



THE CONCORD ADVISORY GROUP, LTD.

Institutional Investment Consulting Services

AUGUST 2020 MARKET HIGHLIGHTS

“EXXON REPLACED BY A SOFTWARE STOCK”

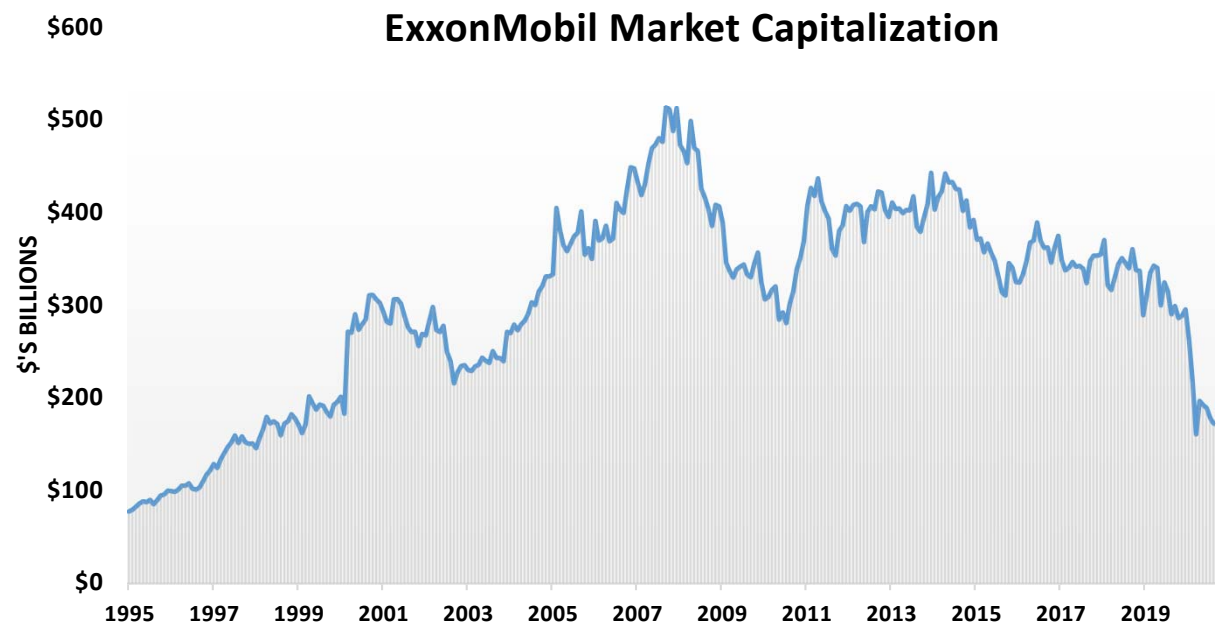
THE CONCORD ADVISORY GROUP, LTD: AUGUST 2020 MARKET HIGHLIGHTS

COMMENTARY: “EXXON REPLACED BY A SOFTWARE STOCK”

This month, S&P Dow Jones Indices made three changes to the Dow Jones Industrial Average (DJIA), with the most notable being the removal of ExxonMobil. Exxon had been in the Dow for 92 years. It had been prominent on the lists of the largest companies for decades and was the world’s largest public company, just seven years ago. The catalyst for Exxon’s removal from the DJIA was Apple’s 4 for 1 stock split, which, due to the antiquated way the DJIA index is calculated, lowered Apple’s and the technology sector’s weights in the index. The committee that oversees the index added Salesforce.com and removed Exxon to increase the technology exposure.

The economic reason that Exxon is no longer in the DJIA is that the industry that drives the economy has shifted from energy to technology, and the key commodity has changed from oil to data. Control over a large and difficult to replicate energy infrastructure allowed Exxon to stay in the top rung of stocks for over 90 years. Instead, today’s largest companies control the world’s technology infrastructure. These companies rely less on the capital-intensive projects that drove Exxon’s durability and more on network effects and engrained user behavior to create a competitive moat around their business. Time will tell if these less capital-intensive moats are as effective as Exxon’s was.

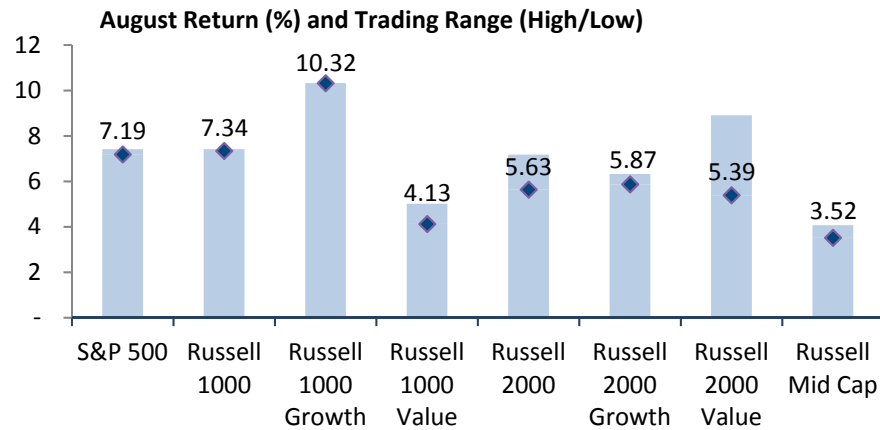
It is not all bad news for shareowners in Exxon, or the other two companies dropped from the DJIA, Raytheon and Pfizer. Since 1999, companies removed from the DJIA have outperformed the companies added by an average of 8% in the year following the index change (Dow Jones Market Data).



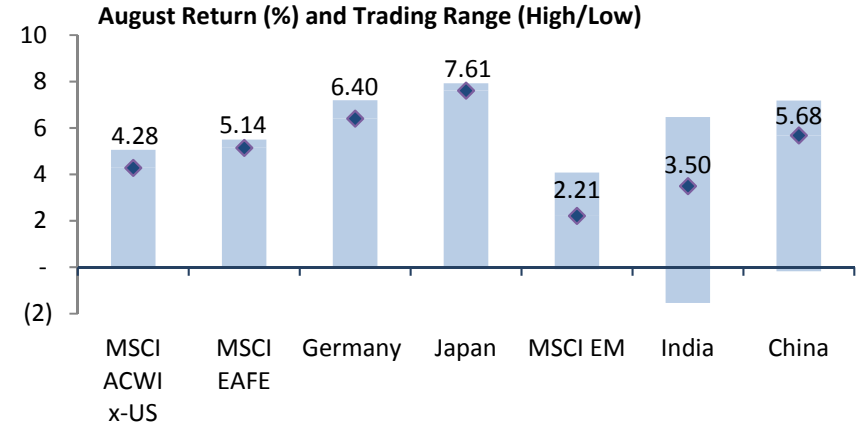
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MONTHLY CHARTS

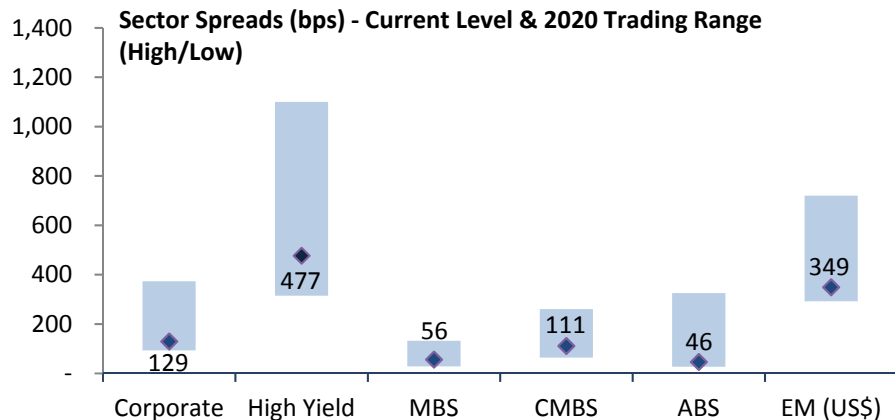
U.S. Equities: U.S. equities continued to rise in August, having erased most pandemic-related losses. The gains were fueled by an ongoing commitment to stimulus and a better-than-expected earnings season.



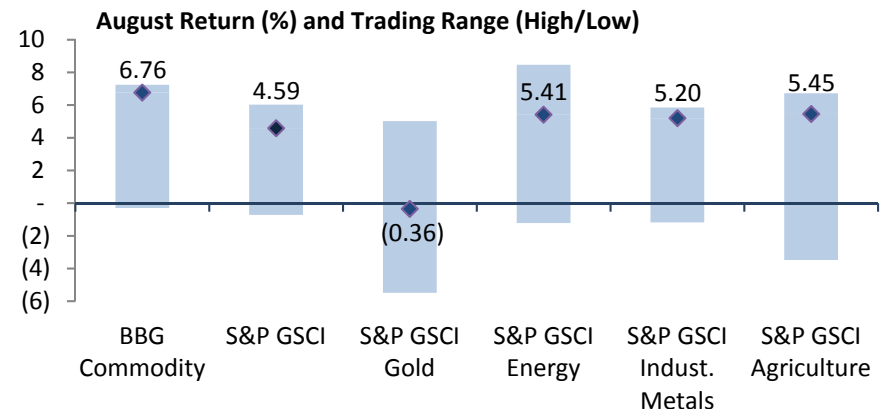
International Equities: Non-U.S. markets trailed domestic equities, but still advanced. Developed markets delivered gains broadly. In emerging markets it was Asia, and notably China, that boosted returns.



Fixed Income: High quality fixed income returns were negative as higher inflation expectations pushed up intermediate and longer-term interest rates.



Commodities: Broad commodities prices moved higher during the month, on the heels of higher metals and energy prices.

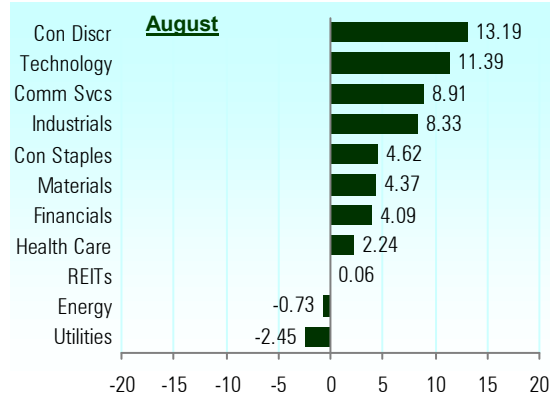


Concord Advisory Group: August 2020 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	7.19%	15.48%	9.74%	21.94%	14.52%	14.46%
Russell 1000	7.34%	16.14%	10.43%	22.50%	14.58%	14.31%
Russell 1000 Growth	10.32%	23.98%	30.47%	44.34%	24.18%	20.66%
Russell 1000 Value	4.13%	7.53%	-9.35%	0.85%	4.51%	7.54%
Russell MidCap	3.52%	11.57%	-0.41%	8.73%	8.83%	9.76%
Russell 2000	5.63%	12.40%	-5.53%	6.01%	5.03%	7.65%
Russell 2000 Growth	5.87%	13.71%	6.15%	17.28%	10.91%	10.46%
Russell 2000 Value	5.39%	10.68%	-17.71%	-6.14%	-1.39%	4.37%
MSCI ACWI	6.12%	15.30%	4.75%	16.53%	8.99%	10.21%
MSCI World	6.68%	14.74%	5.34%	16.78%	9.82%	10.42%
MSCI ACWI Ex-US	4.28%	13.85%	-3.06%	8.31%	2.63%	5.75%
MSCI EAFE	5.14%	11.26%	-4.61%	6.13%	2.34%	4.72%
MSCI EM	2.21%	19.53%	0.45%	14.49%	2.84%	8.66%
Bloomberg Commodity	6.76%	15.43%	-9.04%	-3.91%	-3.13%	-3.10%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	-0.81%	1.31%	6.85%	6.47%	5.10%	4.33%
Barclays Capital Global Aggregate	-0.15%	3.95%	6.11%	5.54%	3.90%	4.10%
Barclays Capital Intermediate Aggregate	-0.06%	0.92%	5.20%	5.45%	4.08%	3.41%
Barclays Capital Universal	-0.58%	2.01%	6.39%	6.41%	5.08%	4.60%
Barclays Capital Government	-1.06%	0.14%	8.66%	6.92%	5.13%	3.88%
Barclays Capital Credit	-1.27%	3.64%	6.68%	7.10%	6.22%	5.91%
Barclays Capital Municipal	-0.47%	2.04%	3.31%	3.24%	4.10%	4.00%
Barclays Capital High Yield	0.95%	6.72%	1.67%	4.71%	4.88%	6.45%
Barclays Capital Mortgage	0.04%	0.13%	3.73%	4.54%	3.64%	3.12%
Barclays Capital 1-3 Yr Gov/Credit	0.04%	0.43%	3.11%	3.67%	2.80%	2.16%
FTSE 3-Month Treasury Bill	0.01%	0.03%	0.54%	1.18%	1.67%	1.15%
FTSE World Govt Bond	-0.45%	3.82%	7.38%	5.61%	4.03%	4.15%
Barclays Capital U.S. TIPS	1.09%	4.57%	9.63%	8.99%	5.71%	4.57%
BofAML Invest Grade Convertible	1.91%	6.82%	-0.36%	5.10%	9.74%	12.09%

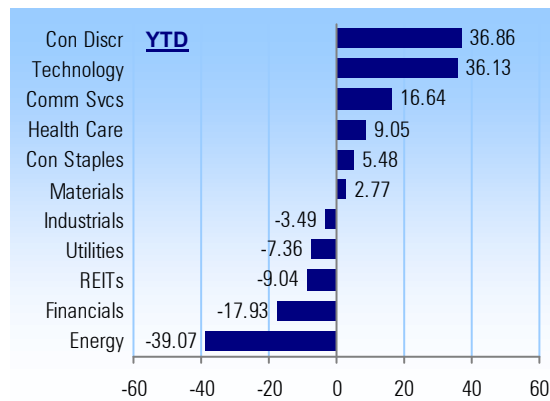
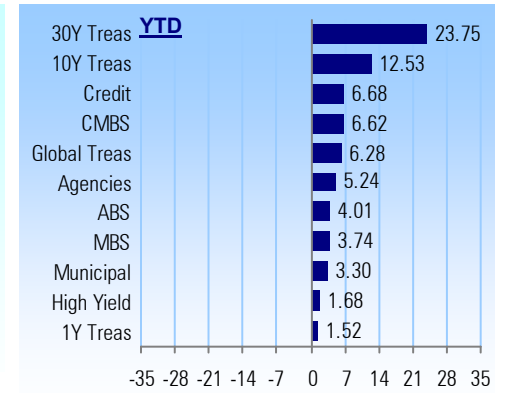
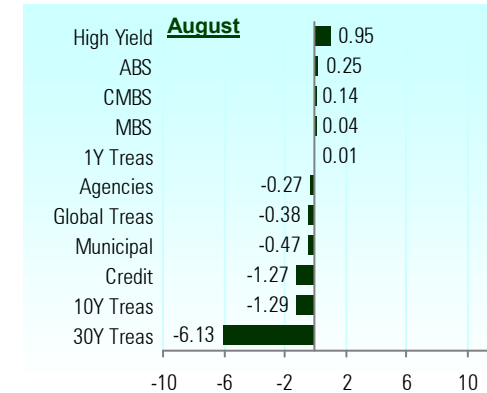
Equity Sector Returns (%)



Equity Style Returns (%)

August	Value	Core	Growth
Large	4.13	7.34	10.32
Mid	3.96	3.52	2.72
Small	5.39	5.63	5.87

Fixed Income Sector Returns (%)



YTD	Value	Core	Growth
Large	-9.35	10.43	30.47
Mid	-10.83	-0.41	15.54
Small	-17.71	-5.53	6.15

Treasury Yield Curve

