



THE CONCORD ADVISORY GROUP, LTD.

Institutional Investment Consulting Services

APRIL 2021 MARKET HIGHLIGHTS

“IMPROVING ON BOND EXPECTED RETURNS”

THE CONCORD ADVISORY GROUP, LTD: APRIL 2021 MARKET HIGHLIGHTS

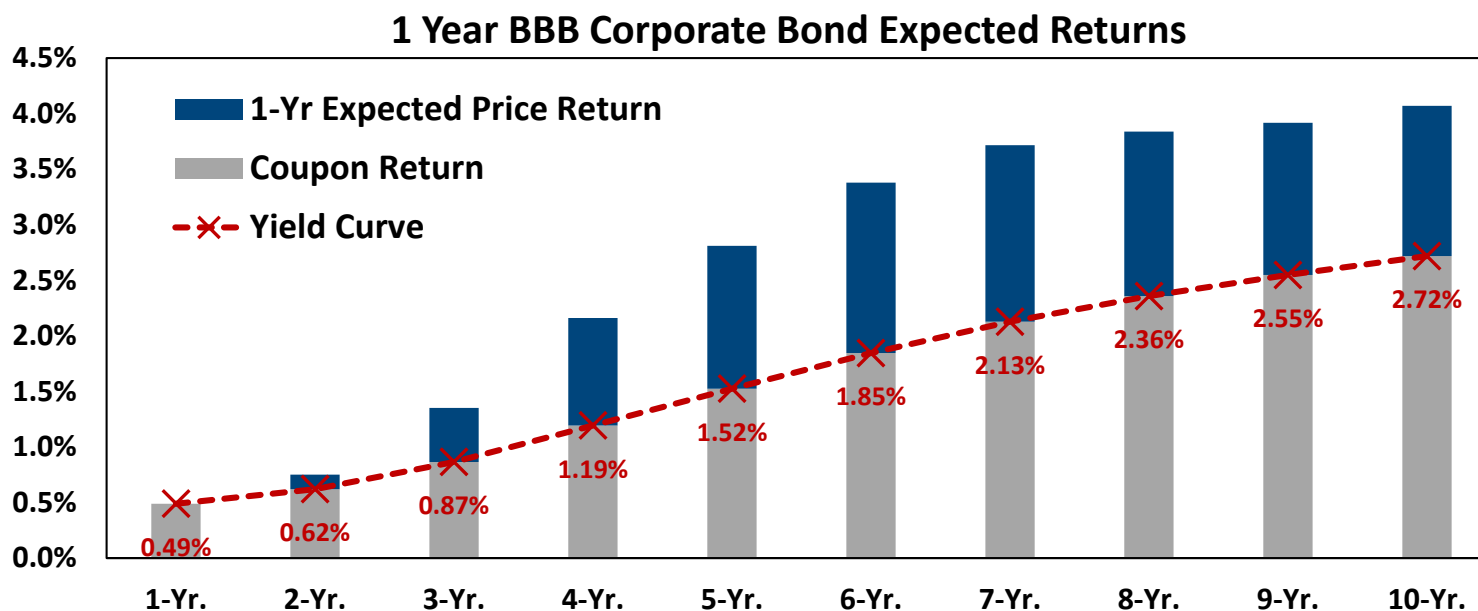
COMMENTARY: “IMPROVING ON BOND EXPECTED RETURNS”

The expected returns for bonds are quite low across the financial industry; our 3 to 5 year expected return estimate for core bonds is 1.54%. Fortunately, there are opportunities for active bond managers to outperform these low expectations.

Overweighting credit sectors is the most common and straightforward method to boost fixed income returns. Taking advantage of the steep yield curve, the curve is at its steepest level since 2015, is another tool to outperform. By extending maturities, many active bond managers are increasing the yields on their portfolios. In addition, they are potentially capturing a less obvious benefit.

Beyond the extra yield of extending maturities, when the yield curve is steep, prices of intermediate term bonds tend to increase over the next year. In the chart below, we calculated expected 1-year total returns for generic BBB rated corporate bonds with maturities out to ten years. The “Expected Price Return,” represents the appreciation of the bond’s price, assuming the yield curve, one-year from now, looks as it does today. As shown, if interest rates are stable, intermediate-term bonds should outperform short-term bonds by a sizable margin.

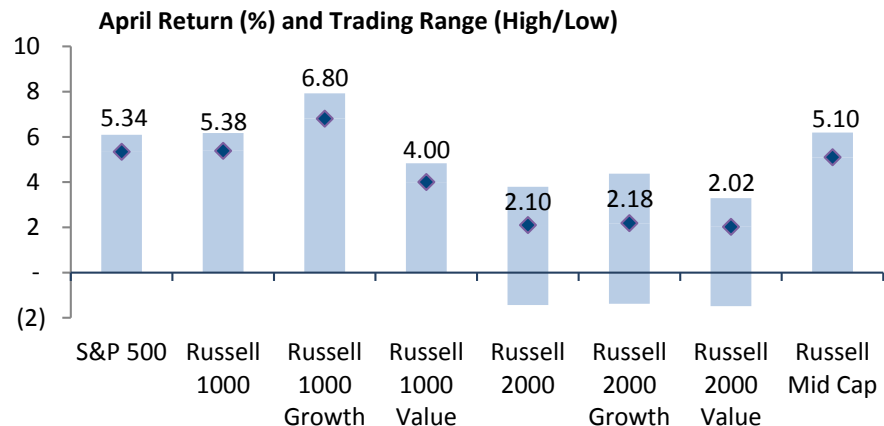
It is clearly a challenging time for fixed income investors, but utilizing active management to take advantage of the steep yield curve and the extra yield available from spread sectors can improve upon the low expected returns for bonds.



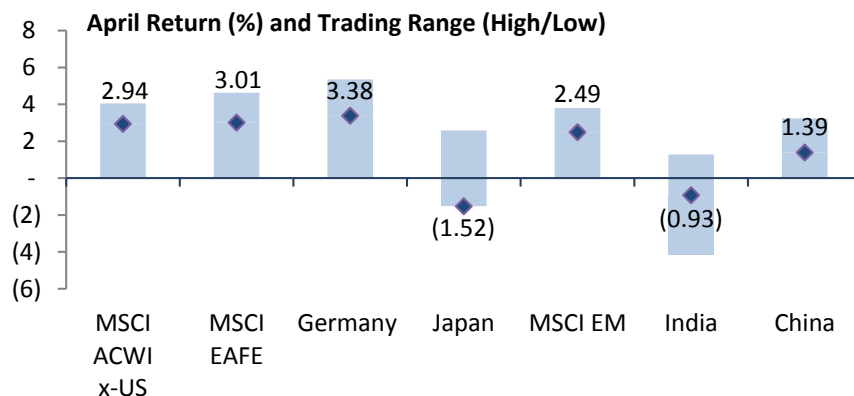
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MONTHLY CHARTS

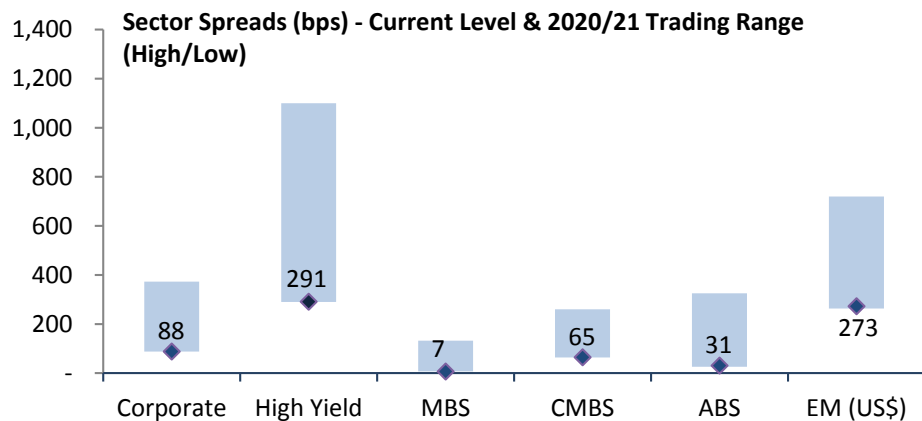
U.S. Equities: U.S. equities gained in April, on the heels of strong earnings reports and improving economic conditions. Each of the broad sectors advanced during the month.



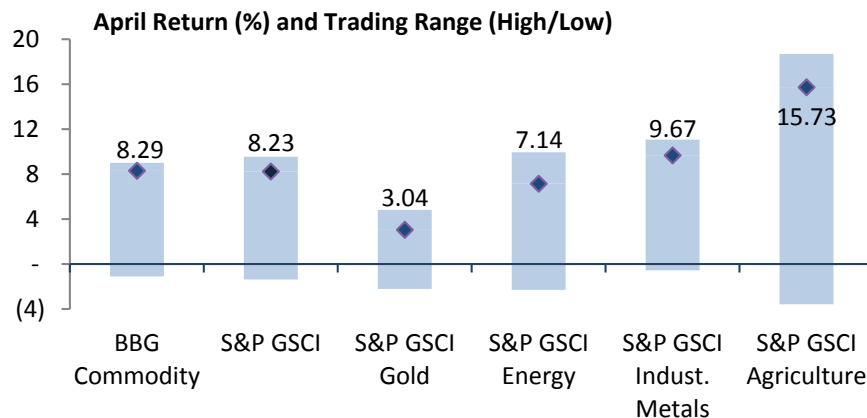
International Equities: Non-U.S. equities also ended April in positive territory, boosted by a weaker U.S. dollar, but were unable to keep pace with domestic market returns.



Fixed Income: Fixed income markets were broadly positive in April. Yields declined intra-period but moved higher at month-end. Corporate bonds outperformed as spreads further compressed.



Commodities: Commodities prices moved higher following signs of potential government infrastructure spending and recovering global economies. Weather and biofuel demand drove up agriculture prices.

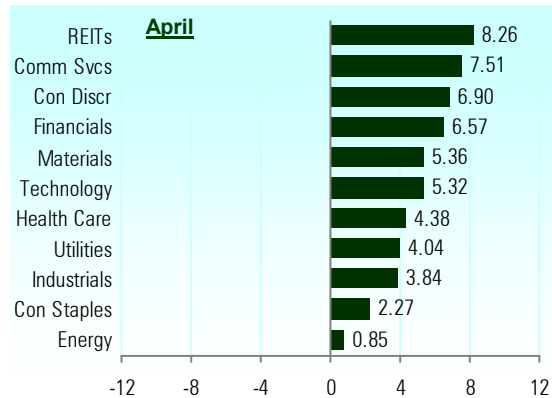


Concord Advisory Group: April 2021 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	5.34%	12.98%	11.84%	45.98%	18.67%	17.42%
Russell 1000	5.38%	12.54%	11.61%	49.48%	19.24%	17.76%
Russell 1000 Growth	6.80%	8.61%	7.81%	51.41%	25.38%	22.88%
Russell 1000 Value	4.00%	16.77%	15.70%	45.92%	12.31%	12.16%
Russell MidCap	5.10%	13.95%	13.65%	59.57%	16.71%	15.58%
Russell 2000	2.10%	9.55%	15.07%	74.91%	15.23%	16.48%
Russell 2000 Growth	2.18%	2.23%	7.16%	69.15%	17.98%	18.89%
Russell 2000 Value	2.02%	17.44%	23.62%	78.96%	11.68%	13.54%
MSCI ACWI	4.37%	9.64%	9.14%	45.75%	13.33%	13.85%
MSCI World	4.65%	10.91%	9.80%	45.33%	14.10%	14.03%
MSCI ACWI Ex-US	2.94%	6.31%	6.54%	42.98%	6.97%	9.82%
MSCI EAFE	3.01%	7.74%	6.59%	39.88%	6.27%	8.87%
MSCI EM	2.49%	1.71%	4.83%	48.71%	7.51%	12.50%
Bloomberg Commodity	8.29%	12.82%	15.78%	48.52%	1.62%	2.26%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	0.79%	-1.91%	-2.61%	-0.27%	5.19%	3.19%
Barclays Capital Global Aggregate	1.26%	-2.39%	-3.25%	3.95%	3.79%	2.64%
Barclays Capital Intermediate Aggregate	0.52%	-0.95%	-1.09%	0.76%	4.53%	2.72%
Barclays Capital Universal	0.84%	-1.62%	-2.24%	1.78%	5.39%	3.62%
Barclays Capital Government	0.74%	-2.54%	-3.44%	-4.16%	4.64%	2.43%
Barclays Capital Credit	1.06%	-2.27%	-3.44%	4.25%	6.65%	4.64%
Barclays Capital Municipal	0.84%	-0.15%	0.48%	7.75%	5.34%	3.52%
Barclays Capital High Yield	1.09%	1.61%	1.95%	19.67%	7.00%	7.46%
Barclays Capital Mortgage	0.55%	-0.63%	-0.55%	-0.17%	4.11%	2.50%
Barclays Capital 1-3 Yr Gov/Credit	0.08%	0.00%	0.03%	1.02%	3.11%	2.00%
FTSE 3-Month Treasury Bill	0.00%	0.01%	0.02%	0.13%	1.41%	1.15%
FTSE World Govt Bond	1.15%	-3.35%	-4.59%	1.78%	3.14%	2.13%
Barclays Capital U.S. TIPS	1.40%	-0.42%	-0.09%	6.09%	6.19%	4.08%
BofAML Invest Grade Convertible	1.99%	6.62%	5.48%	23.88%	10.45%	14.13%

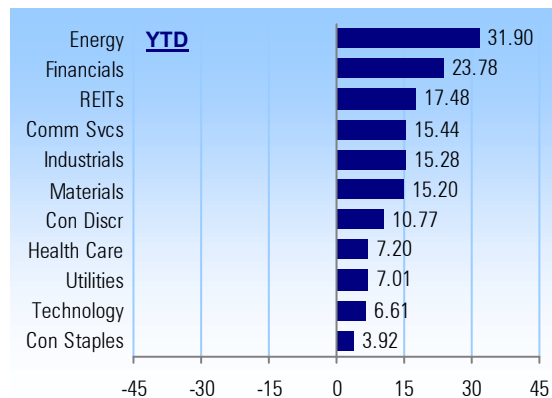
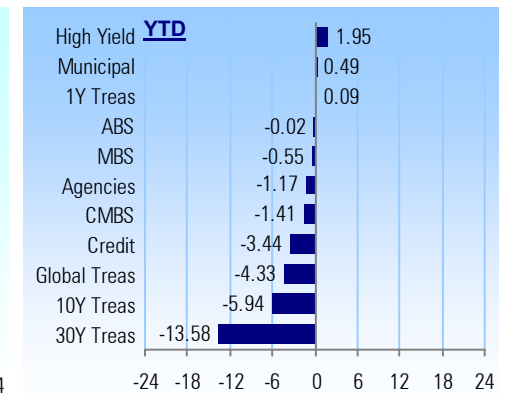
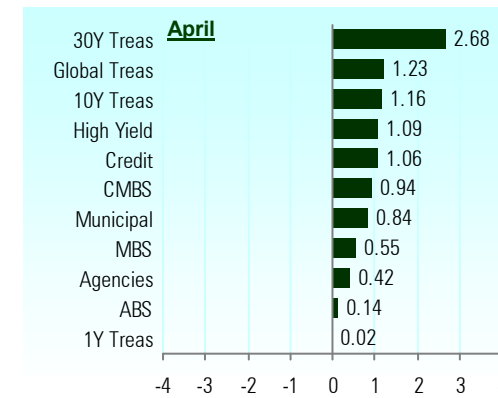
Equity Sector Returns (%)



Equity Style Returns (%)

Style	Value	Core	Growth
Large	4.00	5.38	6.80
Mid	4.84	5.10	5.62
Small	2.02	2.10	2.18

Fixed Income Sector Returns (%)



Style	Value	Core	Growth
Large	15.70	11.61	7.81
Mid	18.52	13.65	5.02
Small	23.62	15.07	7.16

Treasury Yield Curve

