



THE CONCORD ADVISORY GROUP, LTD.

Institutional Investment Consulting Services

AUGUST 2022 MARKET HIGHLIGHTS

“SOME ARE STILL MAKING MONEY”

THE CONCORD ADVISORY GROUP, LTD: AUGUST 2022 MARKET HIGHLIGHTS

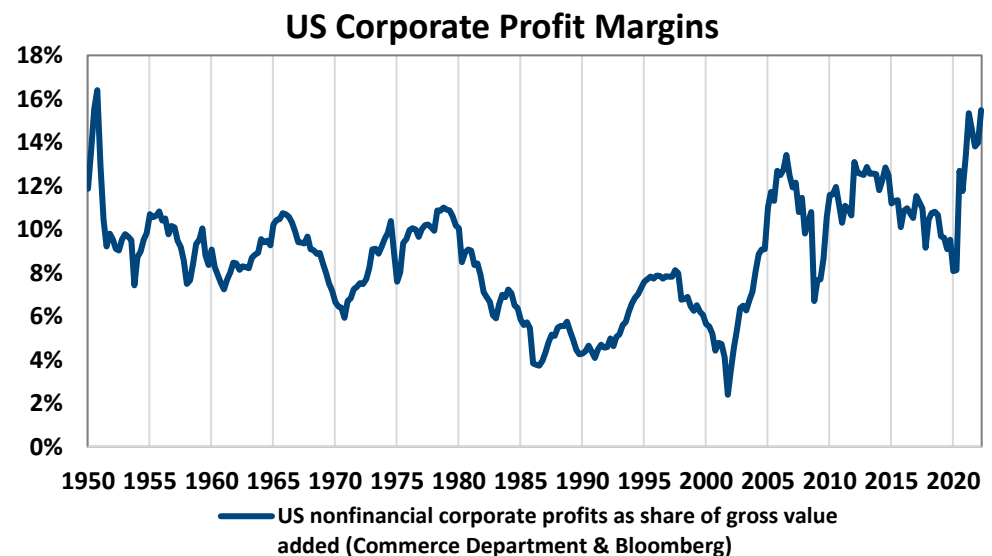
COMMENTARY: “SOME ARE STILL MAKING MONEY”

While current macro factors (Fed policy, rates, inflation, economic growth) are likely to continue to dominate the overall direction of stock prices, there has been an undercurrent of interesting micro trends developing. This past month, Sony raised the price of its PS5 game console in most major markets. This increase is unusual because Sony is not raising prices in the U.S. market and video game manufacturers almost never raise the prices of their consuls. Sony’s actions reflect two partially offsetting trends in corporate earnings, foreign exchange losses and companies successfully passing along higher costs to consumers.

Sony partially blames the price increases on “adverse currency trends.” The U.S. dollar has appreciated against most major currencies, including a 17 percent gain versus the Yen this year. Just prior to the price increase, the PlayStation 5, with an MSRP of \$500 in the U.S., was priced at the equivalent of \$363 dollars in Japan in yen. The strength of the U.S. dollar has made sales denominated in dollars more accretive to earnings results than sales in foreign currencies. Stock price movements have reflected this reality, as U.S. stocks with primarily domestic revenues have outperformed companies with multinational revenue by 9.5 percent this year. In the most recent set of S&P 500 earnings call transcripts, 144 companies mentioned the “dollar strength,” up from 33 in the fourth quarter of last year.

Sony’s announcement also reflects the trend that companies have been able to pass along price increases to consumers. Game consul manufacturers are loath to raise prices, fearing that developers and customers will migrate to a different platform. Sony being able to raise prices in a market that usually does not support price increases is an illustrative example that, in the current marketplace, most companies are able to pass along manufacturing cost increases to end-consumers.

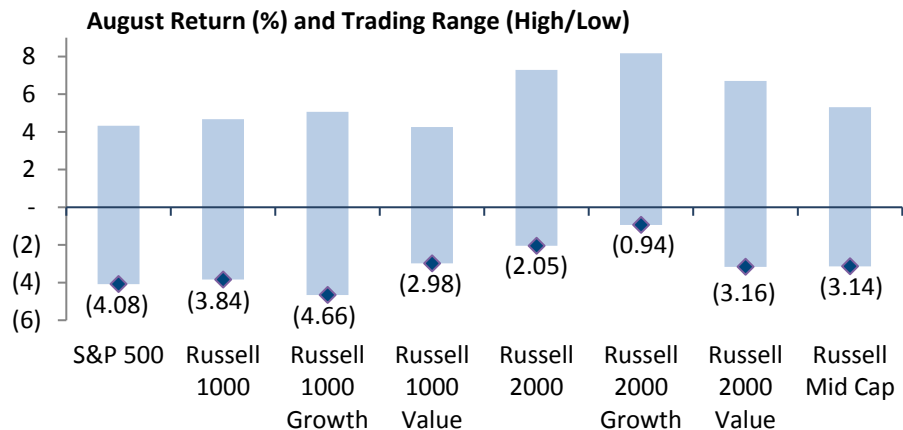
As the chart shows, corporate profit margins are at or near their highest levels in decades. Some active equity managers are reporting that they saw companies raise prices when raw materials prices were soaring and maintain those higher prices as their commodities costs fell over the last three months. It has been a difficult period for equities, but companies with pricing power and domestic revenues have fared better.



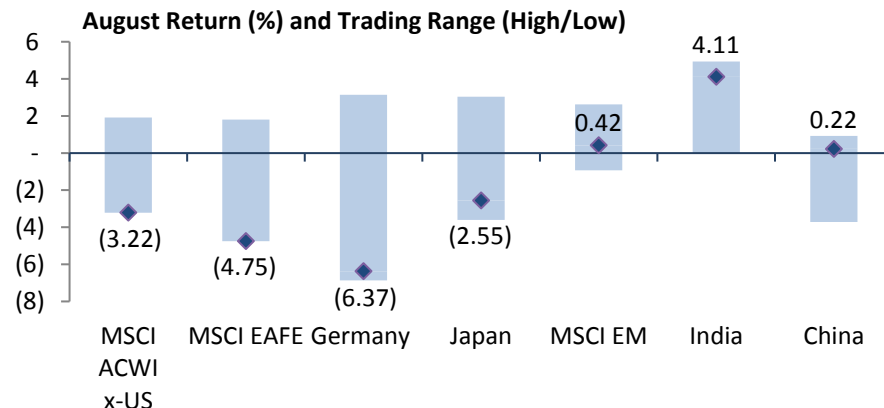
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MONTHLY CHARTS

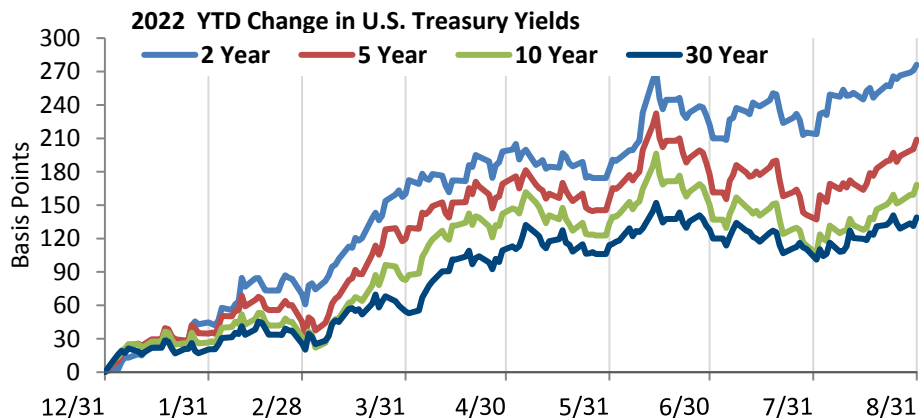
U.S. Equities: U.S. equity markets ended August in negative territory following hawkish comments from the U.S. Federal Reserve regarding inflation and interest rates.



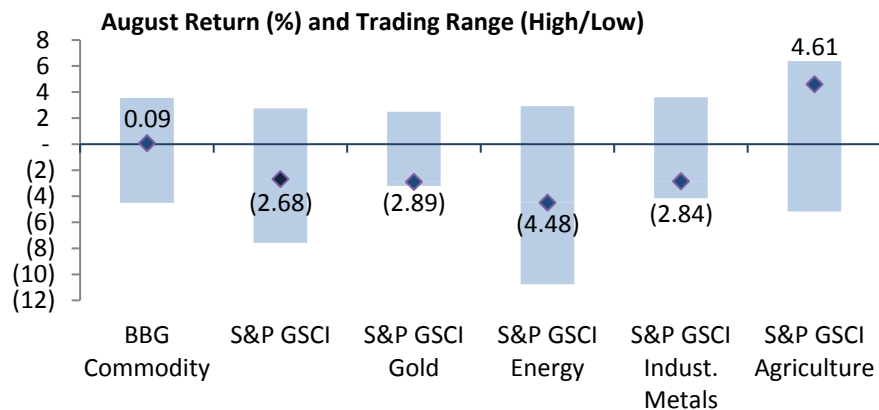
International Equities: Developed non-U.S. equities trailed domestic returns, as weak European results and U.S. dollar strength weighed on performance. Emerging markets led with modest gains.



Fixed Income: Fixed income markets declined as hawkish central bank rhetoric caused yields to rise. Bonds with longer maturities lagged.



Commodities: Broad commodities prices were mostly lower in August. Nearly all broad sectors posted declines, with Agriculture as a positive exception.

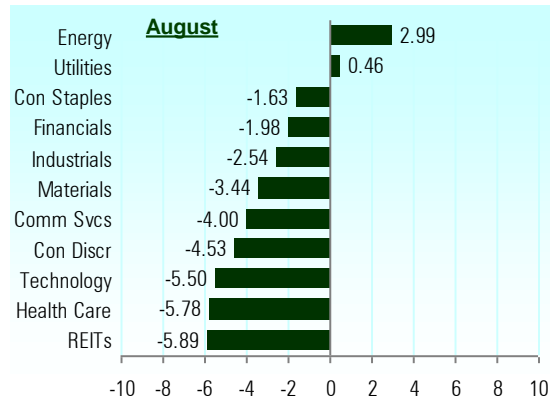


Concord Advisory Group: August 2022 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	-4.08%	-3.88%	-16.15%	-11.23%	12.39%	11.83%
Russell 1000	-3.84%	-3.69%	-16.90%	-12.97%	12.13%	11.61%
Russell 1000 Growth	-4.66%	-1.67%	-23.19%	-19.06%	14.51%	14.78%
Russell 1000 Value	-2.98%	-5.58%	-9.85%	-6.23%	8.87%	7.87%
Russell MidCap	-3.14%	-4.20%	-16.53%	-14.82%	9.36%	9.17%
Russell 2000	-2.05%	-0.72%	-17.17%	-17.89%	8.59%	6.95%
Russell 2000 Growth	-0.94%	3.33%	-22.29%	-25.26%	5.93%	6.70%
Russell 2000 Value	-3.16%	-4.28%	-12.17%	-10.18%	10.37%	6.56%
MSCI ACWI	-3.68%	-5.64%	-17.75%	-15.88%	8.04%	6.98%
MSCI World	-4.18%	-5.53%	-17.78%	-15.08%	8.77%	7.85%
MSCI ACWI Ex-US	-3.22%	-8.51%	-18.34%	-19.52%	2.86%	1.67%
MSCI EAFE	-4.75%	-9.28%	-19.57%	-19.80%	2.39%	1.63%
MSCI EM	0.42%	-6.49%	-17.49%	-21.81%	2.74%	0.59%
Bloomberg Commodity	0.09%	-6.89%	23.60%	27.72%	17.15%	8.75%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Bloomberg Aggregate	-2.83%	-2.01%	-10.76%	-11.52%	-2.00%	0.52%
Bloomberg Global Aggregate	-3.95%	-5.05%	-15.56%	-17.62%	-4.39%	-1.46%
Bloomberg Intermediate Aggregate	-2.49%	-1.64%	-7.83%	-8.76%	-1.25%	0.58%
Bloomberg Universal	-2.60%	-2.15%	-11.07%	-11.85%	-1.82%	0.63%
Bloomberg Government	-2.46%	-1.78%	-9.87%	-10.70%	-2.20%	0.33%
Bloomberg Credit	-2.83%	-2.49%	-13.70%	-14.43%	-2.14%	0.95%
Bloomberg Municipal	-2.19%	-1.25%	-8.62%	-8.63%	-0.83%	1.28%
Bloomberg High Yield	-2.30%	-3.50%	-11.22%	-10.60%	1.03%	2.58%
Bloomberg Mortgage	-3.42%	-1.91%	-9.07%	-9.73%	-1.97%	0.06%
Bloomberg 1-3 Yr Gov/Credit	-0.78%	-0.96%	-3.36%	-3.98%	-0.03%	0.93%
FTSE 3-Month Treasury Bill	0.15%	0.32%	0.43%	0.44%	0.56%	1.10%
FTSE World Govt Bond	-4.35%	-5.72%	-17.05%	-19.82%	-5.81%	-2.29%
Bloomberg U.S. TIPS	-2.66%	-1.64%	-7.49%	-5.98%	2.65%	3.23%
BofAML Invest Grade Convertible	-0.06%	-1.84%	-4.54%	-0.91%	6.15%	8.50%

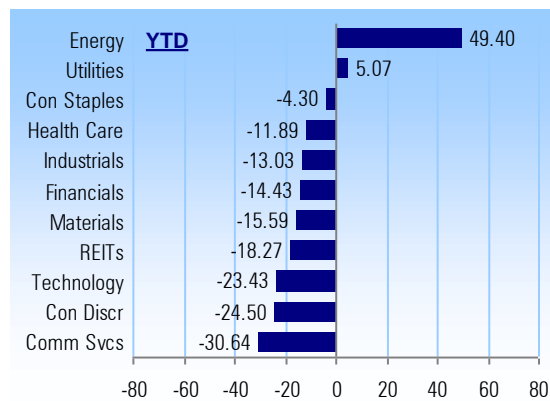
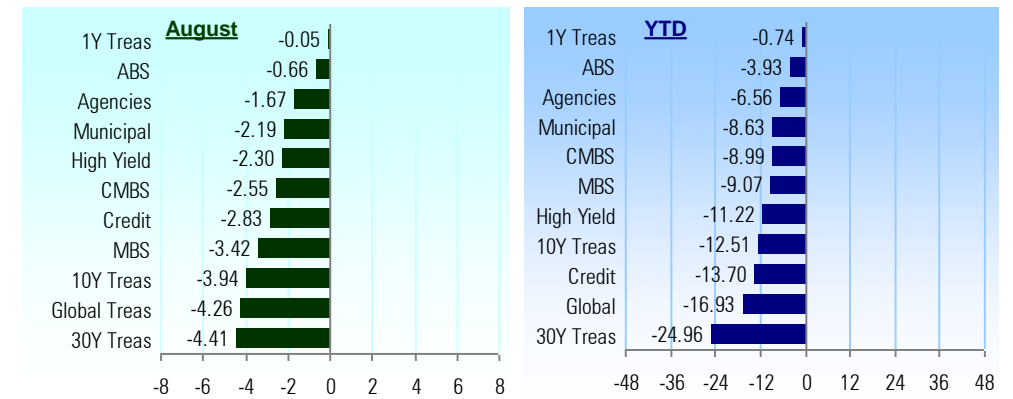
Equity Sector Returns (%)



Equity Style Returns (%)

August	Value	Core	Growth
Large	-2.98	-3.84	-4.66
Mid	-3.06	-3.14	-3.28
Small	-3.16	-2.05	-0.94

Fixed Income Sector Returns (%)



YTD	Value	Core	Growth
Large	-9.85	-16.90	-23.19
Mid	-11.80	-16.53	-25.09
Small	-12.17	-17.17	-22.29

Treasury Yield Curve

