



THE CONCORD ADVISORY GROUP, LTD.

Institutional Investment Consulting Services

MAY 2021 MARKET HIGHLIGHTS

“SMALL SPECULATIVE CORRECTION”

THE CONCORD ADVISORY GROUP, LTD: MAY 2021 MARKET HIGHLIGHTS

COMMENTARY: “SMALL SPECULATIVE CORRECTION”

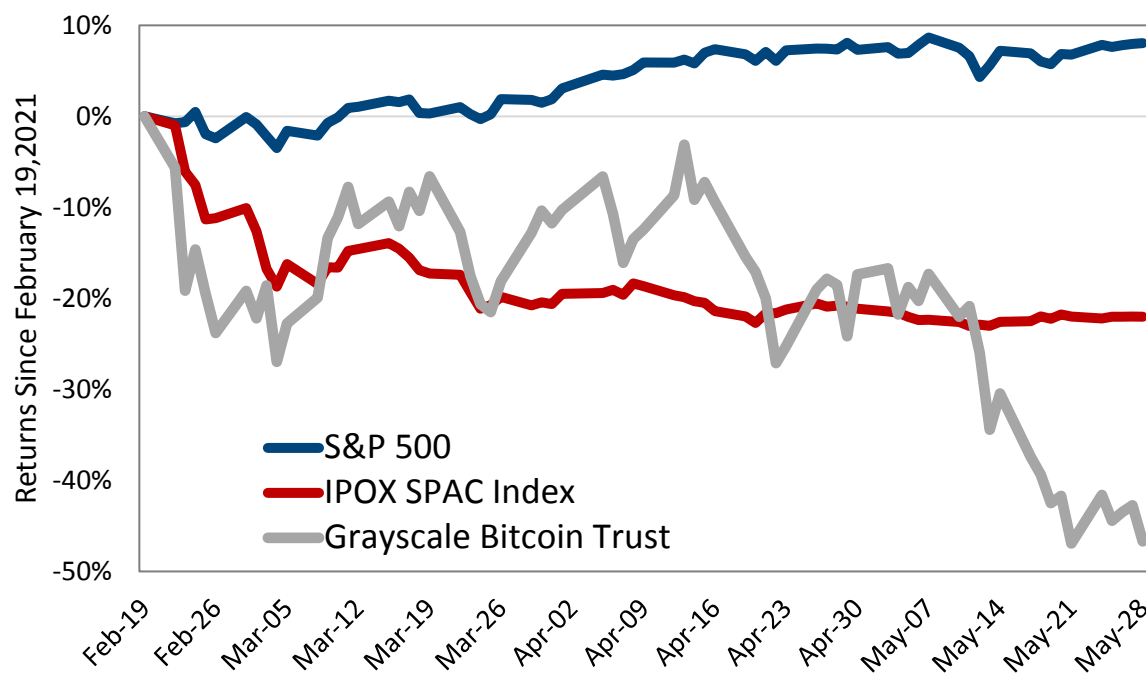
The last-half of 2020 and the very beginning of 2021 saw massive price appreciation, some would call a bubble, in the most speculative areas of financial markets. Speculation can be defined a number of ways. In this case, speculative investments refers to assets that have had large price appreciation based solely on anticipated future demand from other investors, with little consideration about fundamental value. Since the middle of February, a small amount of the speculative bubble has begun to unwind.

For example, the Grayscale Bitcoin Trust is the largest listed vehicle that invests directly in Bitcoin, the speculative cryptocurrency. The Grayscale Trust charges a high management fee (2%) and does not allow investors to redeem shares for Bitcoins. The high management fee and inability to redeem shares means that the Trust can and should trade at a discount to the value of the Bitcoins it holds. Late last year, the Trust traded at a premium as large as 40 percent over the price of Bitcoin. The trust now trades at a 10 to 20 percent discount and Bitcoin's price is down 40 percent from its peak.

SPACs, publicly traded companies that raise capital to acquire or merge with an existing company, are another area of obvious speculation. Since SPACs do not own any underlying assets until they merge with an existing company, they should be worth their IPO prices. Last year there were over 230 new SPAC IPOs, and from August 2020 to mid-February 2021, the SPAC Index rose 83 percent. Since mid-February, prices have started to cool.

There is still ample room for further contraction of the most speculative assets. Sometimes losses by a hedge fund or other levered investor on these types of assets can cause a contagion that impacts the broad market, but that has not happened yet. Absent that risk, some culling of the speculation in the market could be a welcome development for market stability and again revalidate investors who consider fundamentals.

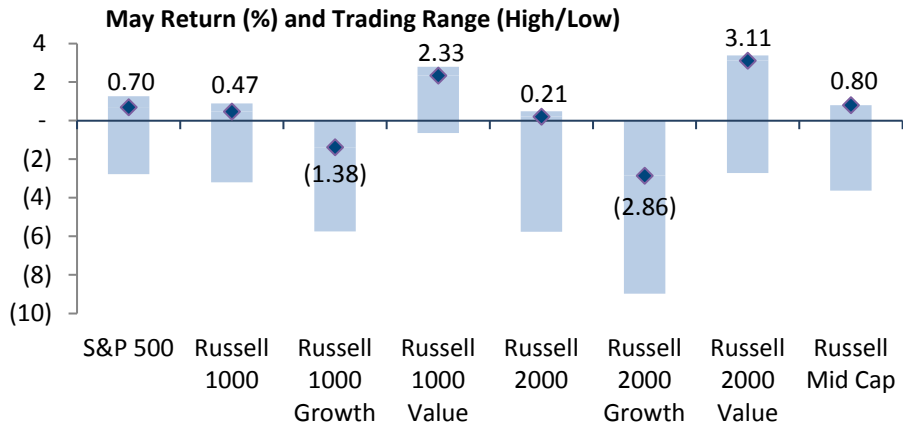
Most Speculative Assets vs. S&P 500



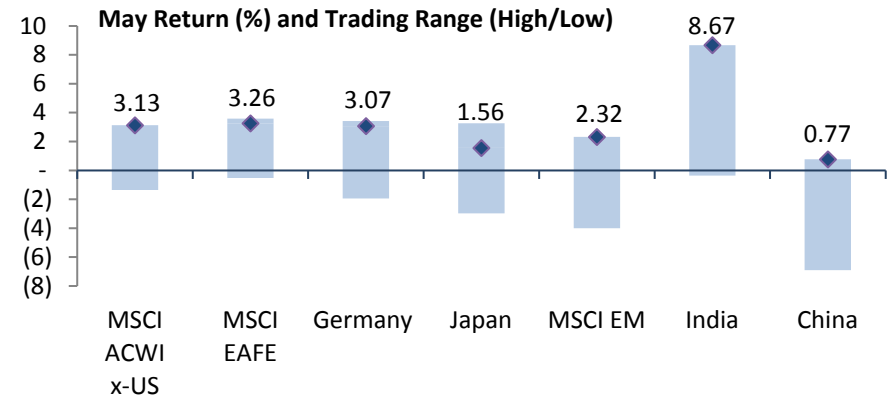
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MONTHLY CHARTS

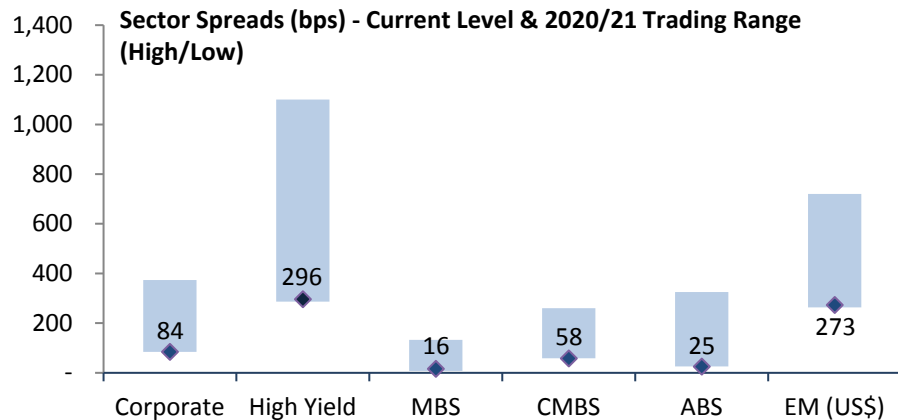
U.S. Equities: U.S. equities ended the month with modest gains, tempered by concerns surrounding rising inflation amidst a re-opening economy.



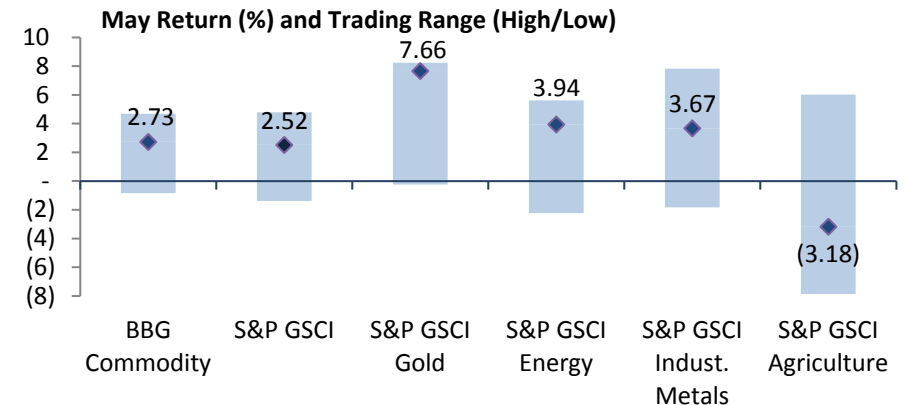
International Equities: In a reversal from recent months, non-U.S. equities outpaced domestic markets. Developed markets posted the strongest results of all broad global regions.



Fixed Income: In May, the bond market was characterized by a small decline in interest rates, low and stable credit spreads, and modestly positive returns for most bonds.



Commodities: Broad commodities prices advanced in May, led higher by Precious Metals; however, the Agriculture sector declined.

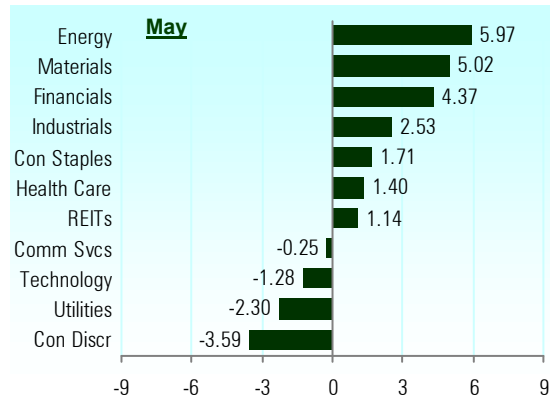


Concord Advisory Group: May 2021 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	0.70%	10.72%	12.62%	40.32%	18.01%	17.17%
Russell 1000	0.47%	9.89%	12.14%	42.66%	18.43%	17.46%
Russell 1000 Growth	-1.38%	7.14%	6.32%	39.92%	23.03%	22.07%
Russell 1000 Value	2.33%	12.69%	18.41%	44.38%	12.95%	12.33%
Russell MidCap	0.80%	8.81%	14.56%	50.29%	16.15%	15.39%
Russell 2000	0.21%	3.34%	15.30%	64.56%	13.06%	16.01%
Russell 2000 Growth	-2.86%	-3.86%	4.10%	50.14%	14.49%	17.58%
Russell 2000 Value	3.11%	10.69%	27.47%	79.38%	10.72%	13.83%
MSCI ACWI	1.56%	8.83%	10.84%	41.85%	13.87%	14.18%
MSCI World	1.44%	9.69%	11.39%	40.63%	14.41%	14.23%
MSCI ACWI Ex-US	3.13%	7.51%	9.87%	42.78%	8.92%	10.88%
MSCI EAFE	3.26%	8.81%	10.07%	38.41%	8.23%	9.77%
MSCI EM	2.32%	3.28%	7.26%	51.00%	9.65%	13.88%
Bloomberg Commodity	2.73%	8.86%	18.94%	46.22%	2.05%	2.85%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	0.33%	-0.14%	-2.29%	-0.40%	5.06%	3.25%
Barclays Capital Global Aggregate	0.94%	0.25%	-2.35%	4.47%	4.37%	3.11%
Barclays Capital Intermediate Aggregate	0.22%	0.04%	-0.88%	0.42%	4.39%	2.77%
Barclays Capital Universal	0.38%	0.05%	-1.86%	1.22%	5.33%	3.69%
Barclays Capital Government	0.34%	-0.44%	-3.11%	-3.61%	4.45%	2.50%
Barclays Capital Credit	0.72%	0.17%	-2.74%	3.32%	6.73%	4.80%
Barclays Capital Municipal	0.30%	1.76%	0.78%	4.74%	5.04%	3.52%
Barclays Capital High Yield	0.30%	1.54%	2.25%	14.96%	7.11%	7.39%
Barclays Capital Mortgage	-0.18%	-0.14%	-0.73%	-0.47%	3.81%	2.44%
Barclays Capital 1-3 Yr Gov/Credit	0.12%	0.15%	0.16%	0.80%	3.02%	2.03%
FTSE 3-Month Treasury Bill	0.00%	0.01%	0.02%	0.09%	1.36%	1.14%
FTSE World Govt Bond	0.89%	-0.07%	-3.74%	2.49%	3.87%	2.62%
Barclays Capital U.S. TIPS	1.21%	2.43%	1.12%	7.05%	6.47%	4.48%
BofAML Invest Grade Convertible	-0.40%	4.02%	5.06%	21.16%	10.00%	13.78%

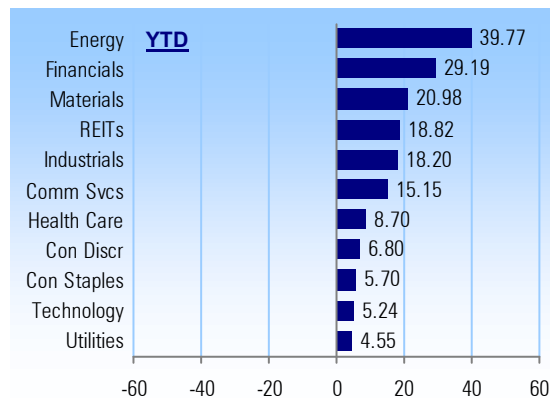
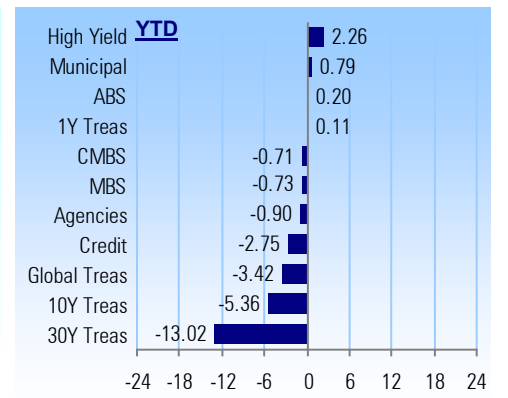
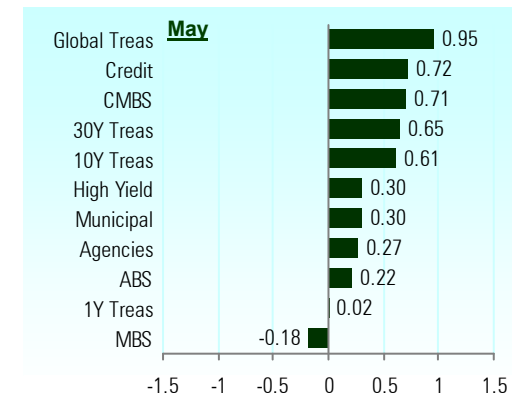
Equity Sector Returns (%)



Equity Style Returns (%)

	Value	Core	Growth
Large	2.33	0.47	-1.38
Mid	1.97	0.80	-1.53
Small	3.11	0.21	-2.86

Fixed Income Sector Returns (%)



	Value	Core	Growth
Large	18.41	12.14	6.32
Mid	20.86	14.56	3.42
Small	27.47	15.30	4.10

Treasury Yield Curve

