

November Factor Returns

Factor dispersion in November was relatively low. Out of 40+ core factors, there were only two factors that moved more than one standard deviation.

All Factors

Political turmoil and trade wars weighed on emerging markets in November. The worst performing factor on an absolute basis, and second-worst on a risk-adjusted basis, was our **Brazil** country factor. **Emerging Markets** and **Mexico** were also down significantly.

On a risk-adjusted basis, our **Consumer Discretionary** sector factor was the worst performer for the second month in a row. This normally low volatility factor is **-3.87%** year-to-date.

Absolute Performance	
Return	Factor
-7.41%	Brazil Excess
-4.53%	Mexico Excess
-3.10%	Gold
-3.08%	Emerging Markets Excess
-2.90%	Real Estate Excess
⋮	⋮
0.62%	Japan Excess
1.07%	Metals and Mining Excess
1.10%	Financials Excess
1.87%	United Kingdom Excess
1.92%	Health Care Excess

Risk-Adjusted Performance ¹	
R/Vol	Name
-1.31	Consumer Discretionary Excess
-1.00	Brazil Excess
-0.96	Gold
-0.94	Emerging Markets Excess
-0.89	Real Estate Excess
⋮	⋮
0.31	US IG Bonds Excess
0.36	High Yield Excess
0.44	Financials Excess
0.45	United Kingdom Excess
0.78	Health Care Excess

On the plus side, **Health Care** was the best performing on both an absolute and relative basis.

¹ Risk-adjusted performance, R/Vol, was calculated by dividing the factor return by the realized standard deviation of returns over the prior 12 months.

Style Factors

Our **Dividend** style factor (long high dividend, short low dividend yield) was the worst performing factor last month. **Momentum**, which was the worst performing style factor last month, was the second worst this month. Year-to-date, **Momentum** is the fourth-worst performing factor on a risk-adjusted basis, -4.27% for the year.

Return	Name
-1.15%	Dividend Excess
-0.21%	Momentum Excess
0.08%	Hedge Fund Excess
0.25%	Value – Growth
0.60%	Small Cap – Large Cap

R/Vol	Name
-0.75	Dividend Excess
-0.13	Momentum Excess
0.13	Hedge Fund Excess
0.15	Value – Growth
0.27	Small Cap – Large Cap

Small Cap stocks outperformed Large Cap, making the **Small Cap – Large Cap** factor the best performing in November.

Country Factors

As mentioned earlier, **Emerging Markets**, including **Brazil** and **Mexico**, were hit hard in November.

Return	Name
-7.41%	Brazil Excess
-4.53%	Mexico Excess
-3.08%	Emerging Markets Excess
⋮	⋮
0.62%	Japan Excess
1.87%	United Kingdom Excess

R/Vol	Name
-1.00	Brazil Excess
-0.94	Emerging Markets Excess
-0.83	Mexico Excess
⋮	⋮
0.13	Japan Excess
0.45	United Kingdom Excess

On the plus side, **Japan** and the United Kingdom outperformed.

Sector Factors

Real Estate and **Homebuilders** were among the worst performing sectors, a potentially bearish indicator for the broader economy.

Return	Name
-2.90%	Real Estate Excess
-2.74%	Utilities Excess
-2.48%	Homebuilders Excess
⋮	⋮
1.07%	Metals and Mining Excess
1.10%	Financials Excess
1.92%	Health Care Excess

R/Vol	Name
-1.31	Consumer Discretionary Excess
-0.89	Real Estate Excess
-0.80	Utilities Excess
⋮	⋮
0.28	Industrials Excess
0.44	Financials Excess
0.78	Health Care Excess

On the plus side, **Health Care** and **Financials** had the most significant outperformance.

Further Reading

For an overview of Northstar’s approach to factor analysis, see our white paper [Next Generation Factor Models](#).

For an introduction on how Northstar uses factors in profit attribution, see [Risk-Based Performance Attribution](#).

You might also enjoy our article from June, [The Six-Standard Deviation Move that Wasn't](#), about the extremely large moves in three factors on June 3rd.