



THE CONCORD ADVISORY GROUP, LTD.

Institutional Investment Consulting Services

JANUARY 2022 MARKET HIGHLIGHTS

“LOSING MONEY IN OUTPERFORMING INVESTMENTS”

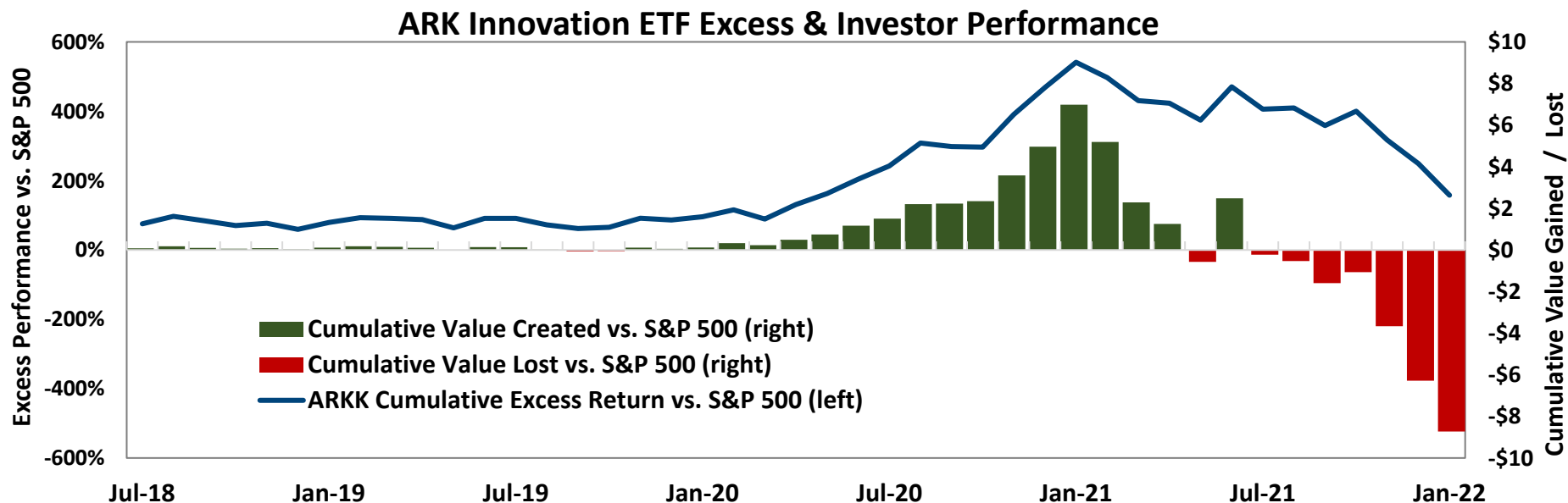
THE CONCORD ADVISORY GROUP, LTD: JANUARY 2022 MARKET HIGHLIGHTS

COMMENTARY: “LOSING MONEY IN OUTPERFORMING INVESTMENTS”

Over the past couple of years, the ARK Innovation Fund (ticker ARKK) has been the most talked and written about active ETF. The ETF invests in companies seeking “disruptive innovation” such as Tesla, Teladoc, Zoom, and Coinbase. Its CIO, Catherine Wood, has done what few others have, enormously outperform the S&P 500. Since its October 2014 debut, and even with the recent struggles, ARK has returned 307% compared to 157% for the S&P 500.

The ironic observation is that even with the fund’s stellar performance, investors have lost billions investing in the ARK ETF. ARK had \$2 billion in assets under management (AUM) in March of 2020. From March 2020 to March 2021, strong performance and \$16 billion in investor inflows swelled ARK ETF’s AUM to \$23 billion. ARK’s run of stellar outperformance peaked in January 2021 and the fund has underperformed since. Because assets were highest when performance was poorest, we estimate that cumulatively investors have lost \$2 billion dollars investing in the ARK fund and would have been \$9 billion richer had they invested in the S&P 500 instead.

ARK is an extreme example of the dangers of performance-chasing and a reminder that the price paid for an asset is often more important to return than the quality of the asset or manager. The unfortunate end to this story is a new copycat ETF that seeks to deliver two-times ARK’s return by using leverage and another ETF that wins when ARK has negative returns. Hopefully, these new vehicles do not gain many investors, as they are just another way to performance-chase into losses.

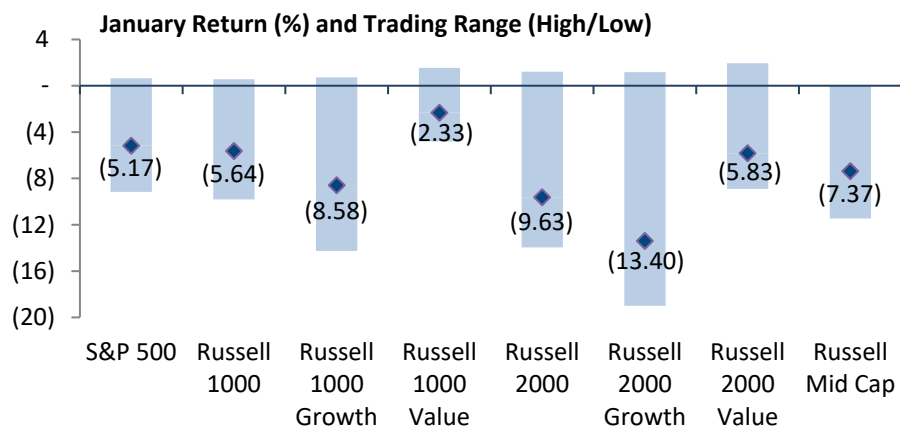


Notes: Data is estimated since November 2014

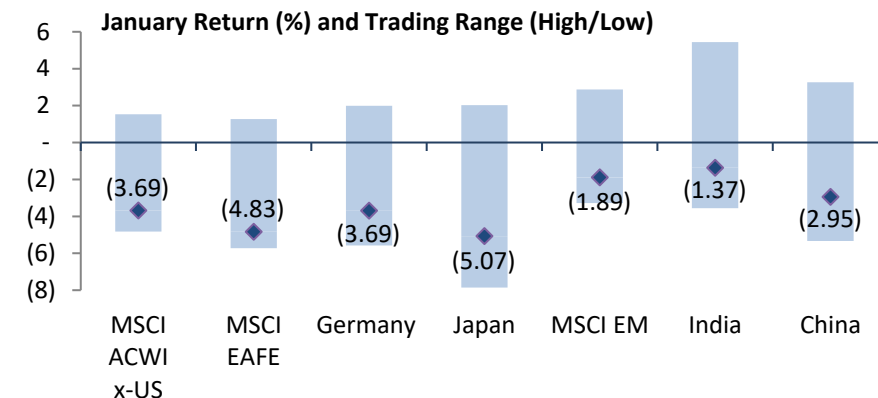
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MONTHLY CHARTS

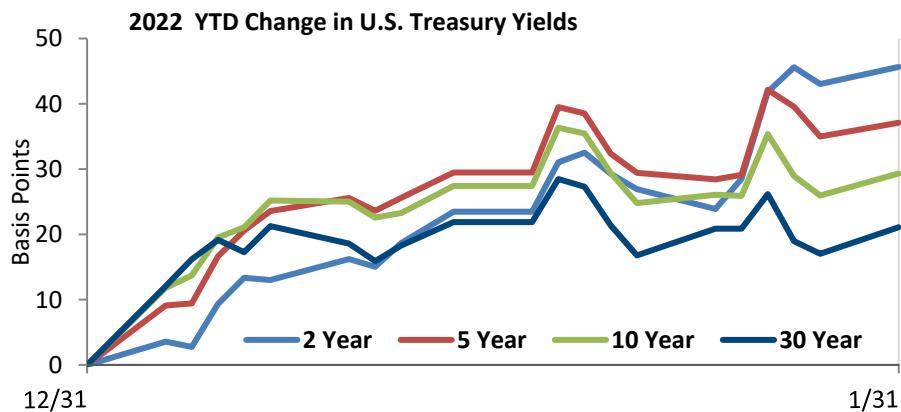
U.S. Equities: Investor concerns around pending rate hikes and the potential wind-down of 'easy money' policies led to declines in U.S. equity markets during January.



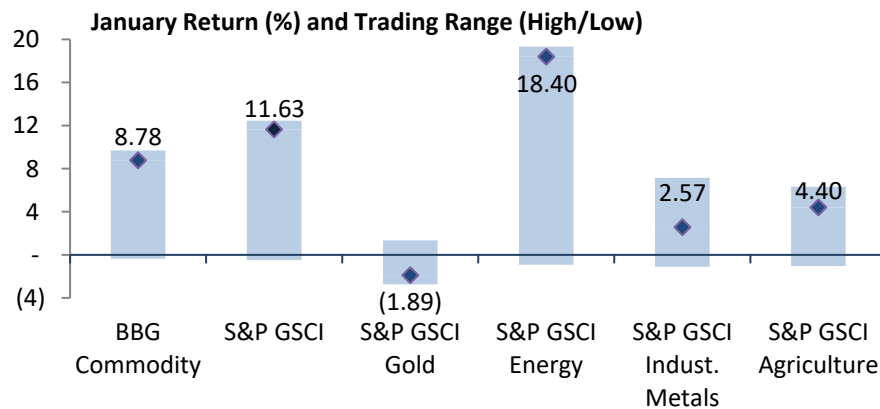
International Equities: Non-U.S. equities also began the year in negative territory but fared better than domestic markets. On a relative basis, emerging markets outperformed, aided by a surge in oil prices.



Fixed Income: Fixed income delivered weak results during the first month of the new year. Higher interest rates and wider credit spreads caused longer-maturity and credit sectors to underperform.



Commodities: Broad commodities prices moved higher in January with gains in most sectors, except for Precious Metals, led by a decline for Gold.

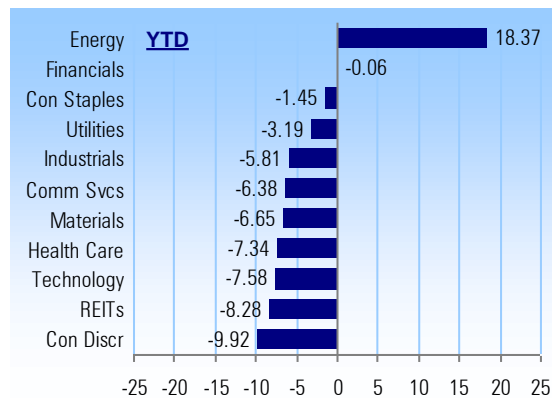
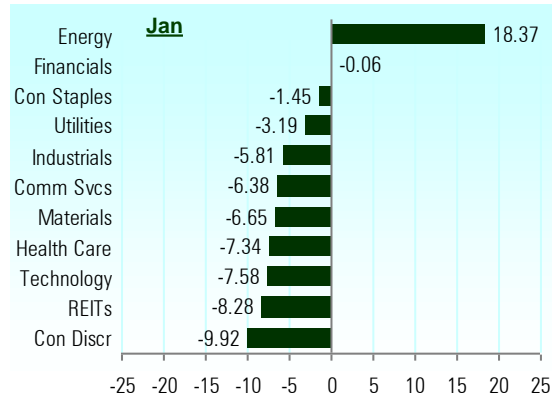


Concord Advisory Group: January 2022 Market Performance

Equity Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	-5.17%	-1.61%	-5.17%	23.29%	20.72%	16.78%
Russell 1000	-5.64%	-3.13%	-5.64%	20.32%	20.52%	16.59%
Russell 1000 Growth	-8.58%	-6.08%	-8.58%	17.52%	26.45%	22.28%
Russell 1000 Value	-2.33%	0.17%	-2.33%	23.37%	13.85%	10.49%
Russell MidCap	-7.37%	-6.94%	-7.37%	13.85%	16.15%	12.81%
Russell 2000	-9.63%	-11.46%	-9.63%	-1.21%	11.99%	9.69%
Russell 2000 Growth	-13.40%	-17.27%	-13.40%	-15.04%	11.36%	10.93%
Russell 2000 Value	-5.83%	-5.34%	-5.83%	14.75%	11.72%	7.92%
MSCI ACWI	-4.91%	-3.49%	-4.91%	13.23%	15.42%	12.64%
MSCI World	-5.29%	-3.41%	-5.29%	16.53%	16.57%	13.25%
MSCI ACWI Ex-US	-3.69%	-4.22%	-3.69%	3.63%	9.09%	8.03%
MSCI EAFE	-4.83%	-4.62%	-4.83%	7.03%	9.34%	7.85%
MSCI EM	-1.89%	-4.13%	-1.89%	-7.23%	7.19%	8.30%
Bloomberg Commodity	8.78%	4.38%	8.78%	34.73%	11.01%	5.39%

Equity Sector Returns (%)



Equity Style Returns (%)

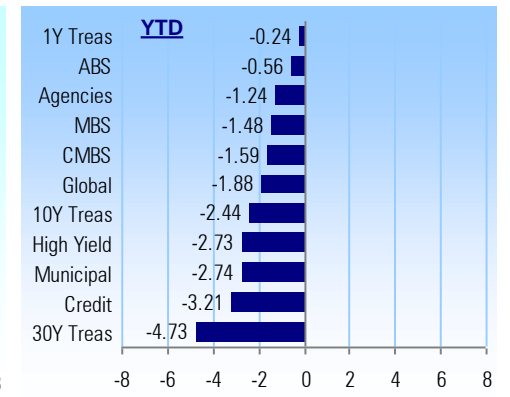
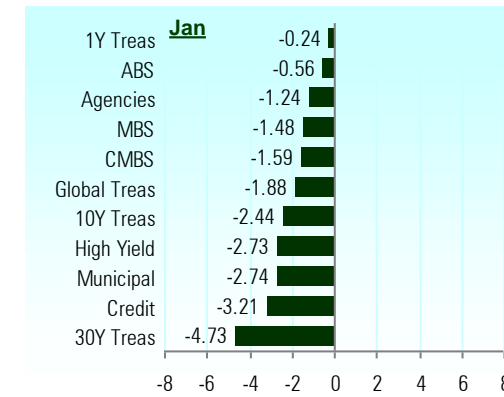
	Value	Core	Growth
Large	-2.33	-5.64	-8.58
Mid	-4.27	-7.37	-12.90
Small	-5.83	-9.63	-13.40

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Fixed Income Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Bloomberg Aggregate	-2.15%	-2.12%	-2.15%	-2.97%	3.67%	3.08%
Bloomberg Global Aggregate	-2.05%	-2.47%	-2.05%	-5.83%	2.36%	2.70%
Bloomberg Intermediate Aggregate	-1.47%	-1.55%	-1.47%	-2.60%	2.80%	2.45%
Bloomberg Universal	-2.19%	-2.14%	-2.19%	-2.66%	3.90%	3.30%
Bloomberg Government	-1.87%	-1.64%	-1.87%	-3.21%	3.25%	2.63%
Bloomberg Credit	-3.21%	-3.20%	-3.21%	-3.10%	5.27%	4.30%
Bloomberg Municipal	-2.74%	-1.75%	-2.74%	-1.89%	3.51%	3.46%
Bloomberg High Yield	-2.73%	-1.87%	-2.73%	2.06%	6.25%	5.40%
Bloomberg Mortgage	-1.48%	-1.66%	-1.48%	-2.59%	2.23%	2.20%
Bloomberg 1-3 Yr Gov/Credit	-0.72%	-0.95%	-0.72%	-1.22%	1.91%	1.67%
FTSE 3-Month Treasury Bill	0.00%	0.01%	0.00%	0.04%	0.89%	1.11%
FTSE World Govt Bond	-2.11%	-2.79%	-2.11%	-7.75%	1.55%	2.30%
Bloomberg U.S. TIPS	-2.02%	-0.83%	-2.02%	3.47%	7.23%	4.74%
BofAML Invest Grade Convertible	-2.19%	-0.42%	-2.19%	9.17%	10.69%	11.44%

Fixed Income Sector Returns (%)



Treasury Yield Curve

