



The Concord Advisory Group, Ltd.

April 2018 Market Highlights *“Performance As Rates Rise”*

The Concord Advisory Group, Ltd.

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Concord Advisory Group: April 2018 Market Highlights

Commentary: “Performance As Rates Rise”

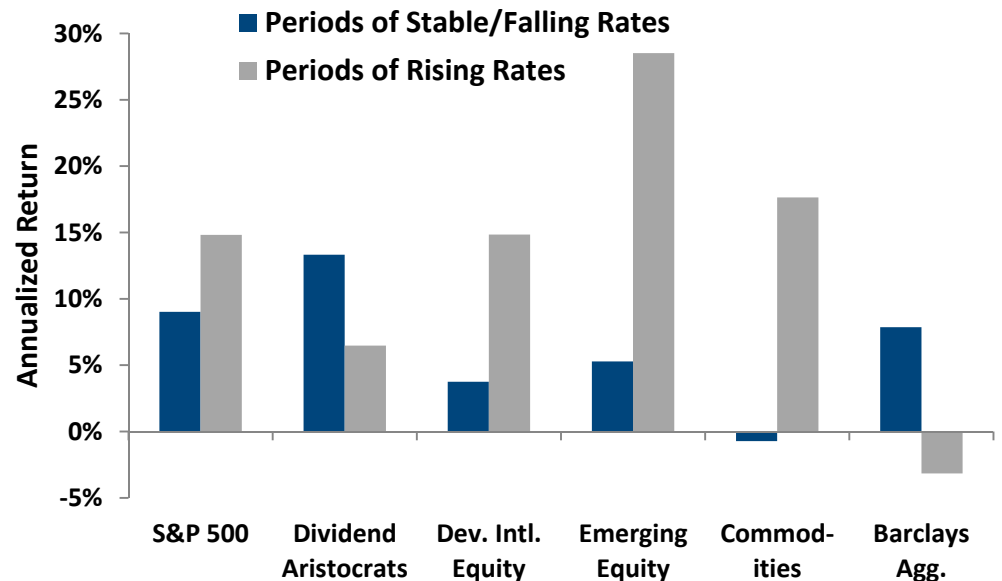


The level of U.S. interest rates has fallen short of the forecasts of most investment professionals who venture to make such short-term predictions, but rates have finally begun to move higher. Looking at data since 1991, the attached chart shows the performance of various asset classes in prior periods of rising and stable/falling 10-year Treasury yields. Based on historic returns, some investors may be unnecessarily fearful of higher rates, particularly if rate increases are due to improving economic growth. For example, U.S. and developed international equities, the categories with the highest risk budgets in most portfolios, have performed better in rising rate environments.

Commodities and emerging market stocks also both outperformed in periods of rising interest rates due to improving growth. Emerging market economies are the source of three-quarters of global growth and developing nations' growth has a large impact on commodities demand. Higher interest rates also benefit commodities prices longer-term by limiting new supply. Increasing the supply of commodities often requires large infrastructure investment (i.e. mines, refineries, and wells) and higher interest rates make the infrastructure investment more costly.

Investments bought for yield are the obvious losers in a rising rate environment. Bond prices usually hold up reasonably well, as long as the maturity of the holdings is not long. However, equities that pay high dividends are an area worthy of some caution. When rates were low, many investors with lower risk tolerances purchased dividend-paying stocks as an alternative to fixed income, an activity that assisted in driving-up the stock prices. If interest rates increase further, these income-oriented investors may become very motivated sellers.

It is uncertain if interest rates will continue higher, stay range bound, or go lower, but it does seem clear that all but the most yield-oriented investors already own plenty of assets that have performed well in an environment of improving growth pushing interest rates higher.

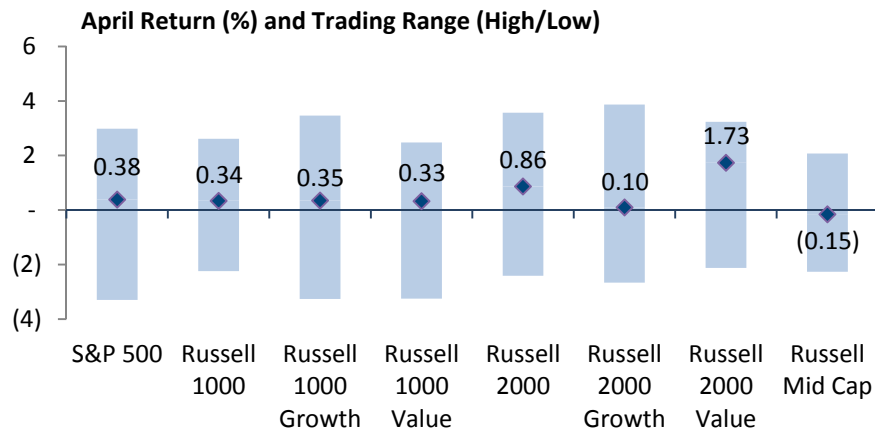


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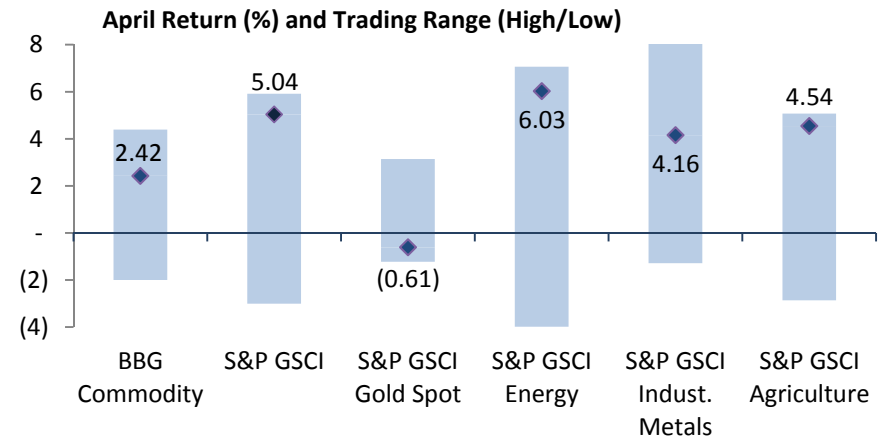
Monthly Charts



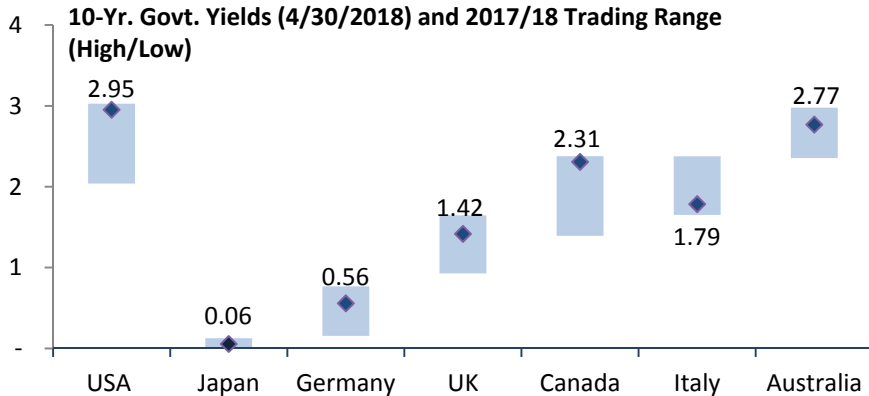
U.S. Equities: U.S. equity markets advanced during the month, as year-end tax reforms continue to benefit earnings. Encouraging economic data also aided results.



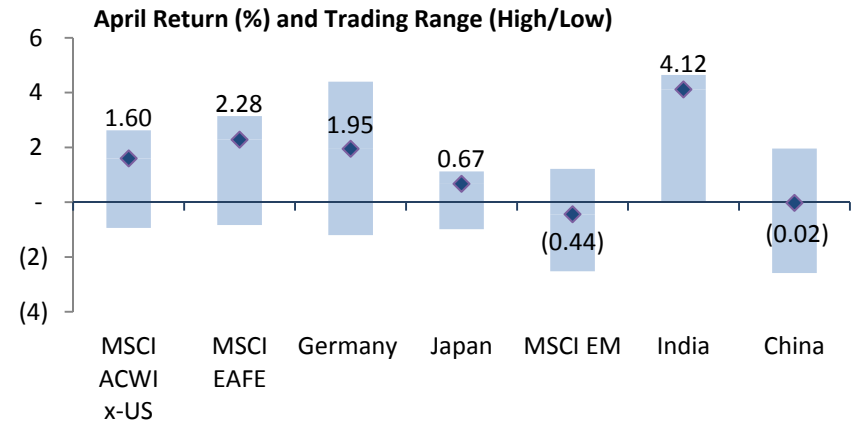
Commodities: Broad commodities posted gains in April, boosted by higher oil and raw materials prices.



Fixed Income: Rates rose across the yield curve, with the 10-year Treasury briefly crossing 3%. Credit spreads were little changed.



International Equities: Developed market equities outperformed U.S., despite dollar strengthening in April. In a reversal from prior periods, emerging market stocks lagged and were negative for the month.

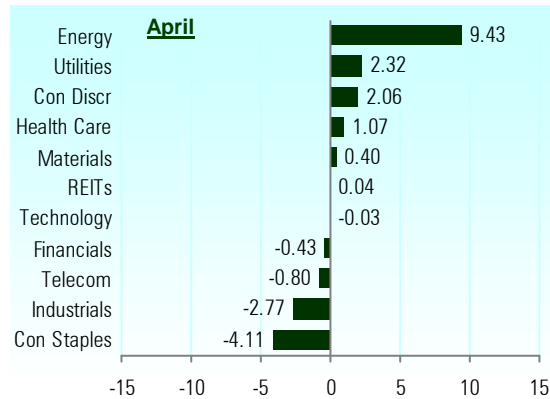


Concord Advisory Group: April 2018 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	0.38%	-5.77%	-0.38%	13.27%	10.57%	12.96%
Russell 1000	0.34%	-5.54%	-0.35%	13.17%	10.25%	12.84%
Russell 1000 Growth	0.35%	-4.96%	1.77%	18.96%	12.84%	15.13%
Russell 1000 Value	0.33%	-6.14%	-2.51%	7.50%	7.66%	10.52%
Russell MidCap	-0.15%	-4.22%	-0.61%	11.17%	8.28%	11.77%
Russell 2000	0.86%	-1.79%	0.78%	11.54%	9.64%	11.74%
Russell 2000 Growth	0.10%	-1.44%	2.40%	16.60%	9.89%	13.07%
Russell 2000 Value	1.73%	-2.16%	-0.95%	6.53%	9.27%	10.36%
MSCI ACWI	0.95%	-5.36%	-0.02%	14.16%	7.43%	8.80%
MSCI World	1.15%	-5.15%	-0.15%	13.22%	7.55%	9.27%
MSCI ACWI Ex-U.S.	1.60%	-4.90%	0.40%	15.91%	5.01%	5.46%
MSCI EAFE	2.28%	-4.09%	0.72%	14.51%	4.94%	5.90%
MSCI EM	-0.44%	-6.80%	0.97%	21.71%	6.00%	4.74%
Bloomberg Commodity	2.58%	0.18%	2.17%	8.02%	-4.18%	-7.32%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	-0.74%	-1.05%	-2.19%	-0.32%	1.07%	1.47%
Barclays Capital Global Aggregate	-1.60%	-1.44%	-0.26%	4.09%	2.23%	0.89%
Barclays Capital Intermediate Aggregate	-0.52%	-0.59%	-1.57%	-0.64%	0.84%	1.22%
Barclays Capital Universal	-0.67%	-1.11%	-2.06%	0.01%	1.54%	1.83%
Barclays Capital Government	-0.80%	-0.62%	-1.94%	-1.04%	0.37%	0.74%
Barclays Capital Credit	-0.91%	-2.11%	-3.02%	0.65%	2.05%	2.27%
Barclays Capital Municipal	-0.36%	-0.29%	-1.46%	1.56%	2.31%	2.44%
Barclays Capital High Yield	0.65%	-0.81%	-0.21%	3.26%	4.98%	4.75%
Barclays Capital Mortgage	-0.50%	-0.52%	-1.69%	-0.38%	0.94%	1.59%
Barclays Capital 1-3 Yr Gov/Credit	-0.10%	-0.04%	-0.30%	-0.05%	0.60%	0.71%
Citigroup 3-Month Treasury Bill	0.13%	0.37%	0.48%	1.16%	0.53%	0.33%
Citigroup World Govt Bond	-1.89%	-1.06%	0.56%	5.08%	2.42%	0.59%
Barclays Capital U.S. TIPS	-0.06%	0.01%	-0.85%	0.27%	1.04%	-0.12%
ML Investment Grade Convertible	0.61%	2.31%	5.37%	17.93%	13.03%	13.80%

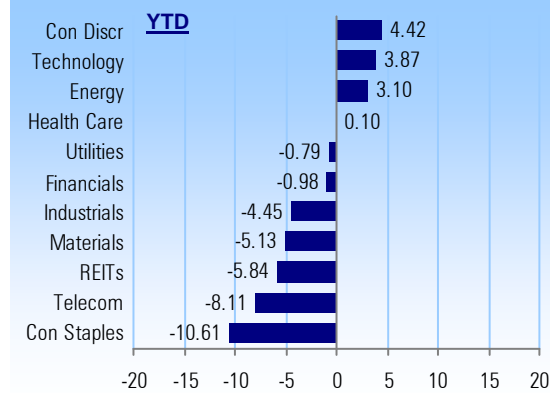
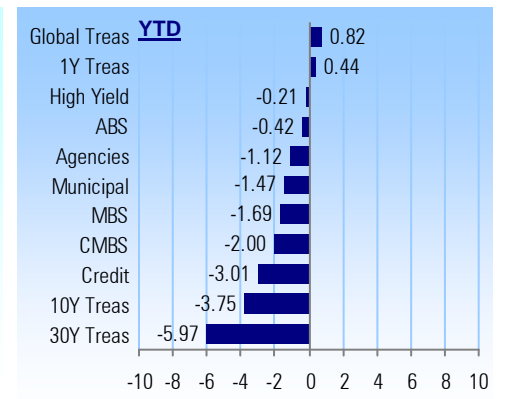
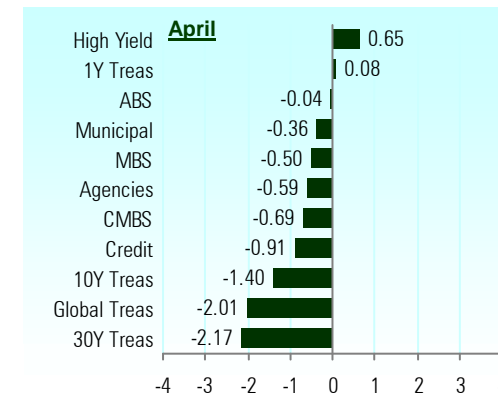
Equity Sector Returns (%)



Equity Style Returns (%)

Style	Value	Core	Growth
Large	0.33	0.34	0.35
Mid	0.50	-0.15	-0.94
Small	1.73	0.86	0.10

Fixed Income Sector Returns (%)



Style	Value	Core	Growth
Large	-2.51	-0.35	1.77
Mid	-2.02	-0.61	1.21
Small	-0.95	0.78	2.40

Treasury Yield Curve

