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U.S ECONOMY: Clicking On All Cylinders…

Q3 GDP Revised Upwards

The U.S. economy's growth rate last quarter was revised upward to the fastest in three years on stronger investment from businesses and government agencies than previously estimated according to the Commerce Department. U.S. Q3 GDP was revised upwards to 3.3% from an initial estimate of 3%. The latest estimates showed that the economy withstood 2 major hurricanes thanks to stronger business spending amidst weaker consumption.

Fed Notes Broad Economic Growth

The two-day FOMC meeting ended with no surprises, as a December interest rate increase is still expected. The Fed did comment that economic activity was rising, even after hurricane-related disruptions. "The economic expansion is increasingly broad based across sectors as well as across much of the global economy," Fed Chair Janet Yellen told the Joint Economic Committee.

The Future Fed Chair?

Trump nominated Fed Governor Jerome Powell to become the Chairman of the Federal Reserve. He would replace current Chair Yellen on Feb. 1, 2018, for a five-year term. Powell is seen as slightly more dovish than Yellen, but he sounded slightly more hawkish when he appeared before the U.S. Senate Banking Committee as part of his nomination. He also said he favored some relief on the Volcker rules.

Tax Reform Plans Surface

Congress and President Trump unveiled their initial tax reform legislation, which is expected to change as it moves through Congress. Among the highlights for corporations are a reduction in corporate rates to 20%, a 12% repatriation tax, and full equipment write-offs over 5 years. For individuals, the plan appears to reduce tax rates, increase the standard deduction, and limit certain deductions of state taxes, home and student interest expenses, and medical costs. The plan(s) have been widely criticized by non-partisan groups as a tax break for the wealthy that will undoubtedly increase the U.S. deficit.

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According to data from Adobe Digital Insights, shoppers spent $5 billion online on Black Friday, a 16.9% increase over 2016. The firm also noted $6.6 billion in online sales for Cyber Monday and $50 billion in online sales for November. The firm projects over $100 billion in online sales this holiday season , eclipsing the $94.4 billion record in 2016.

Strong Housing Data

Tthe Housing Market Index for November came in at 70, up from October's 68. Housing Starts for October came in at 1.29 million units annualized, when 1.19 million was expected, and Permits came in at an annualized 1.3 million units, when 1.25 million was expected. Existing Homes Sales for October came in up 2.0%, and the median house price was up 0.2%, for a year-over-year gain of 5.5%.

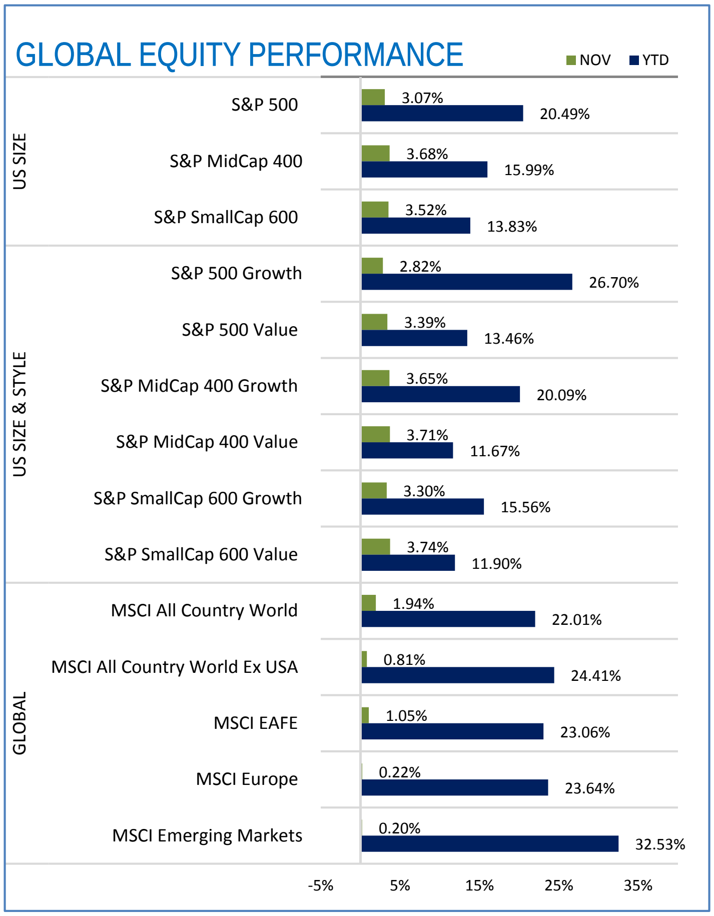
Consumer Confidence Maintains Momentum

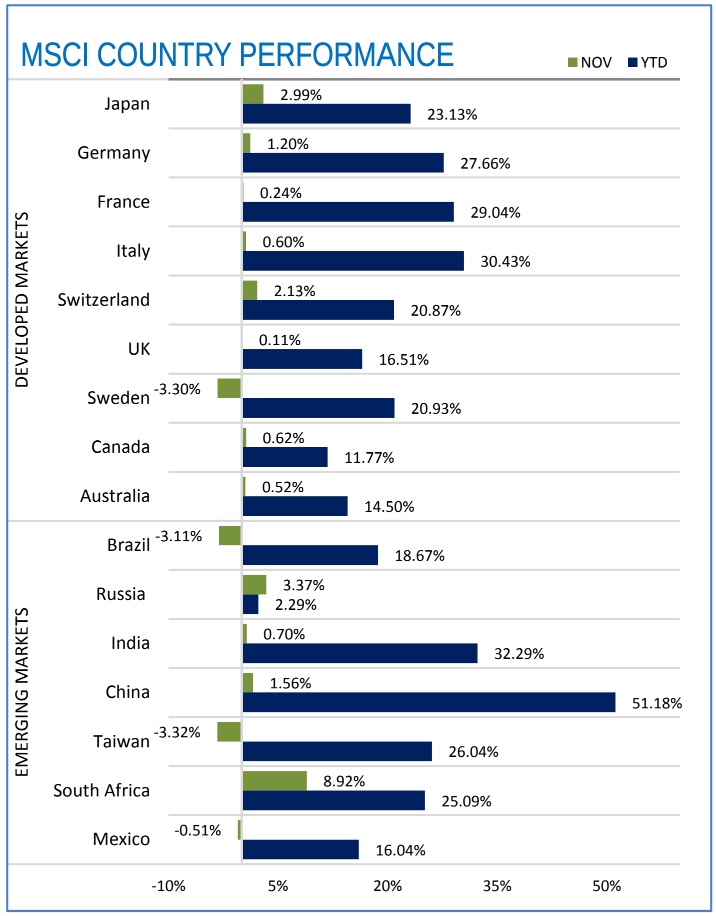
The Conference Board ***Consumer Confidence Index***®, which had improved in October, increased further in November. Both the Present Situation Index and the Expectations Index rose for the month. *"Consumer confidence increased for a 5th consecutive month and remains at a 17-year high. Consumers' assessment of current conditions improved moderately, while their expectations regarding the short-term outlook improved more so, driven primarily by optimism of further improvements in the labor market. Consumers are entering the holiday season in very high spirits and foresee the economy expanding at a healthy pace into the early months of 2018."*

Wage Growth Remains Elusive

The economy added 228,000 jobs in November, more than the 195,000 economists expected. Employers have added an average 174,000 jobs a month this year. While the unemployment rate was unchanged at 4.1%, a broader measure of joblessness ticked up to 8% from 7.9%. That rate includes the unemployed, part-time workers who prefer full-time jobs and those who have stopped looking. That is still down from 8.3% in September. Wage growth remains the one employment statistic that has seen little growth.

GLOBAL EQUITIES: U.S. Markets Lead November





Better Growth + Better Earnings = Returns

The U.S. equity market ended November near all-time highs amid optimism about economic growth and corporate earnings. The S&P 500 Index reached the 2,600 mark for the first time, crossing its fourth round-number milestone this year, before closing at 2647.58 for a 3.07% monthly return. Since the Nov. 8, 2016, election, the S&P 500 was up 26.49% and has set 65 new closing highs. Small and mid-cap stocks also did well returning 3.52% and 3.68% respectively for the month. Despite a rotation out of technology in November, growth continues to have a sizeable advantage over value YTD.

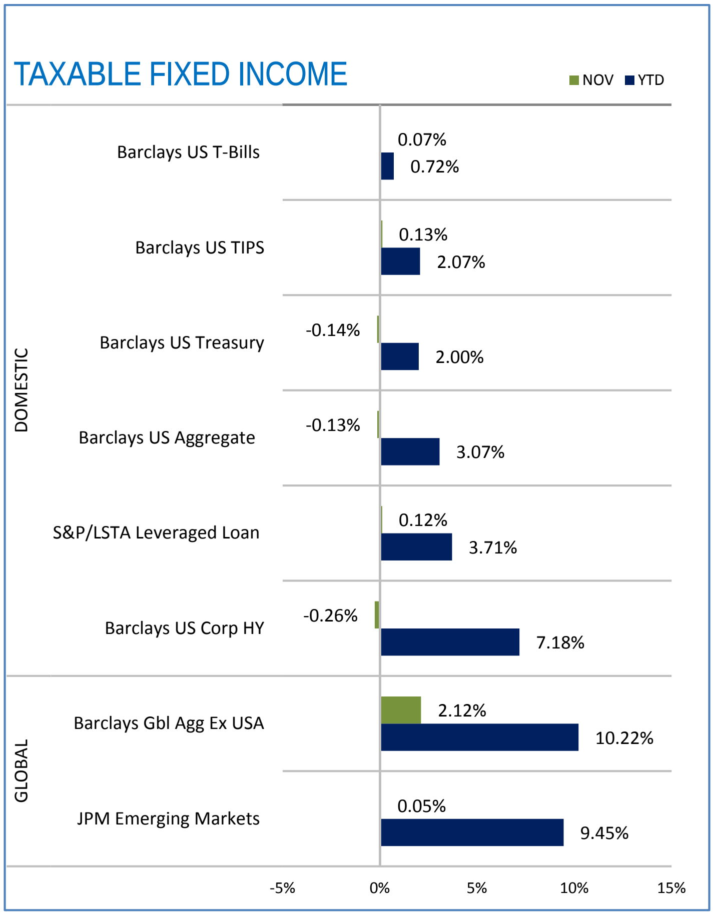
European Markets Muted

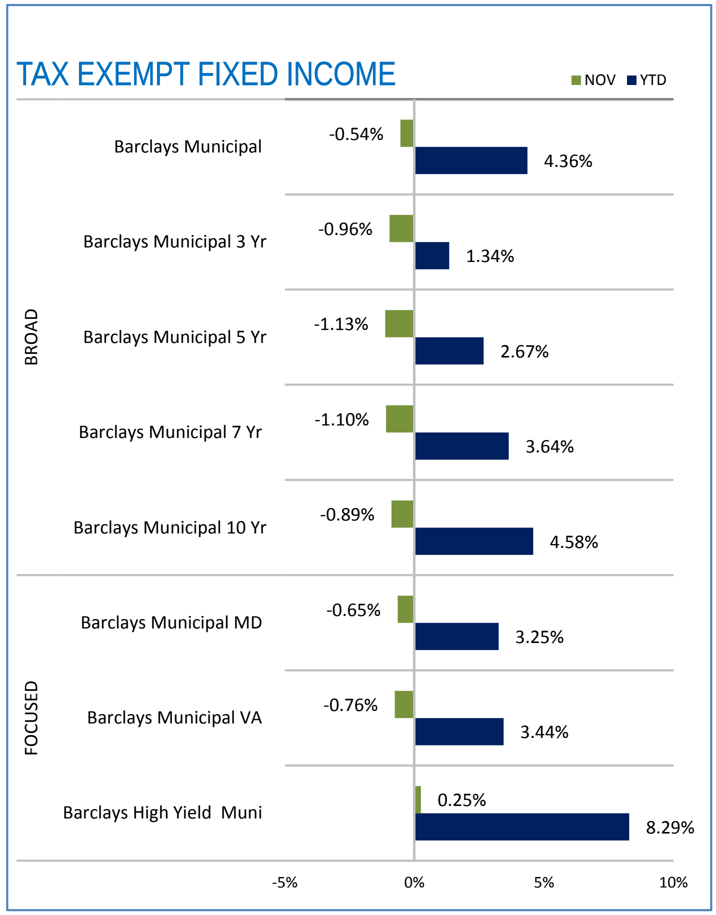
European equity markets were mixed in November as the MSCI Europe Index gained only 0.22%. Falling government bond yields at the start of the month and subdued inflation levels weighted on investor sentiment, despite economic growth indictors that remained strong.

Wide Dispersion In EM Returns

Like Europe, emerging market equity returns were muted in November as the MSCI Emerging Markets Index gained only 0.20%. Returns by region and country were dispersed and influenced primarily by political or economic issues. Russia gained 3.37% on the back of OPEC oil production cuts and falling inflation. South Africa was downgraded to BB+ by S&P, yet still gained 8.92% on strong currency returns and falling inflation. Chile and Brazil were two of the worst performers as the countries continue to be mired in political upheavals.

FIXED INCOME: Taxes & Supply Pressure Municipal Bonds





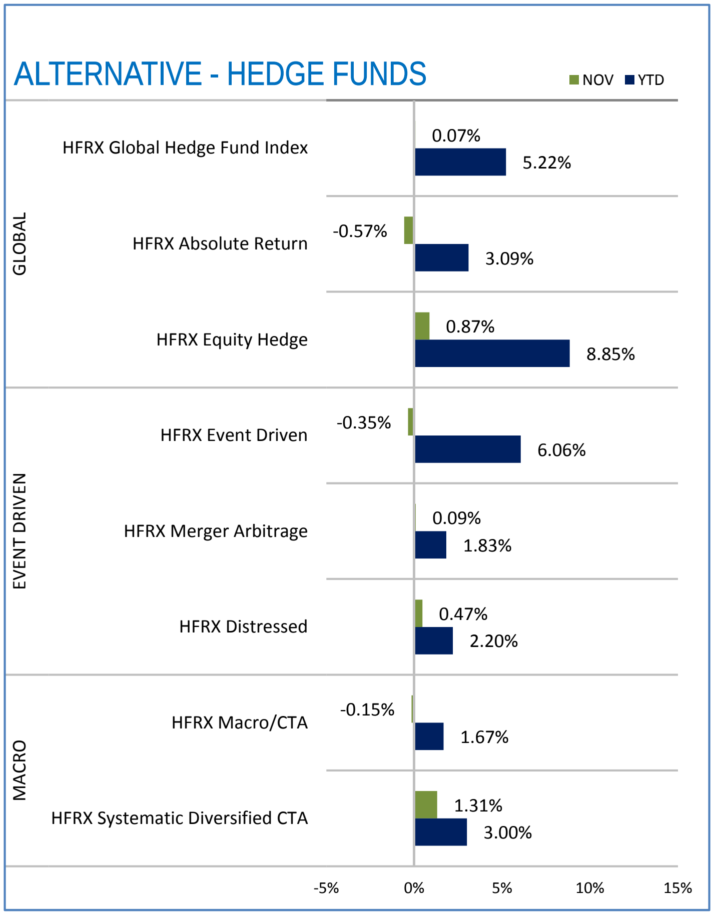
FLATTENING TREND CONTINUES

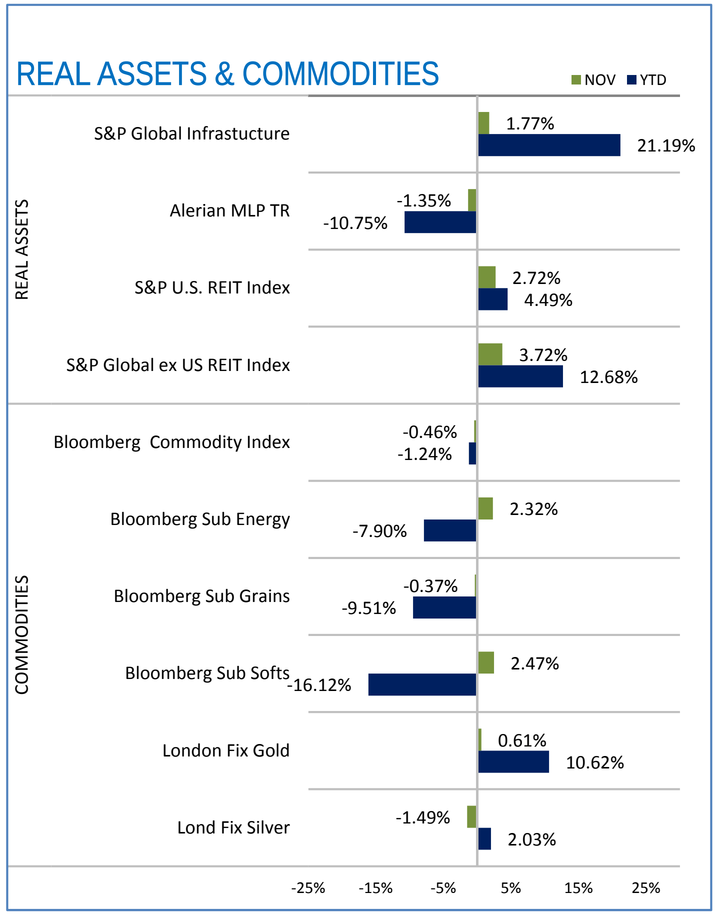
The curve flattening trend continued in November as short-term yields rose 0.19% and long-term rates fell 0.04%. Expectations of another 0.25% increase in the fed funds rate target to 1.25%-1.50% in December and a continued path of gradual increases in 2018 has helped push short-term rates higher. Long term rates have been impacted by strong demand from long duration investors and stubbornly low inflation. Most U.S. investment grades sectors of the bond market fell in November, with TIPS being the lone winner, up 0.13%. The Barclays U.S. Aggregate Bond Index fell 0.13% in November.

TAX LEGISLATION & INCREASED SUPPLY PRESSURE MUNI'S

The possibility that U.S. Congress could end tax breaks for certain portions of the municipal market, raising borrowing costs for states, cities, hospitals and other debt issuers, is spurring a year-end spike in municipal issuance. That possibility first surfaced in the U.S. House Republicans' tax bill, although it is not present in the Senate version. Municipal issuance totaled $40.3 billion in November, the biggest supply for that month since $45 billion of bonds were sold in November 2010 prior to the expiration of the Build America Bond subsidy's expiration, according to Thomson Reuters data. Not surprisingly, municipal bonds struggled amidst increased supply and questions about future tax legislature. Investment grade municipal bond indices fell across all maturities.

ALTERNATIVES: Infrastructure Continues to Deliver





POSITIVE RETURNS, BUT WEAK RELATIVE RESULTS

Hedge funds were generally flat for November with the HFRX Global Hedge Fund Index posting a gain of only 0.07%. The index is only up 5.22% YTD despite healthy gains in the global equity markets. The HFRX Equity Hedge Index gained 0.87%, benefitting from market neutral and fundamental growth strategies. The HFRX Macro Systematic Index gained 1.31% as the U.S. Dollar fell against other major currencies and commodities were mixed. The HRFX Event Driven index declined 0.35% primarily due to "special situations" equity strategies.

INCOME, CAPITAL APPRECIATION, & INFLATION HEDGE

Infrastructure as an asset class has seen enormous inflows in recent years. According to market intelligence firm Preqin, uninvested capital in private infrastructure funds hit a record $152 billion at the end of 2016. The reason for this high and rising backlog is a limited number of investable opportunities, given the many political, regulatory and financing considerations in such deals. However, listed infrastructure companies own and operate the same types of long-lived assets as those held in private investments. And unlike in the private market, investors can implement an allocation immediately due to the liquidity of public markets. This investor interest has helped push the S&P Global Infrastructure Index up 21.19% in 2017.