

Stock Market Hits a Roadblock with the Omicron Variant

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Monthly Market Summary

- The S&P 500 Index of large cap stocks produced a -0.8% total return during November, outperforming the Russell 2000 Index's -4.3% total return.
- Tech's +4.5% return made it the top performing sector, followed by Consumer Discretionary's +1.6% return. Communication Services -6.1% return qualified as the worst performing sector, with Financials close behind at -5.7%.
- Investment grade bonds generated a -0.1% total return, outperforming high yield bonds' -1.2% total return.
- The MSCI EAFE Index of developed market stocks returned -4.5% during November, underperforming the MSCI Emerging Market Index's -4.1% return.

Omicron Variant Update

The newest Covid variant, Omicron, surfaced the last week of November. Omicron emerged in South Africa and is spreading rapidly, but the reality is that much is still unknown. It will take weeks of analysis and incoming case data to understand how much of a threat Omicron poses, such as transmissibility and disease severity. However, the few known details are raising concerns for health officials. An initial review of Omicron's genomic sequence indicates it has picked up dozens of mutations, including those known to evade immunity and increase transmissibility. Health officials and researchers are concerned the high number of mutations may make Omicron more contagious and difficult to contain. Additionally, there is uncertainty about how much protection current vaccines provide against Omicron.

State of the Market

Markets are understandably nervous about Omicron and sold off quickly following the news. Riskier asset classes, such as small cap U.S. stocks, emerging market equities, and high yield corporate bonds, underperformed during the final days of November. Interest rates declined as investors purchased U.S. Treasury bonds, while the yield on high yield corporate bonds rose as investors demanded more yield to compensate for a higher perceived level of risk. The price of a barrel of WTI Crude Oil plunged more than -15% during November on fears of decreased energy demand.

We believe a key leading indicator for the U.S. stock market will be Omicron cases in Europe. Covid data from earlier in 2021 regarding the Delta variant shows European Covid trends have generally led U.S. Covid trends by approximately 1-month. Initial cases in Europe suggests U.S. cases may rise in December. We caution the next few weeks will be full of speculation, but it is important to focus on the facts and data. While the Delta variant slowed third-quarter U.S. GDP growth, economic growth remained

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positive. The Omicron variant may increase volatility and cause restrictions to be reimposed, but consumers and business are more adapted to living with restrictions. Remember, patience produces rewards for long term investors.

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THIS MONTH IN NUMBERS

FIGURE 1

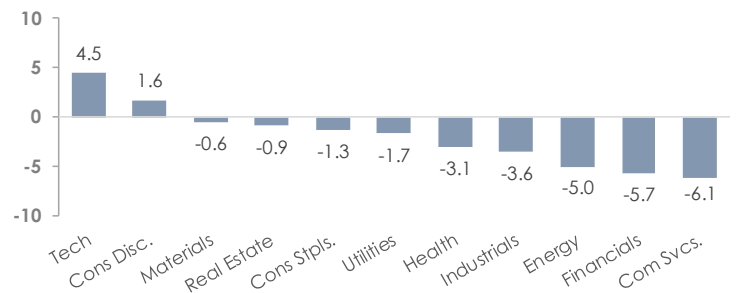
U.S. Style Returns (November in %)

	Value	Blend	Growth
Large	-3.6	-0.8	0.6
Mid	-3.1	-3.5	-4.3
Small	-3.6	-4.3	-5.0

Data Reflects Most Recently Available As of 11/30/2021

FIGURE 2

U.S. Sector Returns (November in %)



Data Reflects Most Recently Available As of 11/30/2021

FIGURE 3

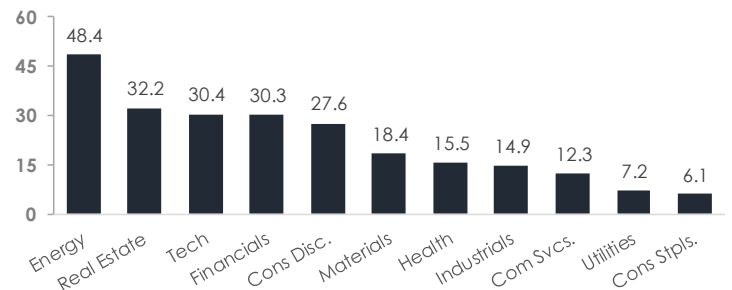
U.S. Style Returns (YTD in %)

	Value	Blend	Growth
Large	17.5	22.9	24.8
Mid	20.5	17.6	12.2
Small	23.0	12.0	2.1

Data Reflects Most Recently Available As of 11/30/2021

FIGURE 4

U.S. Sector Returns (YTD in %)



Data Reflects Most Recently Available As of 11/30/2021

FIGURE 5

Market Data Center

Stocks	Level	1 month	3 months	YTD	1 year	3 years
S&P 500	4,567	-0.8%	1.2%	22.9%	27.4%	71.4%
Dow Jones	34,484	-3.5%	-2.1%	14.5%	18.2%	41.8%
Russell 2000	5,465	-4.3%	-3.1%	12.0%	21.6%	46.9%
Russell 1000 Growth	1,992	0.6%	3.2%	24.8%	30.3%	112.6%
Russell 1000 Value	963	-3.6%	-2.2%	17.5%	21.8%	35.8%
MSCI EAFE	1,307	-4.5%	-4.7%	6.8%	12.1%	31.1%
MSCI EM	69,206	-4.1%	-6.8%	-5.0%	1.8%	25.7%
NASDAQ	15,538	2.0%	3.8%	25.9%	32.0%	135.4%

	Dividend Yield	NTM P/E	P/B
S&P 500	1.22%	21.3x	4.7x
Dow Jones	1.61%	18.7x	4.9x
Russell 2000	0.91%	24.7x	2.6x
Russell 1000 Growth	0.49%	31.0x	13.6x
Russell 1000 Value	1.60%	16.1x	2.6x
MSCI EAFE	2.32%	15.2x	1.9x
MSCI EM	1.55%	12.6x	1.9x
NASDAQ	0.44%	29.5x	8.9x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	1.81%	0.3%	-0.7%	-1.4%	-1.3%	16.8%
U.S. Corporates	2.34%	-0.1%	-1.1%	-1.8%	-1.7%	29.4%
Municipals (10 yr)	1.84%	0.7%	0.0%	1.0%	1.7%	14.8%
High Yield	4.21%	-1.2%	-1.8%	1.4%	3.4%	17.2%

Commodities	Level	1 month	YTD
Oil (WTI)	66.61	-20.3%	37.3%
Gasoline	2.21	-11.3%	61.4%
Natural Gas	4.62	-16.4%	83.0%
Propane	1.02	-29.4%	58.2%
Ethanol	3.45	30.2%	175.6%
Gold	1,777	-0.4%	-6.3%
Silver	22.86	-4.6%	-13.5%
Copper	4.34	-0.9%	23.4%
Steel	1,610	-3.2%	67.2%
Corn	5.70	0.2%	17.7%
Soybeans	12.12	-1.3%	-7.5%

Key Rates	11/30/2021	10/31/2021	8/31/2021	5/31/2021	11/30/2020	11/30/2018
2 yr Treasury	0.52%	0.49%	0.20%	0.14%	0.14%	2.82%
10 yr Treasury	1.44%	1.55%	1.30%	1.58%	0.84%	3.01%
30 yr Treasury	1.78%	1.94%	1.93%	2.26%	1.58%	3.31%
30 yr Mortgage	3.18%	3.14%	3.03%	3.10%	2.94%	4.68%
Prime Rate	3.25%	3.25%	3.25%	3.25%	3.25%	5.25%

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