



THE CONCORD ADVISORY GROUP, LTD.

Institutional Investment Consulting Services

JANUARY 2021 MARKET HIGHLIGHTS

“THE RETAIL ANT ARMY”

THE CONCORD ADVISORY GROUP, LTD: JANUARY 2021 MARKET HIGHLIGHTS

COMMENTARY: “THE RETAIL ANT ARMY”

In Africa, elephants trample over almost anything that gets in their way, but for one exceedingly small exception. Elephants are fearful of ants. Ants may be small, but they have strength in numbers and work as a collective. If an elephant disturbs an ant colony, the ants swarm with a coordinated attack, biting the elephant’s tender areas.

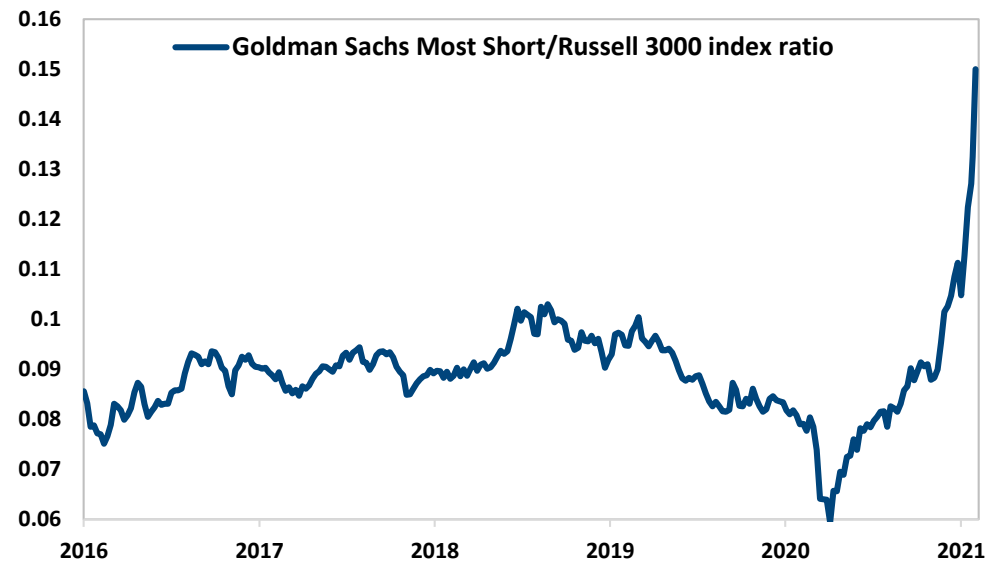
Recently, retail investors have become powerful ants. On the “WallStreetBets” Reddit chat room, these young speculators are coordinating their stock purchases, often with the goal of creating a short squeeze. The most exceptional example of this short squeeze attack occurred this month in GameStop (GME).

The professional hedge fund investor class had a very negative view on the video gaming retailer, believing that its store-based retail distribution for games was akin to Blockbuster for videos ten years ago. Professional investors were short more shares of GME than there are shares outstanding. Noting the high short interest and believing that Chewy founder Ryan Cohen’s 13 percent ownership of GME would cause positive change, Reddit users started to take interest in the stock.

GME was up over 1700% for the year at one point in January. If a hedge fund had a 2 percent short position in GME to start the year, after the stock jumped 1700%, the short would represent over 34% of its book! An investor caught in a short squeeze has almost no choice but to cover by buying the stock. This was the case with Melvin Capital, a hedge fund that suffered huge losses on its short book last month.

The market elephants need to start thinking about the world differently. If individual stock prices can move this fast and this far from fair value, then investors need to start thinking about what else can happen that previously seemed impossible. For asset owners, the events of January may be a warning sign to remove unnecessary complexity in their portfolios. The less understandable the strategy, the more likely it is to be susceptible to unforeseeable risks. The obvious example of a strategy to reconsider is shorting stocks, which is now a much scarier proposition.

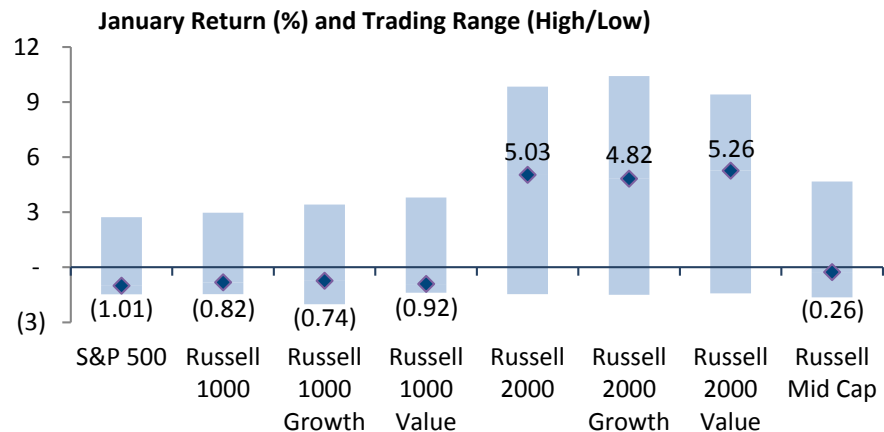
Most Shorted Stocks Rallying



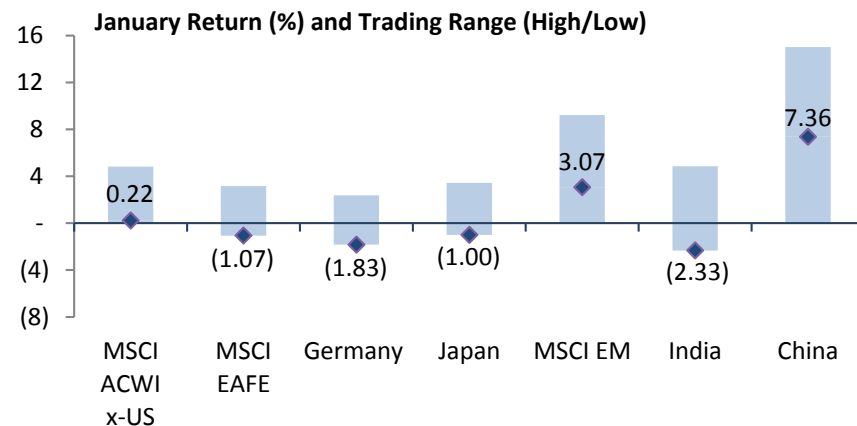
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MONTHLY CHARTS

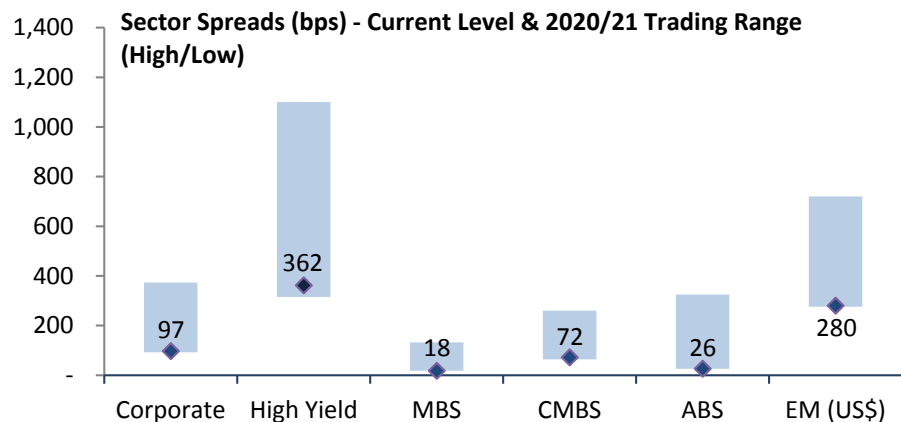
U.S. Equities: In spite of a mostly positive start to the year, late January market declines prompted the first month of the year to end with a modest loss.



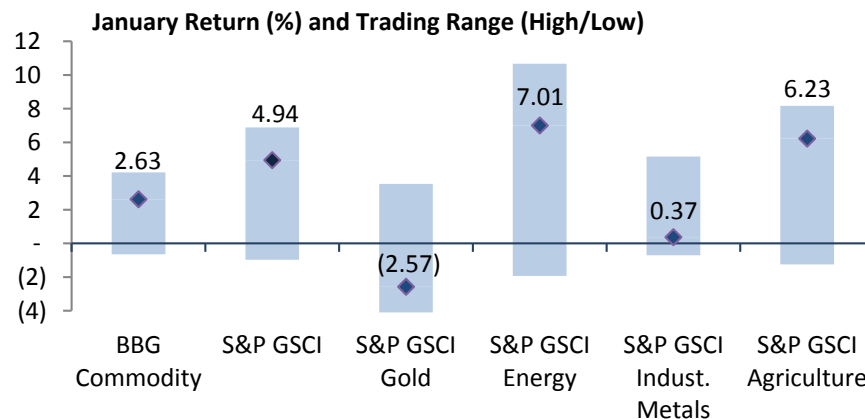
International Equities: Non-U.S. equities were mixed during the month. Developed markets posted modest losses, but emerging market equities gained, led by Asian tech and internet companies.



Fixed Income: Fixed income markets posted slight losses for January, due to higher Treasury yields. Corporate securities were a notable laggard.



Commodities: Broad commodities advanced in January, though Precious Metals held back prices. Energy was an area of strength.

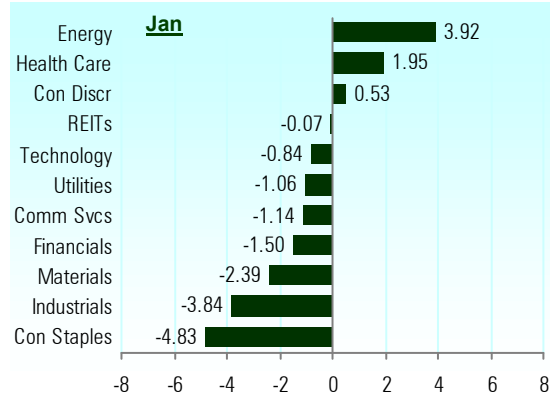


Concord Advisory Group: January 2021 Market Performance

| Equity Markets | Past Month | Past 3 Months | YTD | 1 Yr | 3 Yrs | 5 Yrs |
|---------------------|------------|---------------|--------|--------|--------|--------|
| S&P 500 | -1.01% | 14.05% | -1.01% | 17.25% | 11.70% | 16.16% |
| Russell 1000 | -0.82% | 15.54% | -0.82% | 19.84% | 12.48% | 16.69% |
| Russell 1000 Growth | -0.74% | 14.46% | -0.74% | 34.46% | 19.92% | 22.22% |
| Russell 1000 Value | -0.92% | 16.72% | -0.92% | 4.09% | 4.42% | 10.71% |
| Russell MidCap | -0.26% | 18.84% | -0.26% | 17.73% | 10.15% | 14.89% |
| Russell 2000 | 5.03% | 35.15% | 5.03% | 30.17% | 11.11% | 16.50% |
| Russell 2000 Growth | 4.82% | 34.83% | 4.82% | 42.69% | 16.55% | 20.19% |
| Russell 2000 Value | 5.26% | 35.53% | 5.26% | 16.42% | 5.08% | 12.34% |
| MSCI ACWI | -0.45% | 17.01% | -0.45% | 17.02% | 7.91% | 13.56% |
| MSCI World | -0.99% | 16.40% | -0.99% | 15.45% | 8.30% | 13.36% |
| MSCI ACWI Ex-US | 0.22% | 19.84% | 0.22% | 13.95% | 3.07% | 10.52% |
| MSCI EAFE | -1.07% | 19.58% | -1.07% | 8.94% | 2.23% | 8.84% |
| MSCI EM | 3.07% | 20.88% | 3.07% | 27.90% | 4.43% | 15.03% |
| Bloomberg Commodity | 2.63% | 11.51% | 2.63% | 7.31% | -2.33% | 1.90% |

| Fixed Income Markets | Past Month | Past 3 Months | YTD | 1 Yr | 3 Yrs | 5 Yrs |
|---|------------|---------------|--------|-------|-------|--------|
| Barclays Capital Aggregate | -0.72% | 0.40% | -0.72% | 4.72% | 5.50% | 4.00% |
| Barclays Capital Global Aggregate | -0.88% | 2.28% | -0.88% | 6.87% | 4.12% | 4.42% |
| Barclays Capital Intermediate Aggregate | -0.15% | 0.43% | -0.15% | 4.19% | 4.66% | 3.17% |
| Barclays Capital Universal | -0.63% | 1.02% | -0.63% | 5.01% | 5.57% | 4.51% |
| Barclays Capital Government | -0.92% | -0.80% | -0.92% | 4.42% | 5.32% | 3.14% |
| Barclays Capital Credit | -1.19% | 1.79% | -1.19% | 5.58% | 6.71% | 6.08% |
| Barclays Capital Municipal | 0.64% | 2.78% | 0.64% | 4.01% | 5.29% | 3.80% |
| Barclays Capital High Yield | 0.33% | 6.26% | 0.33% | 7.44% | 6.14% | 9.01% |
| Barclays Capital Mortgage | 0.08% | 0.36% | 0.08% | 3.23% | 4.15% | 2.80% |
| Barclays Capital 1-3 Yr Gov/Credit | 0.03% | 0.22% | 0.03% | 2.80% | 3.09% | 2.12% |
| FTSE 3-Month Treasury Bill | 0.01% | 0.02% | 0.01% | 0.45% | 1.53% | 1.16% |
| FTSE World Govt Bond | -1.28% | 1.64% | -1.28% | 6.97% | 3.95% | 4.23% |
| Barclays Capital U.S. TIPS | 0.33% | 2.62% | 0.33% | 9.07% | 6.35% | 4.85% |
| BofAML Invest Grade Convertible | -1.07% | 7.06% | -1.07% | 4.22% | 8.88% | 13.82% |

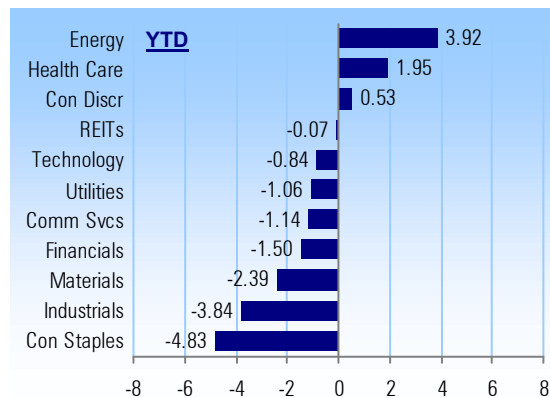
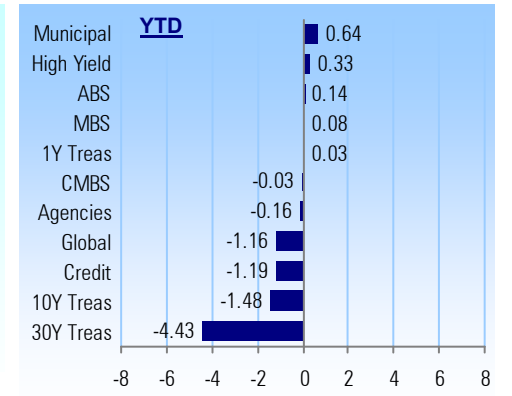
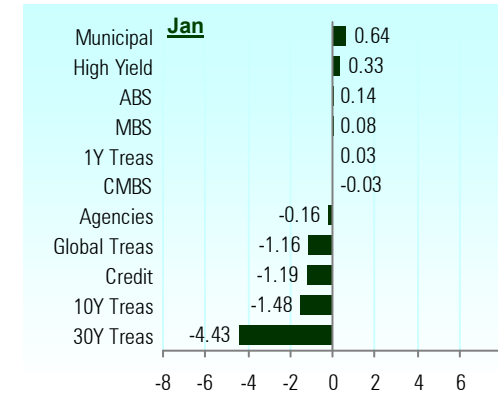
Equity Sector Returns (%)



Equity Style Returns (%)

| Jan | Value | Core | Growth |
|-------|-------|-------|--------|
| Large | -0.92 | -0.82 | -0.74 |
| Mid | -0.23 | -0.26 | -0.33 |
| Small | 5.26 | 5.03 | 4.82 |

Fixed Income Sector Returns (%)



| YTD | Value | Core | Growth |
|-------|-------|-------|--------|
| Large | -0.92 | -0.82 | -0.74 |
| Mid | -0.23 | -0.26 | -0.33 |
| Small | 5.26 | 5.03 | 4.82 |

Treasury Yield Curve

