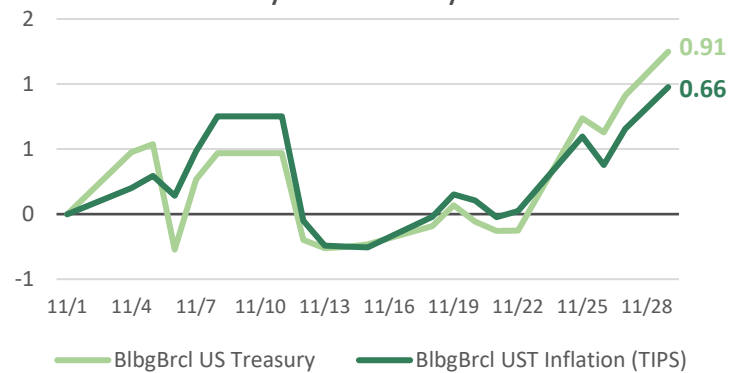
Investment Grade vs High Yield



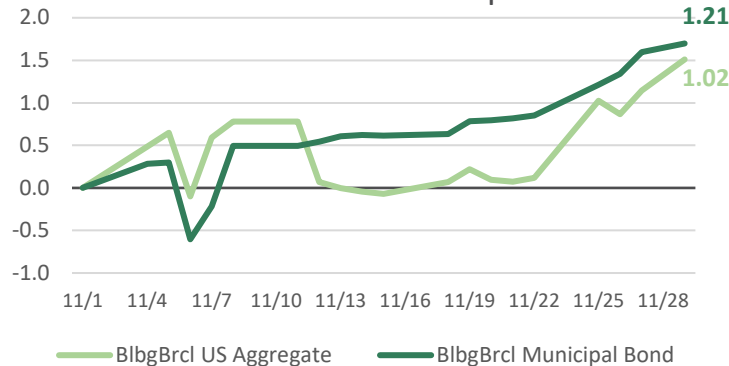
Credit vs Duration



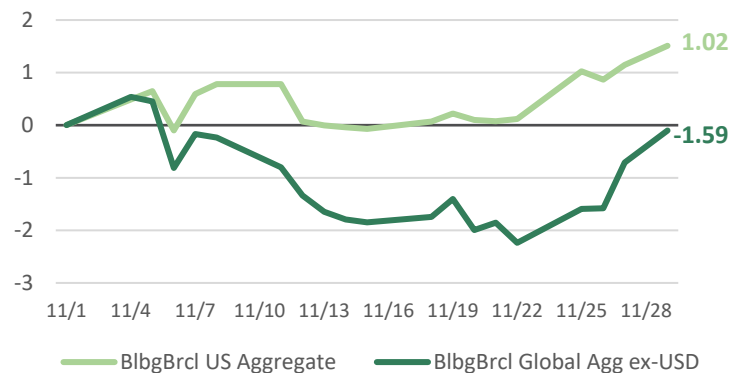
Treasury vs Treasury Inflation



Taxable vs. Municipal



Domestic vs. International



Source: Bloomberg.

November 2024

Asset Class Performance

The Importance of Diversification. From period to period there is no certainty what investment will be the best, or worst, performer. Diversification mitigates the risk of relying on any single investment and offers a host of long-term benefits, such as less portfolio volatility, improved risk-adjusted returns, and more effective compounding.

	Nov-01	Nov-04	Nov-05	Nov-06	Nov-07	Nov-08	Nov-11	Nov-12	Nov-13	Nov-14	Nov-15	Nov-18	Nov-19	Nov-20	Nov-21	Nov-22	Nov-25	Nov-26	Nov-27	Nov-29	Nov	YTD	
High	SCG 1.12	RE 1.08	MCG 2.20	SCV 6.24	EM 2.21	RE 1.64	SCV 1.66	LCG 0.08	RE 0.68	IEQ 0.21	RE 0.11	EM 1.14	SCG 1.49	MCV 0.59	SCG 1.82	SCV 1.88	SCV 1.57	LCG 0.93	IBD 0.86	IEQ 1.33	MCG 13.30	LCG 31.93	High
	LCG 0.76	IBD 0.58	SCG 1.92	SCG 5.35	LCG 1.71	MCG 1.61	SCG 1.26	HYB -0.40	LCV 0.08	USB -0.04	USB 0.01	RE 0.82	LCG 1.12	MCG 0.49	MCG 1.50	SCG 1.77	RE 1.40	RE 0.31	RE 0.77	LCG 0.77	SCG 11.20	SCG 29.94	
	IEQ 0.20	EM 0.56	SCV 1.87	MCG 3.55	IEQ 1.52	SCG 0.92	MCG 1.14	MCG -0.54	HYB 0.03	IBD -0.21	EM 0.00	IEQ 0.54	MCG 1.03	LCV 0.34	SCV 1.38	MCG 1.56	SCG 1.39	MCG 0.10	IEQ 0.54	SCG 0.74	SCV 9.70	SCG 25.61	
	EM 0.09	SCG 0.45	LCG 1.39	LCV 2.77	MCG 1.49	SCV 0.57	MCV 0.78	IBD -0.55	USB -0.02	HYB -0.21	HYB -0.01	MCV 0.53	RE 0.53	SCG 0.20	MCV 1.21	MCV 0.91	MCV 1.22	LCV -0.03	HYB 0.30	IBD 0.57	MCV 7.50	LCV 22.58	
	MCG 0.07	SCV 0.43	RE 1.36	MCV 2.63	RE 1.24	LCV 0.52	LCV 0.56	USB -0.58	LCG -0.11	60/40 -0.33	IBD -0.05	LCV 0.46	60/40 0.19	HYB -0.03	LCV 1.13	LCV 0.82	USB 0.90	IBD -0.10	USB 0.27	60/40 0.52	LCV 6.41	MCV 21.83	
	LCV 0.04	USB 0.42	EM 1.36	LCG 2.58	60/40 0.94	MCV 0.48	IEQ 0.03	LCV -0.74	MCV -0.15	EM -0.56	IEQ -0.36	IBD 0.43	HYB 0.15	SCV -0.03	RE 0.72	RE 0.74	IBD 0.87	60/40 -0.13	SCV 0.22	USB 0.39	LCG 5.72	SCV 17.65	
	SCV 0.01	HYB 0.28	MCV 1.29	60/40 0.29	USB 0.76	LCG 0.33	60/40 0.02	MCV -0.82	60/40 -0.22	LCG -0.65	LCV -0.40	LCG 0.39	USB 0.14	60/40 -0.05	60/40 0.28	IEQ 0.39	MCG 0.78	USB -0.15	60/40 0.21	MCV 0.27	RE 5.26	RE 13.85	
	HYB 0.01	60/40 0.24	LCV 1.07	HYB 0.18	IBD 0.68	USB 0.17	LCG -0.04	60/40 -0.92	MCG -0.36	LCV -0.68	60/40 -0.43	60/40 0.39	SCV 0.11	USB -0.10	LCG 0.24	60/40 0.36	LCV 0.74	HYB -0.19	EM 0.14	LCV 0.24	60/40 2.84	60/40 11.95	
	60/40 -0.02	MCV 0.24	IEQ 0.99	USB -0.78	HYB 0.43	HYB 0.16	HYB -0.11	RE -1.35	IBD -0.51	MCV -0.80	MCV -0.60	MCG 0.34	IBD 0.03	EM -0.12	HYB 0.04	LCG 0.10	60/40 0.69	MCV -0.31	LCV 0.10	HYB 0.20	HYB 1.64	HYB 8.81	
	MCV -0.08	MCG 0.08	60/40 0.89	EM -1.23	SCG 0.34	60/40 -0.14	USB -0.22	SCG -1.74	IEQ -0.59	RE -0.88	MCV -0.90	HYB 0.19	MCV -0.04	LCG -0.16	IEQ 0.03	USB 0.07	IEQ 0.52	EM -0.42	SCG 0.10	EM 0.16	USB 1.51	EM 8.33	
	IBD -0.25	IEQ 0.08	IBD 0.61	IEQ -1.45	MCV -0.03	IBD -0.44	IBD -0.61	SCV -1.76	EM -0.64	SCV -0.95	SCV -1.03	SCG 0.15	EM -0.07	RE -0.21	USB -0.05	EM 0.02	HYB 0.38	IEQ -0.58	MCV 0.09	SCV 0.11	IEQ -0.52	IEQ 6.65	
	USB -0.40	LCV -0.11	HYB 0.28	IBD -1.51	LCV -0.24	IEQ -1.38	RE -0.66	IEQ -1.86	SCV -0.89	MCG -1.24	SCG -1.89	SCV 0.13	IEQ -0.13	IEQ -0.27	EM -0.21	HYB -0.03	EM 0.07	SCG -0.58	MCG -0.46	MCV 0.09	IBD -0.59	USB 3.05	
Low	RE -1.13	LCG -0.33	USB 0.23	RE -2.52	SCV -1.05	EM -2.47	EM -0.76	EM -1.90	SCG -1.05	SCG -1.74	LCG -2.08	USB 0.09	LCV -0.35	IBD -0.46	IBD -0.47	IBD -0.28	LCG 0.05	SCV -0.88	LCG -0.66	RE -0.54	EM -2.76	IBD 0.17	Low

Legend

60/40 Allocation (60/40)

Large Growth (LCG)

Large Value (LCV)

Mid Growth (MCG)

Mid Value (MCV)

Small Growth (SCG)

Small Value (SCV)

Intl Equity (IEQ)

Emg Markets (EM)

U.S. Bonds (USB)

High Yield Bond (HYB)

Intl Bonds (IBD)

Real Estate (RE)

Source: Sources for this market commentary derived from Bloomberg. Asset-class performance is presented by using market returns from an exchange-traded fund (ETF) proxy that best represents its respective broad asset class. Returns shown are net of fund fees for and do not necessarily represent performance of specific mutual funds and/or exchange-traded funds recommended by the Prime Capital Financial. The performance of those funds October be substantially different than the performance of the broad asset classes and to proxy ETFs represented here. U.S. Bonds (iShares Core U.S. Aggregate Bond ETF); High-Yield Bond (iShares iBoxx \$ High Yield Corporate Bond ETF); Intl Bonds (SPDR® Bloomberg Barclays International Corporate Bond ETF); Large Growth (iShares Russell 1000 Growth ETF); Large Value (iShares Russell 1000 Value ETF); Mid Growth (iShares Russell Mid-Cap Growth ETF); Mid Value (iShares Russell Mid-Cap Value ETF); Small Growth (iShares Russell 2000 Growth ETF); Small Value (iShares Russell 2000 Value ETF); Intl Equity (iShares MSCI EAFE ETF); Emg Markets (iShares MSCI Emerging Markets ETF); and Real Estate (iShares U.S. Real Estate ETF). The return displayed as "Allocation" is a weighted average of the ETF proxies shown as represented by: 30% U.S. Bonds, 5% International Bonds, 5% High Yield Bonds, 10% Large Growth, 10% Large Value, 4% Mid Growth, 4% Mid Value, 2% Small Growth, 2% Small Value, 18% International Stock, 7% Emerging Markets, 3% Real Estate. 080223006 - MAH

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