



THE CONCORD ADVISORY GROUP, LTD.

Institutional Investment Consulting Services

DECEMBER 2022 MARKET HIGHLIGHTS

“EXIT PLANNING”

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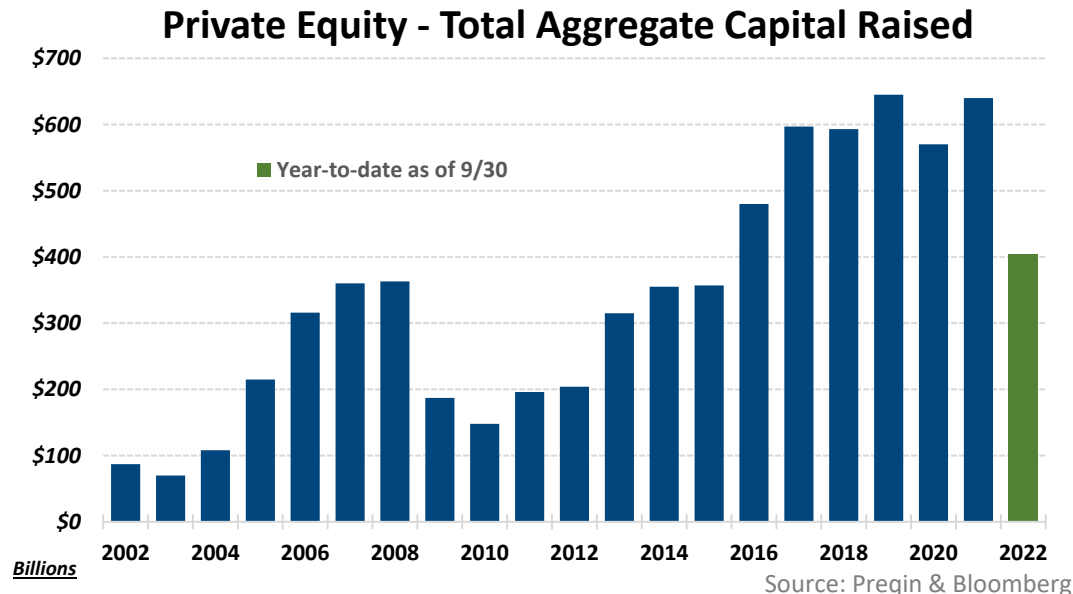
COMMENTARY: “EXIT PLANNING”

“How am I going to get out of this investment?” is probably the most important question in finance, but it is often unasked or asked too late. In bull-market euphoria, people tend to be overly concerned about past returns on capital and not worried enough about future return of capital. Last month there were some high-profile examples of strong-performing, less liquid funds that failed to return capital to investors.

Blackstone and Starwood Capital manage the two largest non-traded REITS with assets under management of \$69 and \$15 billion, respectively. Last month, both REITS limited withdrawals following sizable redemption requests. Rising interest rates, slowing rent growth in apartments, overbuilding in industrials and weak demand for office led many investors to believe (likely correctly) that commercial real-estate appraisals are too high relative to price levels where the properties can be sold. Not being able to exit, when it is a good time to get out, is an underappreciated drawback of “liquid” funds that own illiquid assets.

In most cases, the investing exit plan is to sell the asset to somebody else, which means that investors need to think about the size of the potential buyer pool. The preference for private versus public equity tends to run in cycles. In the case of private investments, the pool of potential buyers was incredibly strong from 2017 through 2021, but fundraising is trending down by 20 percent in 2022.

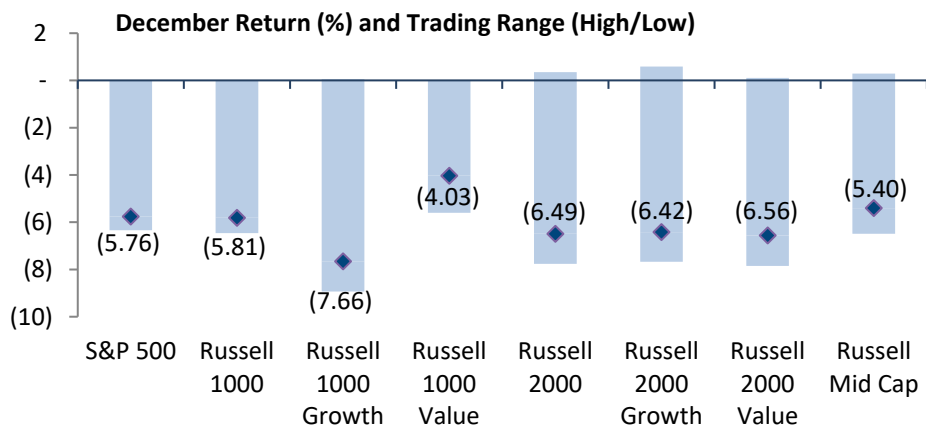
Liquid, publicly-traded investments saw steeper losses than private investments in 2022. As a result, portfolios with illiquid investments probably find themselves overweight private investments relative to public. This overweight to private investments, combined with a more stressful operating environment for many institutions, implies that new money will likely migrate towards public investments as investors rebalance their public / private mix 2023.



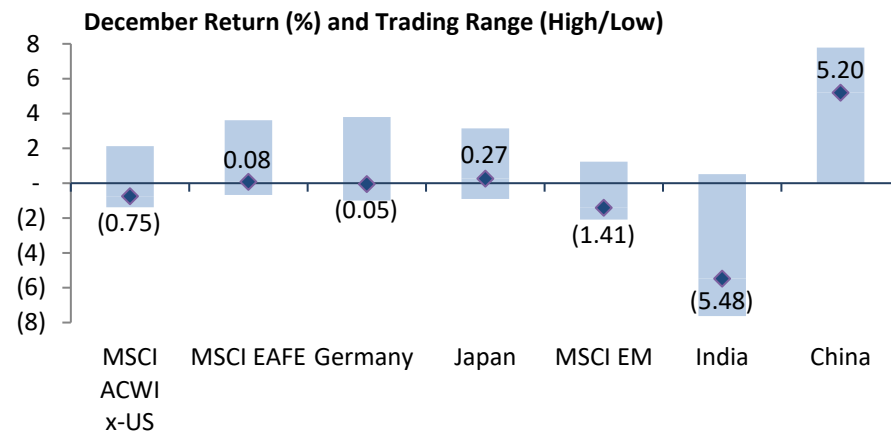
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MONTHLY CHARTS

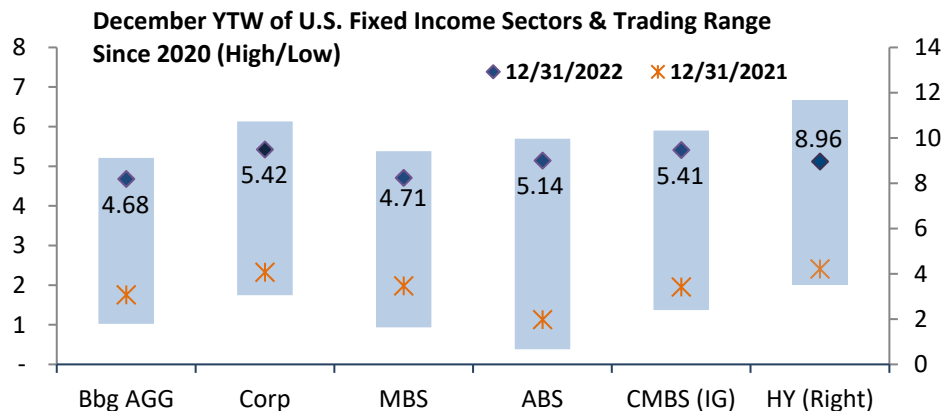
U.S. Equities: U.S. equities ended the month, and full-year period, in negative territory. Domestic inflation eased in December, but concerns about China's COVID policies and infection rates weighed on returns.



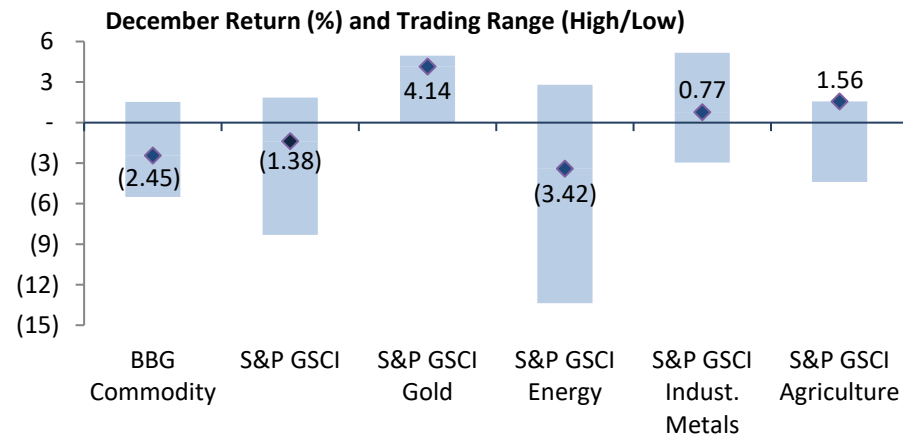
International Equities: Non-U.S. equities fared better than domestic markets during the month, as gains across Europe, both developed and emerging regions, contributed to the advantage.



Fixed Income: Fixed income delivered modestly negative results for the month, and over the course of the year in 2022, as yields rose.



Commodities: Broad commodities prices were mixed to end the year. Weakness in Energy prices pulled down index returns in December.



Market Performance - December 2022

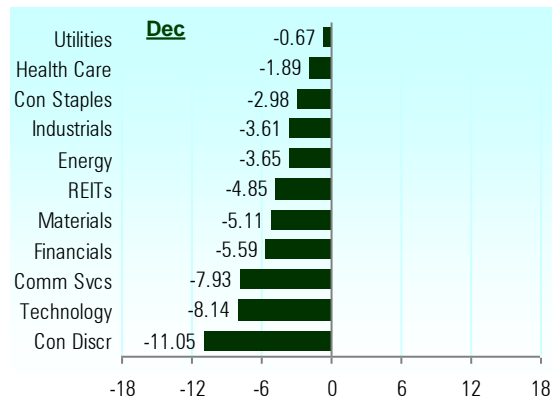
Equity Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	-5.76%	7.56%	-18.11%	-18.11%	7.66%	9.43%
Russell 1000	-5.81%	7.24%	-19.13%	-19.13%	7.35%	9.13%
Russell 1000 Growth	-7.66%	2.20%	-29.14%	-29.14%	7.79%	10.96%
Russell 1000 Value	-4.03%	12.42%	-7.54%	-7.54%	5.96%	6.67%
Russell MidCap	-5.40%	9.18%	-17.32%	-17.32%	5.88%	7.10%
Russell 2000	-6.49%	6.23%	-20.44%	-20.44%	3.10%	4.13%
Russell 2000 Growth	-6.42%	4.13%	-26.36%	-26.36%	0.65%	3.51%
Russell 2000 Value	-6.56%	8.42%	-14.48%	-14.48%	4.70%	4.13%
MSCI ACWI	-3.93%	9.76%	-18.36%	-18.36%	4.01%	5.23%
MSCI World	-4.25%	9.77%	-18.15%	-18.15%	4.94%	6.14%
MSCI ACWI Ex-US	-0.75%	14.28%	-16.00%	-16.00%	0.07%	0.88%
MSCI EAFE	0.08%	17.34%	-14.45%	-14.45%	0.87%	1.54%
MSCI EM	-1.41%	9.70%	-20.09%	-20.09%	-2.69%	-1.40%
Bloomberg Commodity	-2.45%	2.22%	16.10%	16.10%	12.65%	6.44%

Fixed Income Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Bloomberg Aggregate	-0.45%	1.87%	-13.01%	-13.01%	-2.72%	0.02%
Bloomberg Global Aggregate	0.54%	4.55%	-16.25%	-16.25%	-4.48%	-1.66%
Bloomberg Intermediate Aggregate	-0.26%	1.72%	-9.51%	-9.51%	-1.93%	0.31%
Bloomberg Universal	-0.34%	2.24%	-12.99%	-12.99%	-2.54%	0.18%
Bloomberg Government	-0.50%	0.72%	-12.32%	-12.32%	-2.57%	-0.06%
Bloomberg Credit	-0.43%	3.44%	-15.25%	-15.25%	-2.86%	0.42%
Bloomberg Municipal	0.29%	4.10%	-8.52%	-8.52%	-0.77%	1.26%
Bloomberg High Yield	-0.62%	4.17%	-11.19%	-11.19%	0.05%	2.31%
Bloomberg Mortgage	-0.44%	2.14%	-11.81%	-11.81%	-3.22%	-0.54%
Bloomberg 1-3 Yr Gov/Credit	0.19%	0.89%	-3.69%	-3.69%	-0.32%	0.92%
FTSE 3-Month Treasury Bill	0.34%	0.87%	1.51%	1.51%	0.71%	1.24%
FTSE World Govt Bond	-0.17%	3.82%	-18.26%	-18.26%	-5.75%	-2.54%
Bloomberg U.S. TIPS	-1.02%	2.04%	-11.85%	-11.85%	1.21%	2.11%
BofAML Invest Grade Convertible	-3.19%	3.52%	-7.74%	-7.74%	3.10%	6.49%

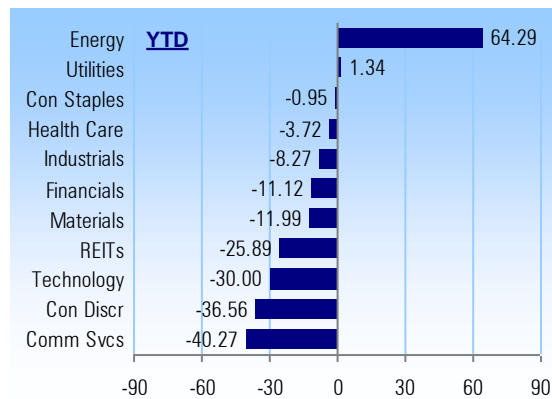
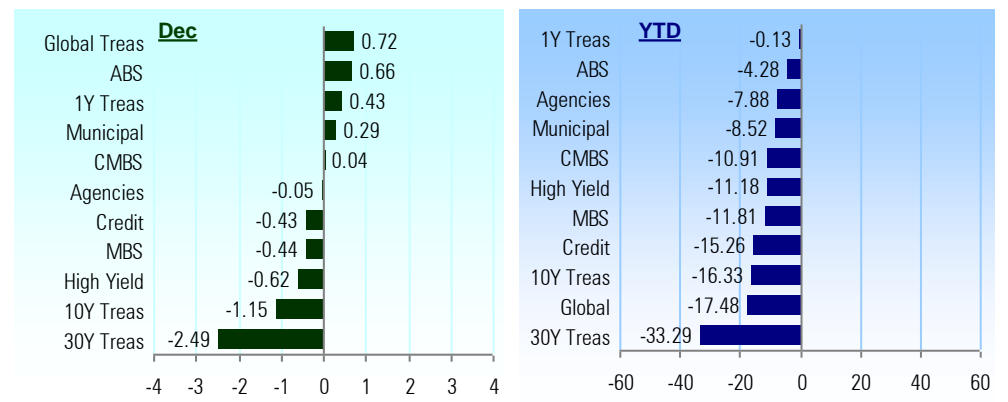
Equity Sector Returns (%)



Equity Style Returns (%)

	Value	Core	Growth
Large	-4.03	-5.81	-7.66
Mid	-5.08	-5.40	-6.00
Small	-6.56	-6.49	-6.42

Fixed Income Sector Returns (%)



	Value	Core	Growth
Large	-7.54	-19.13	-29.14
Mid	-12.03	-17.32	-26.72
Small	-14.48	-20.44	-26.36

Treasury Yield Curve Rates

