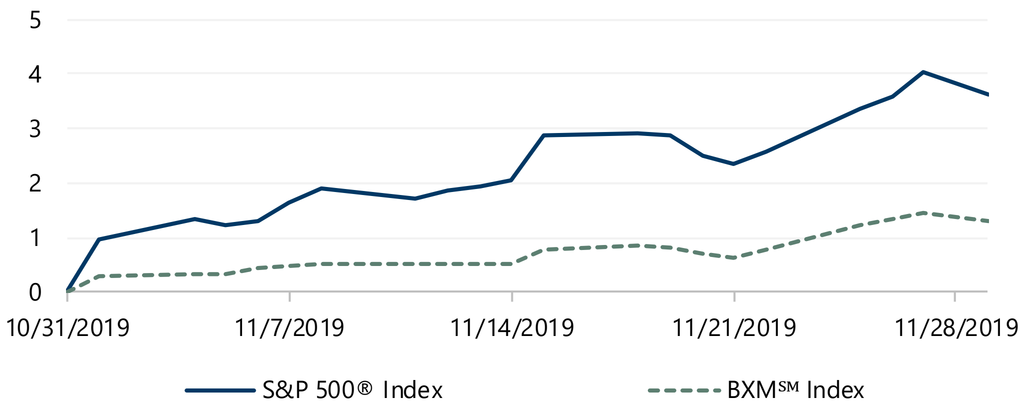
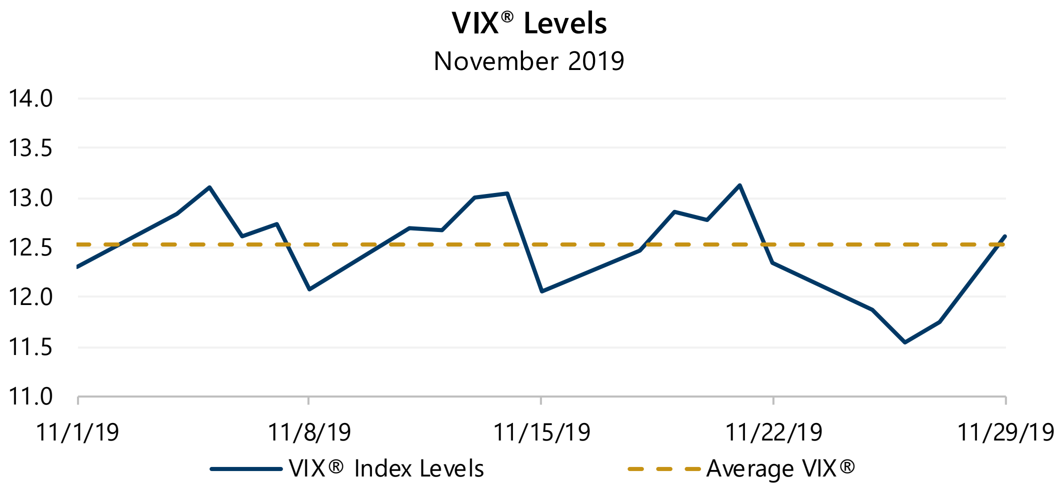
The S&P 500® Index advanced 3.63% in November, bringing its year-to-date return to 27.63%. The rise of the S&P 500® Index in November was driven by better than expected earnings reports, progress toward a “Phase 1” trade deal between the U.S. and China, and a stabilizing global macroeconomic backdrop that supported the U.S. Federal Reserve’s wait-and-see approach to additional policy adjustments after three consecutive rate cuts.

November data releases showed a solid economic backdrop, which helped to mitigate concerns of a domestic slowdown. The second estimate of Gross Domestic Product growth for the third quarter of 2019 was 2.1%, at the top of consensus expectations and stronger than the 2.0% growth rate of the second quarter. The unemployment rate ticked up from 3.5% to 3.6% in October, in line with consensus expectations, as the labor participation rate climbed to 63.3%. The October Consumer Price Index, released on November 13, showed a 1.8% year-over-year increase, at the high end of consensus expectations. With over 97% of companies reporting, third quarter corporate earnings growth appeared better than expected. Aggregate operating earnings declined less than 1% quarter-over-quarter and grew nearly 2% year-over-year. Over 82% of companies that have reported earnings met or exceeded analyst estimates.

Implied volatility, as measured by the Cboe® Volatility Index (the VIX®), exceeded realized volatility and averaged 12.52 in November, while the standard deviation of daily returns for the S&P 500® Index was 5.77%. The VIX® opened the month at 12.30, peaked at 13.13 on November 21, and reached a year-to-date low of 11.54 on November 26. The VIX® closed the month at 12.62.



The Cboe® S&P 500 BuyWrite℠ Index (the BXM℠) returned 1.29% in November, bringing its year-to-date return to 14.63%. On the third Friday of each month, the BXM℠ writes a new index call option as the option it wrote the previous month expires. The premium the BXM℠ collects on its written index call options have significant influence on its return potential over a period when the market advances. The premium collected as a percentage of the BXM’s℠ underlying value was 1.26% for the month, which did not provide enough return potential to keep pace with the above-average equity market advance over the course of the month.



The Bloomberg Barclays U.S. Aggregate Bond Index declined 0.05% in November, bringing its year-to-date return to 8.79%. The yield on the 10-year U.S. Treasury Note (the 10-year) started the month at its low point of 1.71% before reaching an intra-month high of 1.94% on November 8. The yield on the 10-year closed the month at 1.78%. The shape of the U.S. Treasury yield curve was little changed over the course of the month as the spread between the yield of the 2-year U.S. Treasury Note and the 10-year ended the month where it started, at 16 basis points.