



The Concord Advisory Group, Ltd.

June 2018 Market Highlights *“Emerging Opportunities”*

The Concord Advisory Group, Ltd.

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Concord Advisory Group: June 2018 Market Highlights

Commentary: “Emerging Opportunities”

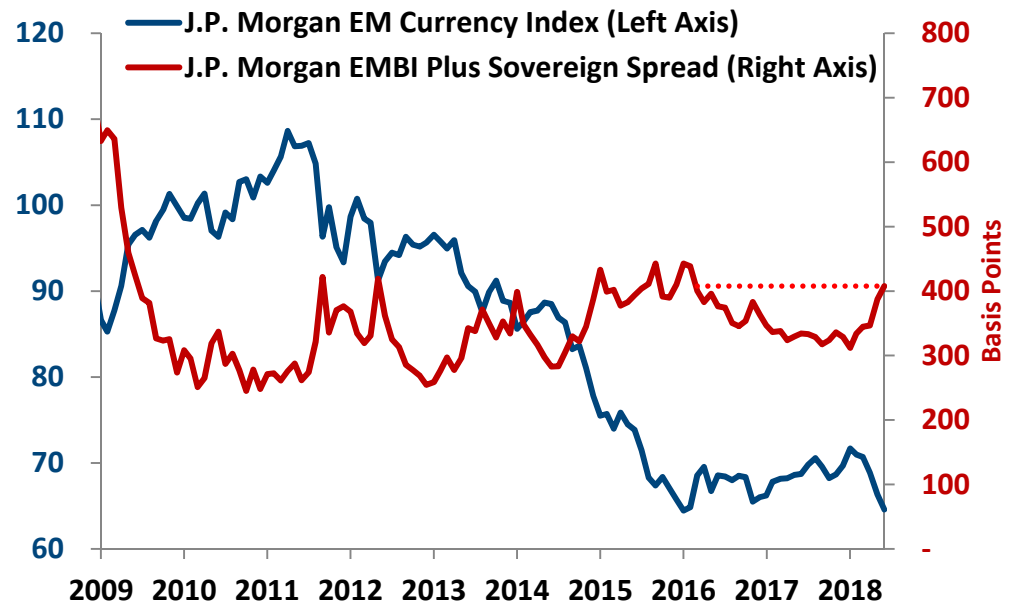


The last few months have seen a difficult mix of events that have caused investors to withdrawal capital from emerging markets and generated negative returns for emerging markets investments. The interest rate increases in the U.S. and the corresponding strengthening of the U.S. dollar puts pressure on emerging market countries by making it more difficult for them to service their dollar denominated external debt and compete for capital. The ramp-up of global trade disputes further added to the undesirable news for emerging markets. The difficulties for emerging markets investments have not all been externally sourced. Argentina continues to struggle with runaway inflation and the anticipation for, and recent election of, left-wing populist Andres Manuel Lopez Obrador as President of Mexico are also motivating capital flight from emerging markets.

While almost all of the recent news relating to emerging markets has been negative, the long-term growth thesis remains unchanged. With economic activity in Europe stalling, for investors seeking exposure to markets with economic growth, the United States and emerging markets remain the best options.

The strengthening of the U.S. dollar provides additional buying power for U.S. investors in all emerging market investment assets. The J.P. Morgan Emerging Markets Currency Index is at its lowest level since the index was created in 2000. In equities, valuation metrics, such as cyclically adjusted price-to-earnings ratios, showed emerging equities as relatively more attractive than domestic equities, even before the recent sell-off. In bonds, emerging markets sovereign yields are approximately 4% higher than Treasuries, which is a healthy spread in the current low yield environment.

Momentum is likely to sustain the capital flight out of emerging markets in the short-run, but it is starting to create some compelling valuation opportunities for longer-term investors.

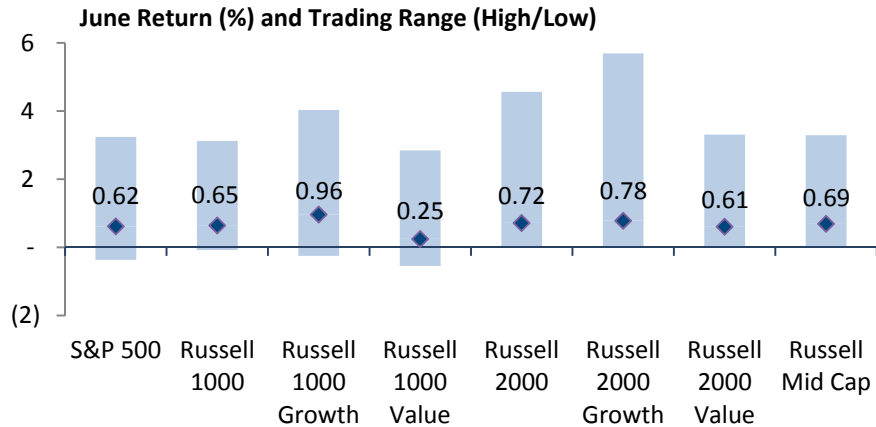


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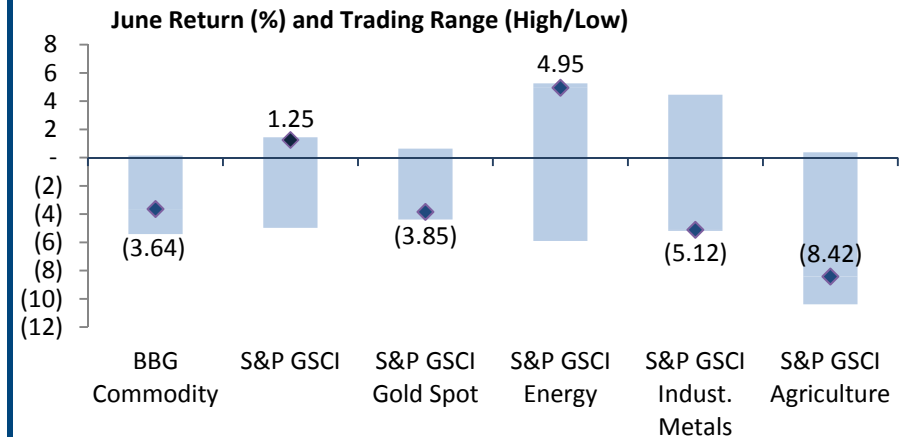
Monthly Charts



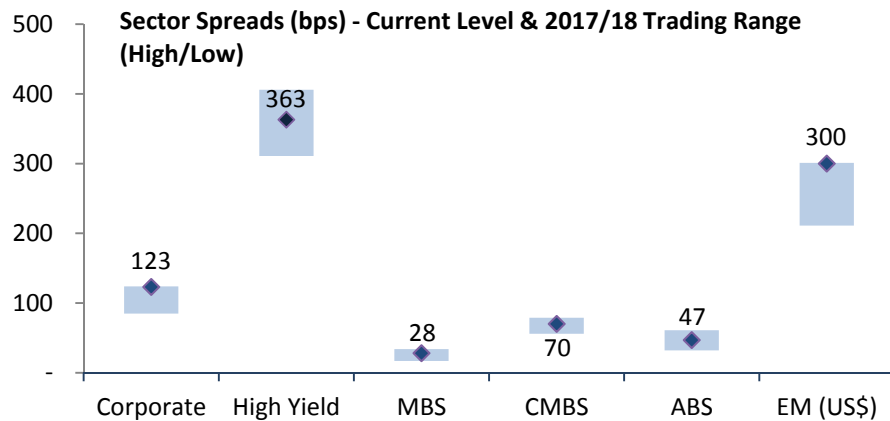
U.S. Equities: Despite the implications from a global trade war, U.S. equity markets ended June with modest gains, amidst a backdrop of a stronger dollar and robust earnings.



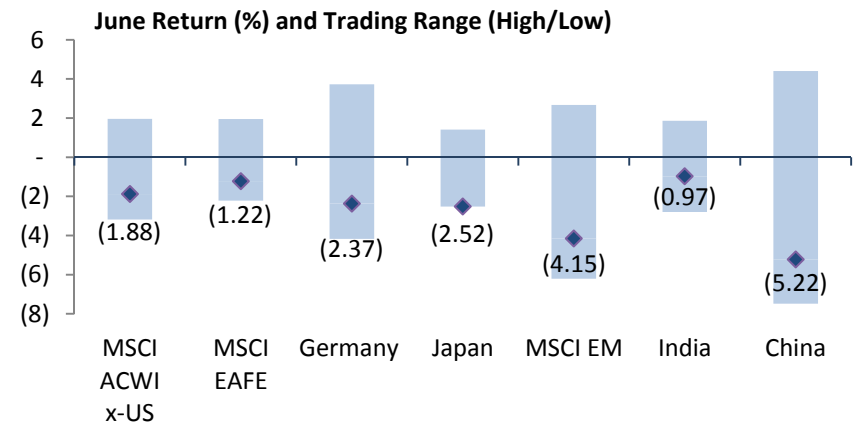
Commodities: During the month, oil rallied as geopolitical tensions lowered supply. Agricultural commodities prices fell on threats of retaliatory tariffs against US crops.



Fixed Income: In U.S. investment grade fixed income, lower quality and longer duration bonds underperformed as both intermediate-term interest rates and investment grade credit spreads modestly increased.



International Equities: Weaker currencies held back results in non-U.S. equities. Trade war tensions also prompted declines, particularly in emerging markets.

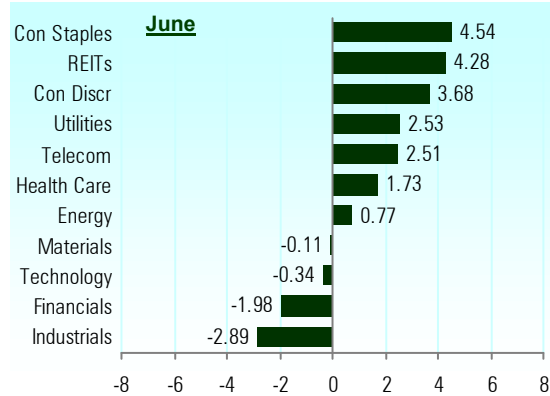


Concord Advisory Group: June 2018 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	0.62%	3.43%	2.65%	14.37%	11.93%	13.42%
Russell 1000	0.65%	3.57%	2.85%	14.54%	11.64%	13.37%
Russell 1000 Growth	0.96%	5.76%	7.25%	22.51%	14.98%	16.36%
Russell 1000 Value	0.25%	1.18%	-1.69%	6.77%	8.26%	10.34%
Russell MidCap	0.69%	2.82%	2.35%	12.33%	9.58%	12.22%
Russell 2000	0.72%	7.75%	7.66%	17.57%	10.96%	12.46%
Russell 2000 Growth	0.78%	7.23%	9.70%	21.86%	10.60%	13.65%
Russell 2000 Value	0.61%	8.30%	5.44%	13.10%	11.22%	11.18%
MSCI ACWI	-0.54%	0.53%	-0.43%	10.73%	8.19%	9.41%
MSCI World	-0.05%	1.73%	0.43%	11.09%	8.48%	9.94%
MSCI ACWI Ex-U.S.	-1.88%	-2.61%	-3.77%	7.28%	5.07%	5.99%
MSCI EAFE	-1.22%	-1.24%	-2.75%	6.84%	4.90%	6.44%
MSCI EM	-4.15%	-7.96%	-6.66%	8.20%	5.60%	5.01%
Bloomberg Commodity	-3.50%	0.40%	0.00%	7.35%	-4.54%	-6.40%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	-0.12%	-0.16%	-1.62%	-0.40%	1.72%	2.27%
Barclays Capital Global Aggregate	-0.44%	-2.78%	-1.46%	1.36%	2.58%	1.49%
Barclays Capital Intermediate Aggregate	-0.03%	0.09%	-0.97%	-0.32%	1.27%	1.83%
Barclays Capital Universal	-0.15%	-0.27%	-1.67%	-0.28%	2.12%	2.62%
Barclays Capital Government	0.02%	0.10%	-1.05%	-0.63%	1.02%	1.48%
Barclays Capital Credit	-0.47%	-0.88%	-2.99%	-0.65%	2.86%	3.36%
Barclays Capital Municipal	0.09%	0.87%	-0.25%	1.57%	2.85%	3.53%
Barclays Capital High Yield	0.40%	1.03%	0.16%	2.62%	5.53%	5.51%
Barclays Capital Mortgage	0.05%	0.24%	-0.95%	0.15%	1.46%	2.25%
Barclays Capital 1-3 Yr Gov/Credit	0.01%	0.28%	0.08%	0.21%	0.71%	0.84%
Citigroup 3-Month Treasury Bill	0.15%	0.43%	0.78%	1.33%	0.63%	0.39%
Citigroup World Govt Bond	-0.29%	-3.35%	-0.94%	1.90%	2.81%	1.11%
Barclays Capital U.S. TIPS	0.40%	0.77%	-0.02%	2.11%	1.93%	1.68%
ML Investment Grade Convertible	-1.78%	-0.38%	4.33%	15.00%	12.65%	13.61%

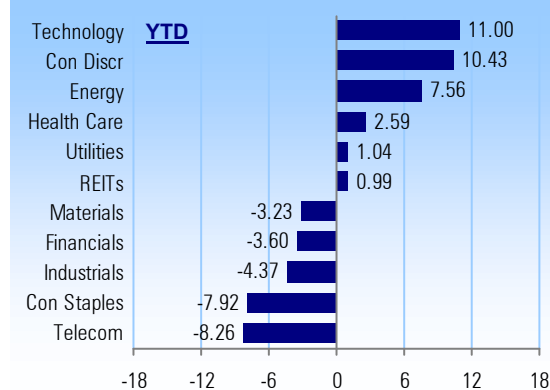
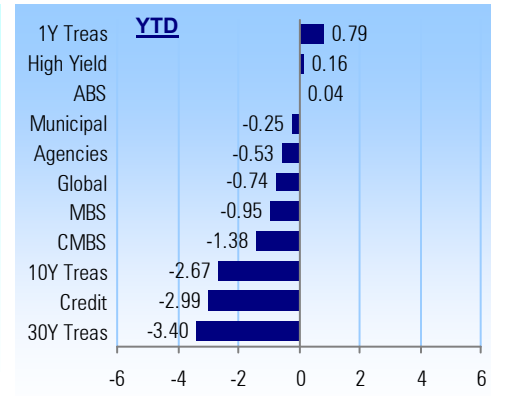
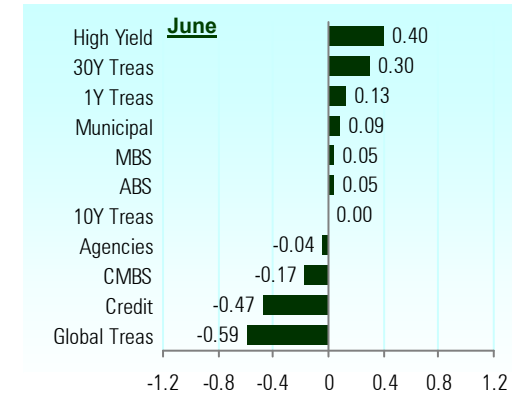
Equity Sector Returns (%)



Equity Style Returns (%)

Style	Value	Core	Growth
Large	0.25	0.65	0.96
Mid	0.81	0.69	0.39
Small	0.61	0.72	0.78

Fixed Income Sector Returns (%)



Style	Value	Core	Growth
Large	-1.69	2.85	7.25
Mid	-0.16	2.35	5.40
Small	5.44	7.66	9.70

Treasury Yield Curve

