



THE CONCORD ADVISORY GROUP, LTD.

Institutional Investment Consulting Services

JULY 2021 MARKET HIGHLIGHTS

“OLYMPICS & COMPETITION”

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COMMENTARY: “OLYMPICS & COMPETITION”

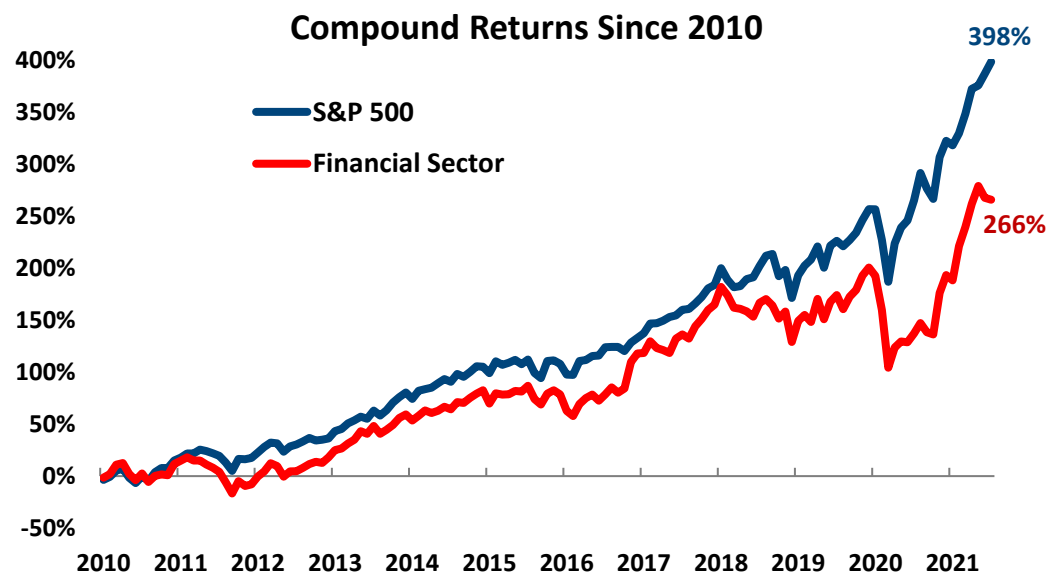
Today’s Olympic athletes are amazing, accomplishing feats which barely seem humanly possible. If you watch videos and look back at the winning times of the Olympic athletes of 20 or 30 years ago, the current athlete’s performances are much more impressive. Today’s Olympians are far superior to those of the not-too-distant past, and competition is a driving force behind the improvement.

When companies exhibit strong competitive attributes, they work harder, achieve more, and innovate; all of this can lead to better stock performance. In today’s corporate world, the level of competition remains robust in some areas, but is weaker in others.

One place where the level of competition has waned is the financial sector. In 2008, Lehman Brothers, then the fourth largest investment bank, went bankrupt. Lehman’s bankruptcy shook the banking sector, and a huge government and central bank bailout was the only thing that prevented the failure of more banks. The Global Financial Crisis taught the banks that they were interdependent, and that the failure of one bank endangered the entire industry. Consequently, banking regulation increased, banks became more risk averse, and importantly, the banks stopped vigorously competing with each other. As a result, financial innovation slowed, and the sector has massively underperformed the broad equity market.

On the other end of the competitive spectrum, today’s most competitive companies, such as Amazon, Apple, Facebook, Tesla, and Alphabet, have had among the highest stock returns. For countries, the World Economic Forum’s Global Competitiveness Report ranks the USA second in overall competitiveness and first among the G20 countries. Over the last 10-years, the U.S stock market has outperformed international markets by about 10% per annum.

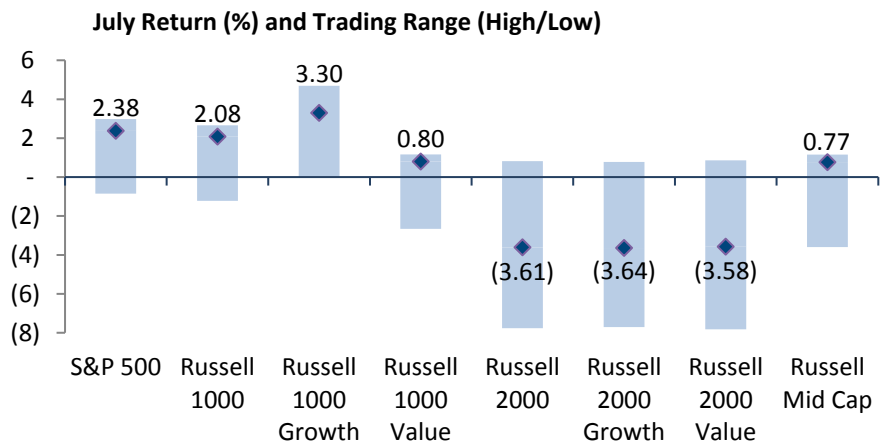
The Olympics and markets show that competition produces excellence, but will we be as competitive going forward as we had been in the past? The overhang from the Covid lockdowns, a more protective and nurturing society, greater interdependence among companies, and aging demographics point to less competition. However, gold medals and better investment returns will continue to reward the most successful competitors, and hopefully that will be incentive enough.



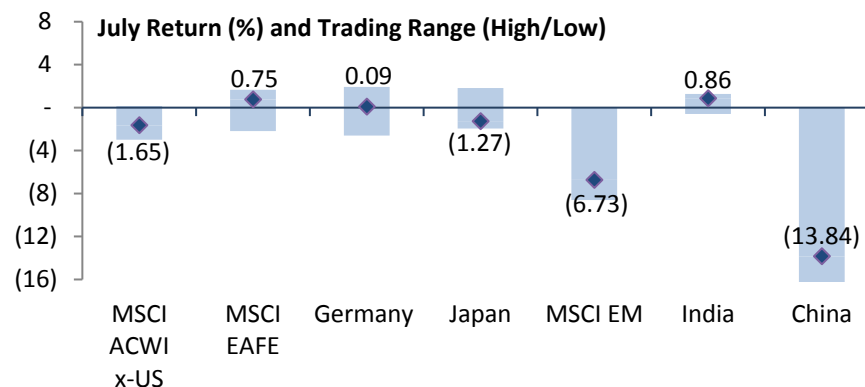
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MONTHLY CHARTS

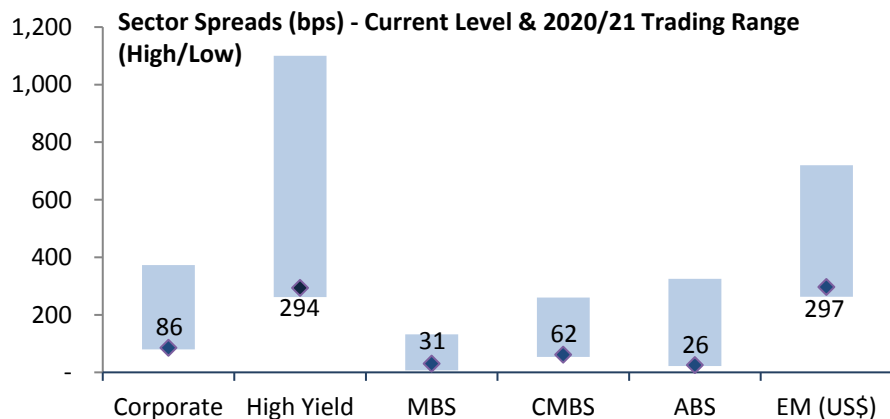
U.S. Equities: U.S. equity markets posted modest gains in July, despite reports of strong earnings and revenue growth. Rising concerns about COVID infections, and signs of higher inflation tempered the advance.



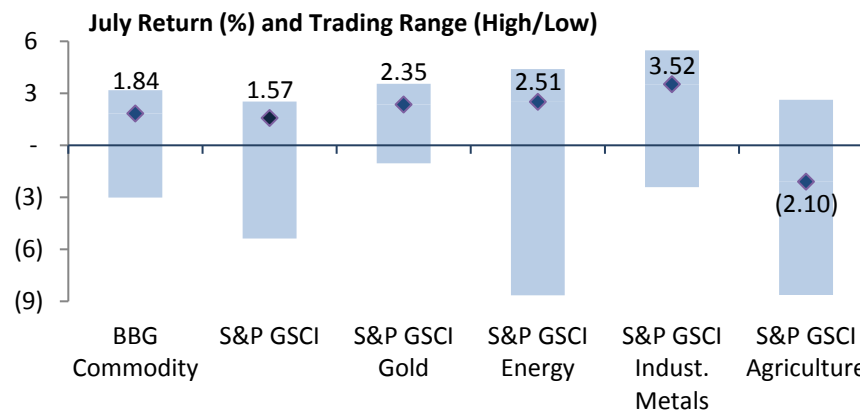
International Equities: Developed non-U.S. equities ended July barely positive, while emerging markets declined. Regulatory moves in China weighed on returns and spread negativity across emerging markets.



Fixed Income: Lower yields led to outperformance by longer-term bonds. Spreads moved modestly wider, which negatively impacted high yield bonds.



Commodities: Pandemic recovery and loose monetary policy continue to support commodities prices, which are at their highest levels since 2015.

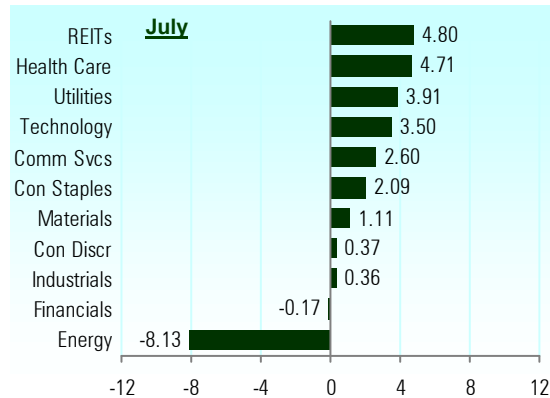


Concord Advisory Group: July 2021 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	2.38%	5.50%	17.99%	36.45%	18.16%	17.35%
Russell 1000	2.08%	5.13%	17.34%	37.97%	18.63%	17.60%
Russell 1000 Growth	3.30%	8.26%	16.71%	36.68%	25.29%	23.32%
Russell 1000 Value	0.80%	1.97%	17.98%	39.32%	11.28%	11.42%
Russell MidCap	0.77%	3.07%	17.14%	42.58%	15.80%	14.77%
Russell 2000	-3.61%	-1.54%	13.29%	51.97%	11.49%	14.28%
Russell 2000 Growth	-3.64%	-2.00%	5.01%	41.00%	13.88%	16.41%
Russell 2000 Value	-3.58%	-1.18%	22.16%	63.70%	8.30%	11.61%
MSCI ACWI	0.69%	3.60%	13.08%	33.18%	13.70%	13.81%
MSCI World	1.79%	4.80%	15.07%	35.07%	14.49%	14.29%
MSCI ACWI Ex-US	-1.65%	0.77%	7.36%	27.78%	7.92%	9.64%
MSCI EAFE	0.75%	2.87%	9.65%	30.31%	7.66%	9.35%
MSCI EM	-6.73%	-4.40%	0.22%	20.64%	7.94%	10.38%
Bloomberg Commodity	1.84%	6.55%	23.37%	40.28%	5.29%	3.86%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	1.12%	2.16%	-0.50%	-0.70%	5.73%	3.13%
Barclays Capital Global Aggregate	1.33%	1.38%	-1.92%	0.78%	4.74%	2.45%
Barclays Capital Intermediate Aggregate	0.72%	0.98%	-0.13%	0.20%	4.67%	2.62%
Barclays Capital Universal	1.00%	2.13%	-0.16%	0.37%	5.92%	3.51%
Barclays Capital Government	1.34%	2.31%	-1.20%	-2.89%	5.27%	2.38%
Barclays Capital Credit	1.30%	3.56%	0.01%	1.21%	7.63%	4.64%
Barclays Capital Municipal	0.83%	1.41%	1.90%	3.29%	5.31%	3.41%
Barclays Capital High Yield	0.38%	2.03%	4.01%	10.62%	7.19%	6.99%
Barclays Capital Mortgage	0.63%	0.41%	-0.15%	0.03%	4.03%	2.35%
Barclays Capital 1-3 Yr Gov/Credit	0.17%	0.14%	0.17%	0.43%	3.00%	1.91%
FTSE 3-Month Treasury Bill	0.00%	0.01%	0.03%	0.07%	1.25%	1.13%
FTSE World Govt Bond	1.63%	1.45%	-3.20%	-1.19%	4.30%	1.89%
Barclays Capital U.S. TIPS	2.67%	4.54%	4.44%	6.90%	7.65%	4.55%
BofAML Invest Grade Convertible	0.91%	0.09%	5.58%	16.16%	10.18%	12.79%

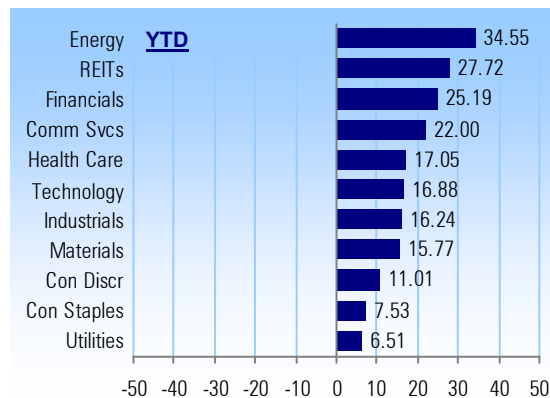
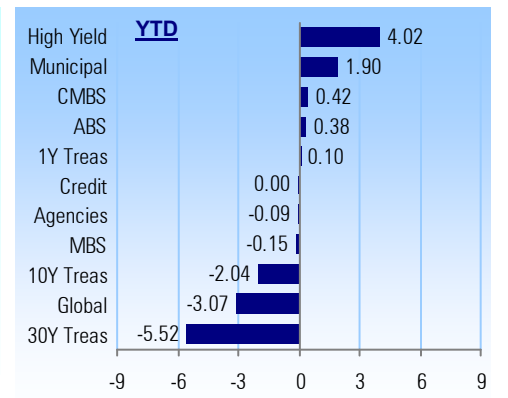
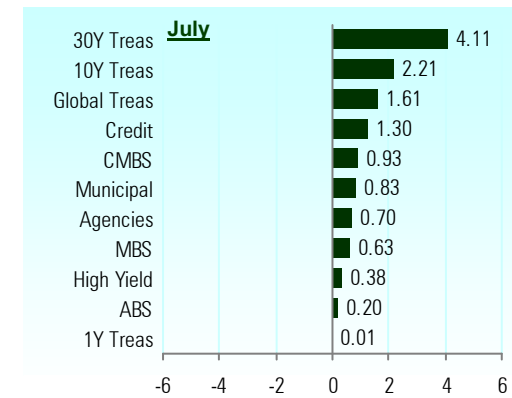
Equity Sector Returns (%)



Equity Style Returns (%)

	Value	Core	Growth
Large	0.80	2.08	3.30
Mid	0.62	0.77	1.03
Small	-3.58	-3.61	-3.64

Fixed Income Sector Returns (%)



	Value	Core	Growth
Large	17.98	17.34	16.71
Mid	20.19	17.14	11.58
Small	22.16	13.29	5.01

Treasury Yield Curve

