
The Concord Advisory Group, Ltd.

February 2019 Market Highlights *“Covid-19 Correction”*

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Concord Advisory Group: February 2019 Market Highlights

Commentary: “Covid-19 Correction”

What Happened: During February, investors started to assign a higher probability of a global recession due to the Covid-19 virus, and volatility spiked across financial markets. In stocks, multiple one thousand point down days in the Dow Jones were scary, but less so when viewed in percentage terms and in the context of the size of market gains in 2019.

What’s Working: The moves in bond yields have been even more extraordinary; this year 10- and 30-year Treasury yields fell 77 and 70 basis points respectively. Intermediate and long-term Treasury yields are at their lowest levels in history. In this correction, bonds again showed their value as a hedge to equity risk.

Sharp increases in volatility underscore the importance of holding liquid investments (i.e. cash and short-term bonds) to ensure that portfolios are not forced to sell assets at inopportune times to satisfy current spending needs.

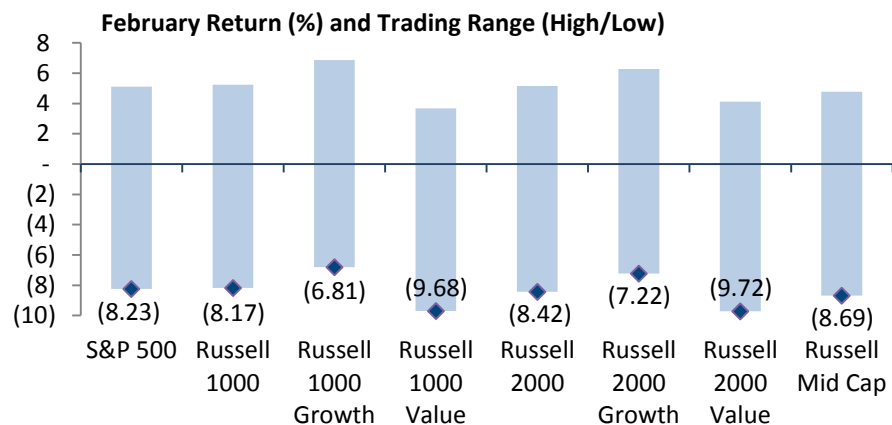
What’s Next: The situation has become serious enough that markets are likely to receive coordinated central bank support. For example, the fixed income market now anticipates a Fed rate cut in March and possibly two more before year-end. Headlines related to the spread or containment of the virus will likely continue to exert outsized impact on markets in the short-term.

Performance History				
Example Portfolios (Equity/Fixed Income):	2018	2019	February	YTD 2020
Reserves Portfolio (20%/80%)	-1.71%	11.91%	-0.36%	0.83%
Conservative Risk Tolerance (40%/60%)	-3.32%	15.72%	-2.34%	-1.82%
Moderate Risk Tolerance (60%/40%)	-4.99%	19.57%	-4.30%	-4.42%
Endowment Foundation (80%/20%)	-6.71%	23.48%	-6.23%	-6.98%
<i>S&P 500</i>	-4.38%	31.49%	-8.23%	-8.27%
<i>Russell 2000</i>	-11.01%	25.52%	-8.42%	-11.36%
<i>MSCI ACWI Ex USA</i>	-14.20%	21.51%	-7.90%	-10.38%
<i>Bloomberg Barclays US Agg Bond</i>	0.01%	8.72%	1.80%	3.76%
<i>FTSE WGBI (global bonds)</i>	-0.84%	5.90%	0.99%	2.63%

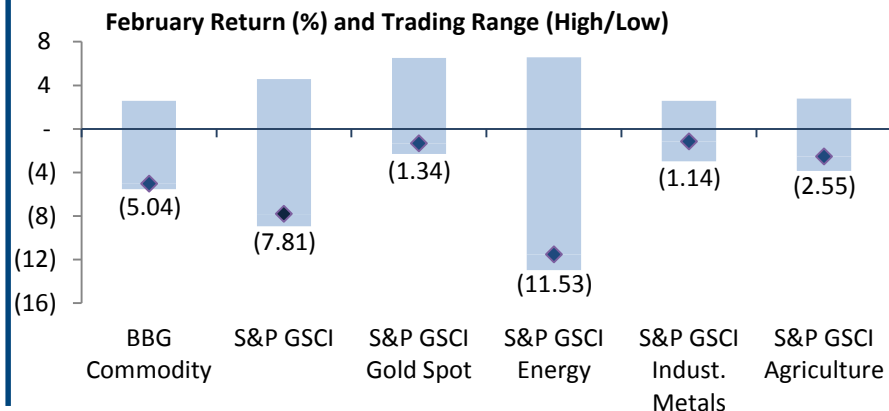
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Monthly Charts

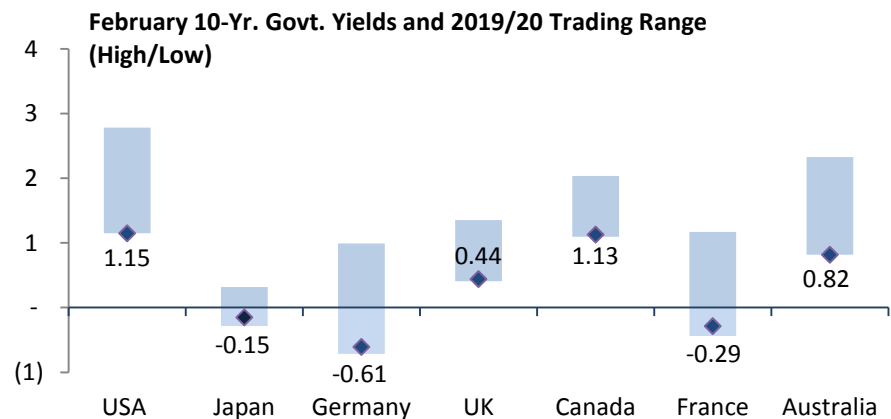
U.S. Equities: The spreading and uncertainty around the coronavirus caused a sharp increase in equity volatility and a sell-off across U.S. stock markets.



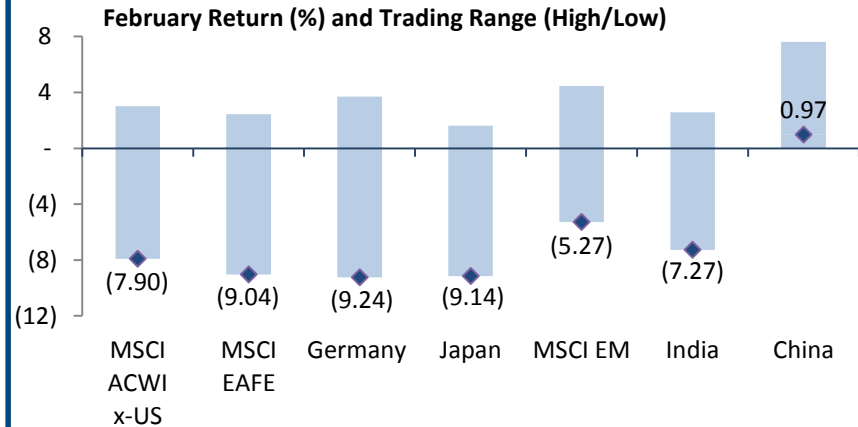
Commodities: Commodities markets had a second straight month of large declines. Prices in the energy sector were lower due to quarantines and general apprehension limiting travel.



Fixed Income: Bonds produced positive and diversifying returns as long and intermediate yields sank. For U.S. Treasuries, yields 7-years and longer are at record low levels.



International Equities: Global stock markets were also negatively impacted by Covid-19. Of major markets, Chinese stocks held up best, despite being at the epicenter of the virus outbreak.

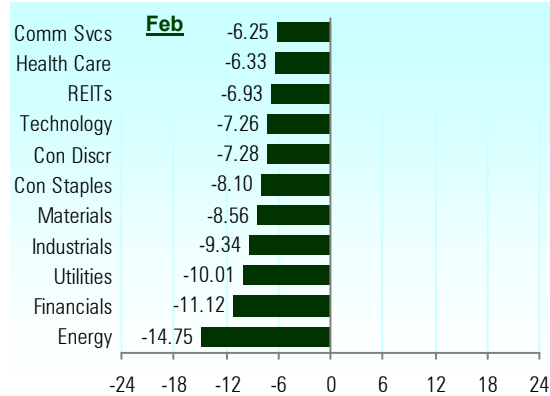


Concord Advisory Group: February 2020 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	-8.23%	-5.50%	-8.27%	8.20%	9.87%	9.23%
Russell 1000	-8.17%	-5.42%	-8.07%	7.82%	9.73%	9.00%
Russell 1000 Growth	-6.81%	-1.85%	-4.72%	15.12%	15.68%	12.42%
Russell 1000 Value	-9.68%	-9.20%	-11.63%	0.56%	3.78%	5.51%
Russell MidCap	-8.69%	-7.34%	-9.42%	2.35%	6.57%	6.38%
Russell 2000	-8.42%	-8.80%	-11.36%	-4.92%	3.52%	5.12%
Russell 2000 Growth	-7.22%	-6.14%	-8.24%	-0.71%	7.86%	6.49%
Russell 2000 Value	-9.72%	-11.59%	-14.58%	-9.29%	-0.83%	3.61%
MSCI ACWI	-8.08%	-5.89%	-9.09%	3.90%	6.97%	5.55%
MSCI World	-8.45%	-6.29%	-9.01%	4.63%	7.24%	5.88%
MSCI ACWI Ex-US	-7.90%	-6.50%	-10.38%	-0.70%	4.15%	2.18%
MSCI EAFE	-9.04%	-8.05%	-10.94%	-0.57%	3.92%	1.96%
MSCI EM	-5.27%	-2.95%	-9.69%	-1.87%	4.89%	2.73%
Bloomberg Commodity	-5.04%	-7.59%	-12.03%	-11.06%	-5.19%	-6.20%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	1.80%	3.68%	3.75%	11.69%	5.01%	3.58%
Barclays Capital Global Aggregate	0.67%	2.56%	1.96%	7.91%	4.39%	2.90%
Barclays Capital Intermediate Aggregate	1.30%	2.69%	2.52%	8.41%	3.90%	2.92%
Barclays Capital Universal	1.50%	3.47%	3.31%	11.26%	5.05%	3.84%
Barclays Capital Government	2.62%	4.52%	5.10%	12.05%	4.79%	3.18%
Barclays Capital Credit	1.36%	4.03%	3.73%	15.32%	6.55%	4.79%
Barclays Capital Municipal	1.29%	3.43%	3.11%	9.48%	5.33%	4.02%
Barclays Capital High Yield	-1.41%	0.59%	-1.38%	6.09%	4.86%	5.19%
Barclays Capital Mortgage	1.04%	2.03%	1.74%	7.45%	3.69%	2.79%
Barclays Capital 1-3 Yr Gov/Credit	0.82%	1.62%	1.37%	4.90%	2.50%	1.88%
FTSE 3-Month Treasury Bill	0.13%	0.40%	0.26%	2.12%	1.71%	1.09%
FTSE World Govt Bond	0.99%	2.92%	2.63%	8.18%	4.54%	2.86%
Barclays Capital U.S. TIPS	1.38%	3.91%	3.51%	10.78%	4.06%	2.94%
BofAML Invest Grade Convertible	-3.92%	-0.12%	-1.89%	11.82%	12.51%	11.14%

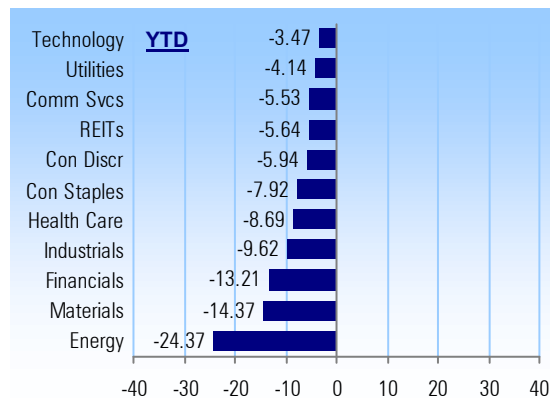
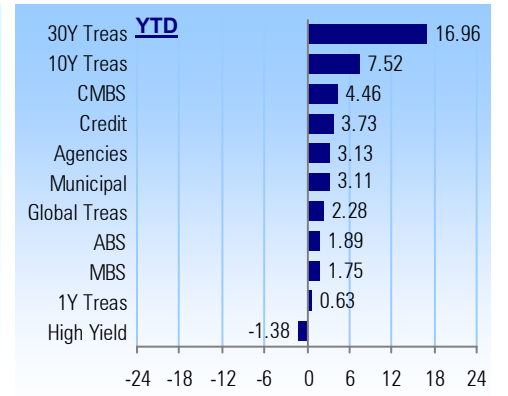
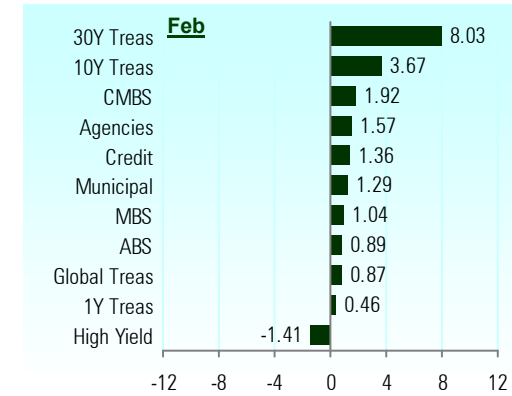
Equity Sector Returns (%)



Equity Style Returns (%)

	Value	Core	Growth
Large	-9.68	-8.17	-6.81
Mid	-9.90	-8.69	-6.90
Small	-9.72	-8.42	-7.22

Fixed Income Sector Returns (%)



	Value	Core	Growth
Large	-11.63	-8.07	-4.72
Mid	-11.66	-9.42	-6.02
Small	-14.58	-11.36	-8.24

Treasury Yield Curve

