



THE CONCORD ADVISORY GROUP, LTD.

Institutional Investment Consulting Services

NOVEMBER 2021 MARKET HIGHLIGHTS

“OPTIMAL PLAY IS OFTEN BORING”

THE CONCORD ADVISORY GROUP, LTD: NOVEMBER 2021 MARKET HIGHLIGHTS

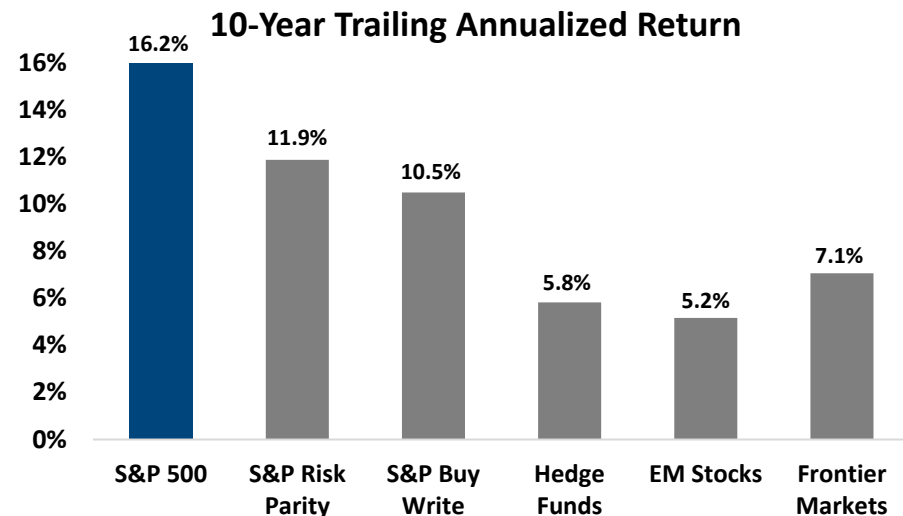
COMMENTARY: “OPTIMAL PLAY IS OFTEN BORING”

The World Chess Championship just started. Most people find watching chess dull, but even avid chess fans find current top grandmaster play boring. Top GMs rely heavily on memorization and preparation with computer chess engines to dictate how they play. As any major deviation from the prevailing chess theory would lead to a loss, these GMs play optimally and conservatively. Watching them play is only slightly more interesting than watching two computers play against each other, and after about three hours, most of the games end in a tedious draw.

In baseball, analytics says that optimal play is to accumulate walks and home runs and that sacrificing, stealing bases, and bunting are to be avoided. This has made baseball games less interesting and slower with fewer base runners, more pitching changes, and record strikeouts. In both these examples, the optimal way to play the game is tedious and boring, but it is the strategy that maximizes the chances of winning.

With three cable television channels dedicated to the markets and high demand for clicks and views on financial websites, the investment industry cares about entertainment as well as performance. This leads to bold predictions and more complex products. Which while more entertaining, complexity has thus far not improved investor returns. Portfolio management strategies, which are more interesting than buy/hold/rebalance, such as risk parity (equal weighting risk between stocks, bonds, and commodities) and covered call writing, have significantly underperformed the S&P 500. Trendy exposures to hedge funds, emerging and frontier markets have lagged the less interesting S&P 500 too. In liquid market investing, the basic S&P 500 has been the optimal choice during the market rally over the last ten years.

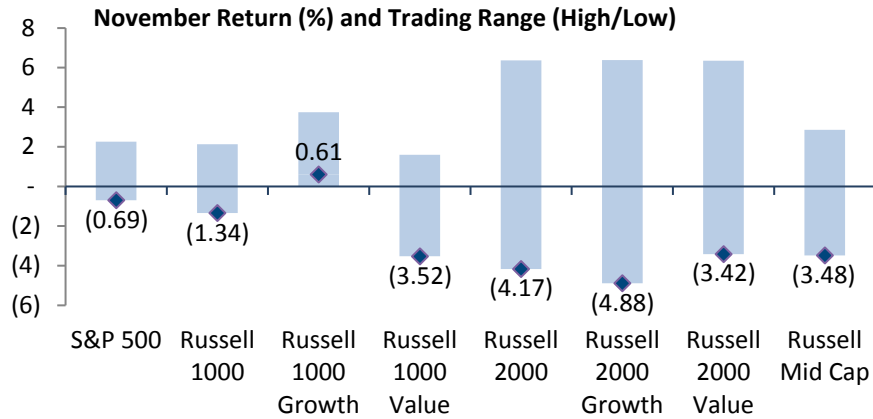
The boring S&P 500 being hard to beat creates angst for the investment industry, which sells innovation. Higher fees, leverage, and more intricate implementation will remain obstacles to more complex portfolio management strategies (i.e., hedge funds, risk parity, and call writing). However, long equity positions in international stock and emerging markets, may have a better chance to outperform in the future. Prudence dictates some diversification away from the S&P 500 after this huge ten-plus-year run, but it is best to not introduce more complexity or cost in the process.



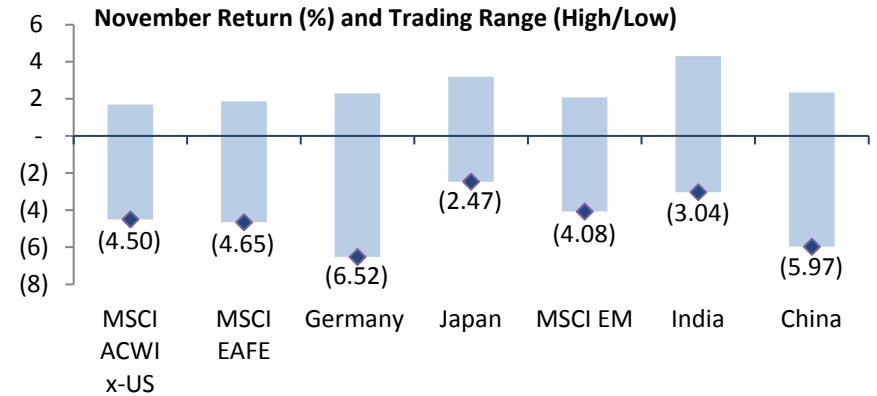
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MONTHLY CHARTS

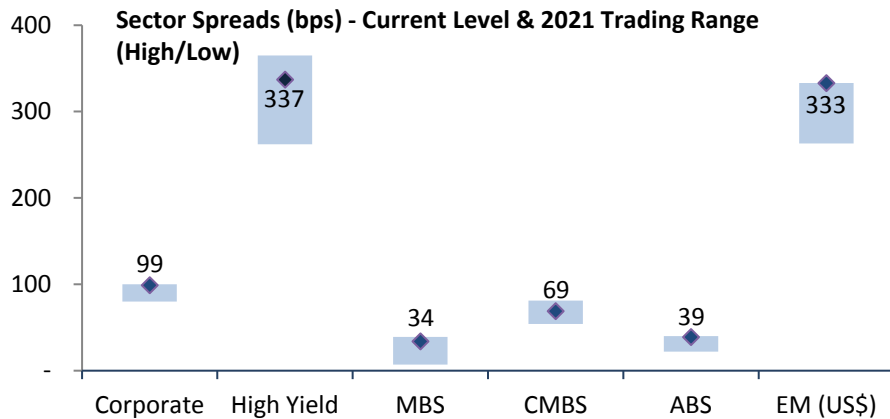
U.S. Equities: U.S. equities modestly declined for the month of November, as persistently high inflation and concerns around a new COVID-19 variant prompted a late-month sell-off.



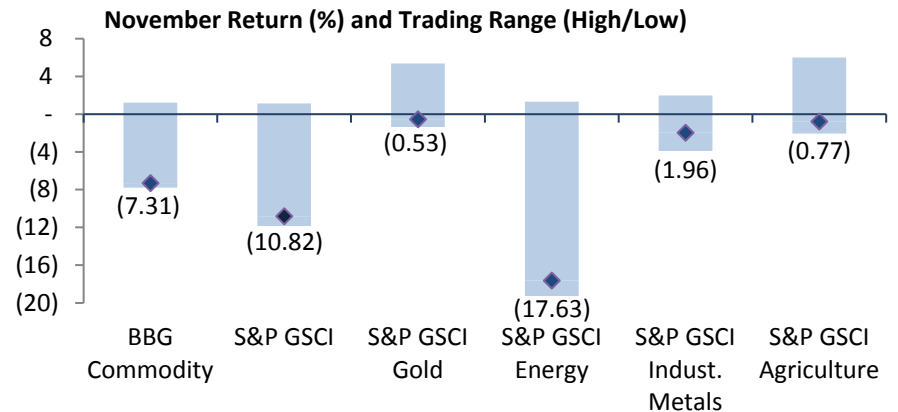
International Equities: Facing similar issues, non-U.S. equities fared worse than domestic returns in the context of new lockdown restrictions and the prospect of near-term tapering by the Federal Reserve.



Fixed Income: Higher quality and longer duration bonds outperformed, as the yield curve flattened and credit spreads widened.



Commodities: Broad commodities prices also declined due to a sharp drop in oil prices as several nations tapped into strategic reserves.

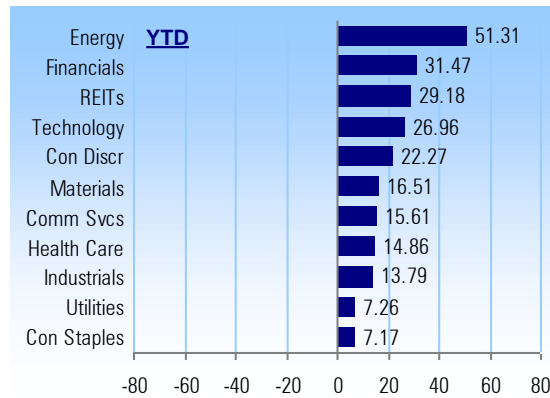
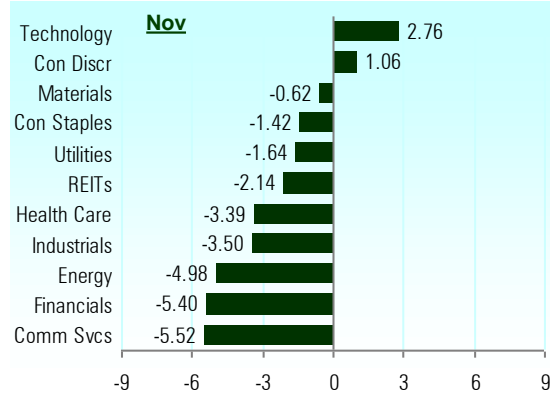


Concord Advisory Group: November 2021 Market Performance

Equity Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	-0.69%	1.32%	23.18%	27.92%	20.38%	17.90%
Russell 1000	-1.34%	0.66%	21.53%	26.67%	20.65%	17.93%
Russell 1000 Growth	0.61%	3.20%	24.95%	30.70%	29.22%	25.10%
Russell 1000 Value	-3.52%	-2.15%	17.73%	22.25%	11.46%	10.36%
Russell MidCap	-3.48%	-1.95%	17.77%	23.29%	17.50%	14.44%
Russell 2000	-4.17%	-3.04%	12.31%	22.03%	14.22%	12.14%
Russell 2000 Growth	-4.88%	-4.25%	2.38%	11.95%	16.09%	14.75%
Russell 2000 Value	-3.42%	-1.74%	23.24%	33.01%	11.54%	9.08%
MSCI ACWI	-2.41%	-1.66%	13.98%	19.27%	15.97%	13.99%
MSCI World	-2.19%	-0.94%	16.82%	21.78%	16.89%	14.61%
MSCI ACWI Ex-US	-4.50%	-5.35%	3.54%	9.14%	9.95%	9.27%
MSCI EAFE	-4.65%	-5.14%	5.84%	10.77%	9.83%	9.19%
MSCI EM	-4.08%	-6.98%	-4.34%	2.70%	9.27%	9.52%
Bloomberg Commodity	-7.31%	-0.18%	22.78%	28.89%	6.05%	3.31%

Equity Sector Returns (%)



Equity Style Returns (%)

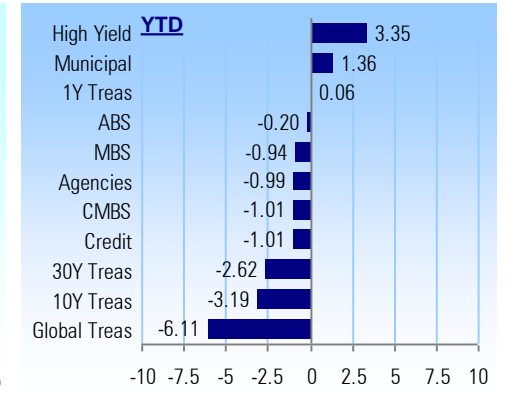
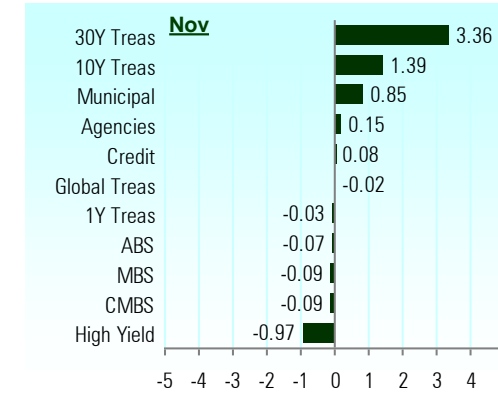
	Value	Core	Growth
Large	-3.52	-1.34	0.61
Mid	-3.04	-3.48	-4.23
Small	-3.42	-4.17	-4.88

	Value	Core	Growth
Large	17.73	21.53	24.95
Mid	20.76	17.77	12.33
Small	23.24	12.31	2.38

Fixed Income Markets

	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Bloomberg Aggregate	0.30%	-0.60%	-1.29%	-1.15%	5.52%	3.65%
Bloomberg Global Aggregate	-0.29%	-2.30%	-4.57%	-3.29%	4.33%	3.29%
Bloomberg Intermediate Aggregate	0.04%	-0.89%	-1.18%	-0.96%	4.15%	2.82%
Bloomberg Universal	0.12%	-0.82%	-1.04%	-0.69%	5.72%	3.91%
Bloomberg Government	0.74%	-0.41%	-1.78%	-1.99%	4.98%	3.15%
Bloomberg Credit	0.08%	-0.77%	-1.00%	-0.55%	7.74%	5.20%
Bloomberg Municipal	0.85%	-0.17%	1.35%	1.97%	5.10%	4.39%
Bloomberg High Yield	-0.97%	-1.15%	3.34%	5.29%	7.38%	6.29%
Bloomberg Mortgage	-0.09%	-0.64%	-0.95%	-0.74%	3.66%	2.51%
Bloomberg 1-3 Yr Gov/Credit	-0.08%	-0.49%	-0.32%	-0.23%	2.60%	1.90%
FTSE 3-Month Treasury Bill	0.00%	0.01%	0.04%	0.05%	1.02%	1.12%
FTSE World Govt Bond	-0.07%	-2.73%	-6.39%	-5.12%	3.78%	2.94%
Bloomberg U.S. TIPS	0.89%	1.31%	5.62%	6.83%	8.53%	5.26%
BofAML Invest Grade Convertible	-1.97%	-0.05%	6.33%	10.03%	10.02%	12.15%

Fixed Income Sector Returns (%)



Treasury Yield Curve

