



The Concord Advisory Group, Ltd.

November 2017 Market Highlights *“Cord Cutting”*

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Concord Advisory Group: November 2017 Market Highlights

Commentary: “Cord Cutting”

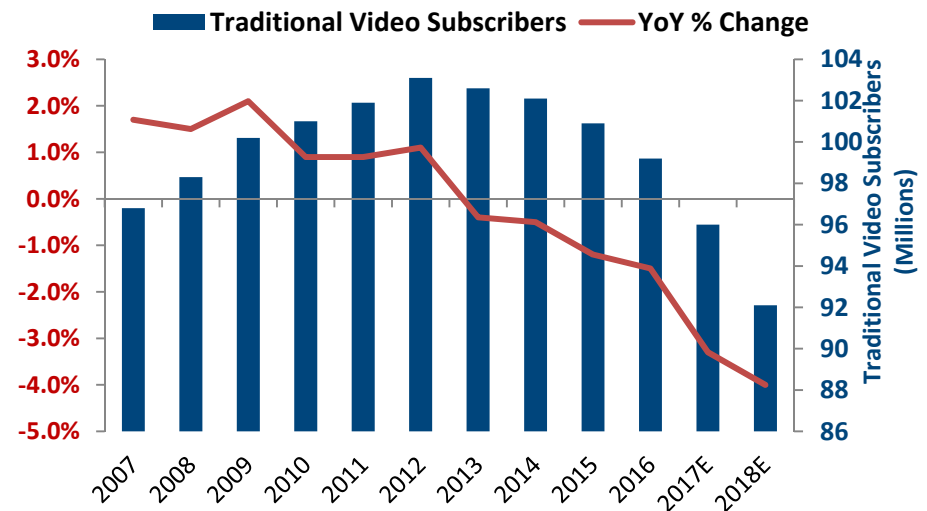


According to the FCC, from 2005 to 2015, the price of expanded basic cable video service increased at a 4.8% annual rate compared to 1.5% for the Consumer Price Index. Regional monopolies, formed via industry consolidation and sustained by the high cost of setting up competing cable networks, provided cable companies with wide latitude to pass on higher prices from content providers. While cable customers are getting more channels for their subscription fees, many have grown weary of increasing bills. As the chart shows, the total number of video subscribers peaked in 2012. A combination of new streaming video services over high-speed internet connections and low-tech digital HD antennas has brought competition back to video.

Across many businesses, technology is providing options to consumers, but it is also disrupting long-standing business models. In the media market, revenues are shifting away from profitable cable and content providers (such as Comcast, Charter Communications, AT&T, Time Warner, and Disney) and moving to less profitable companies like Netflix, Amazon, and private firms Hulu and Sling. For investors, disruption also offers fee savings. Similar to cord cutters, many investors have shifted from higher fee active strategies to less expensive factor and index strategies.

The changing nature of consumer interactions with businesses also creates opportunities for investors. Equity markets have been rewarding the companies doing the disrupting with premium valuations and a disproportionality large percentage of the market's gains have been in these stocks. As the valuations for these disrupting companies have exploded higher, their weights in equity benchmarks have likewise increased.

The concentration of gains in a relative few number of stocks presents an opportunity for contrarian equity managers to build more diversified portfolios of less-in-favor stocks. However, it may require patience to realize profits from this strategy, because investor favoritism for disruptive technology stocks is not yet showing signs of abating.



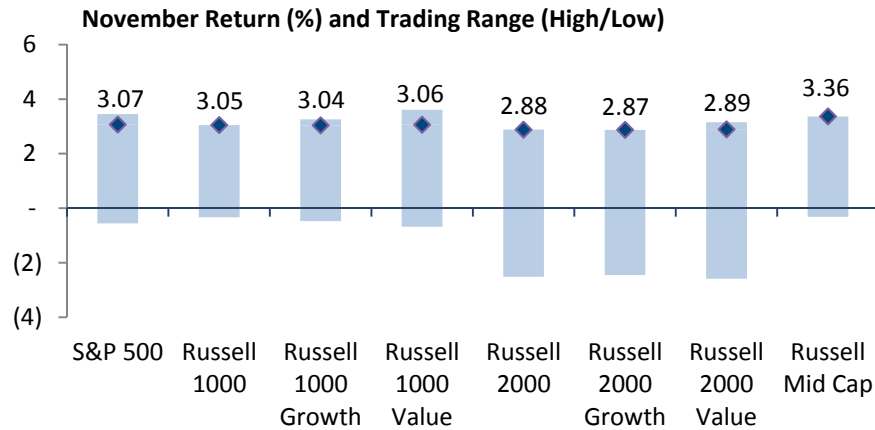
Source: UBS, Business Insider.com

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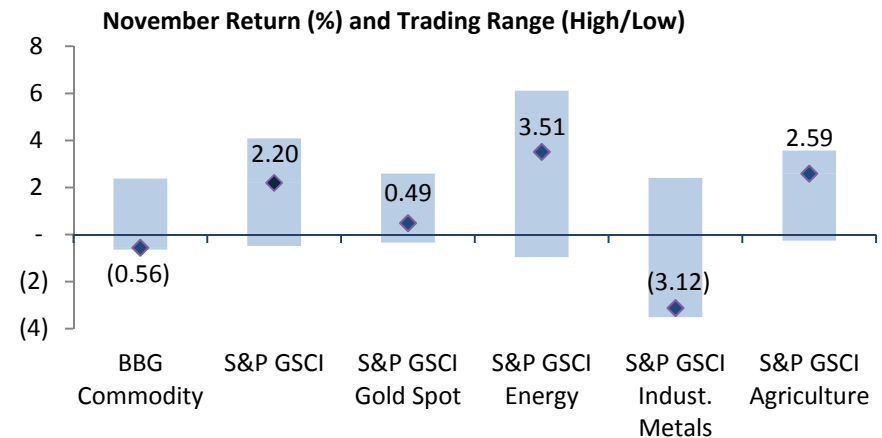
Monthly Charts



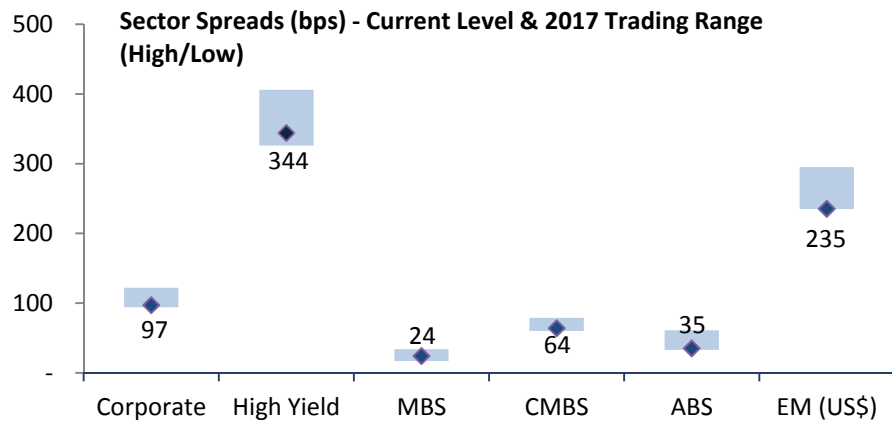
U.S. Equities: U.S. equity markets ended November positive, on strengthening economic data and progress towards passing tax reforms. All eleven sectors of the market rose during the month



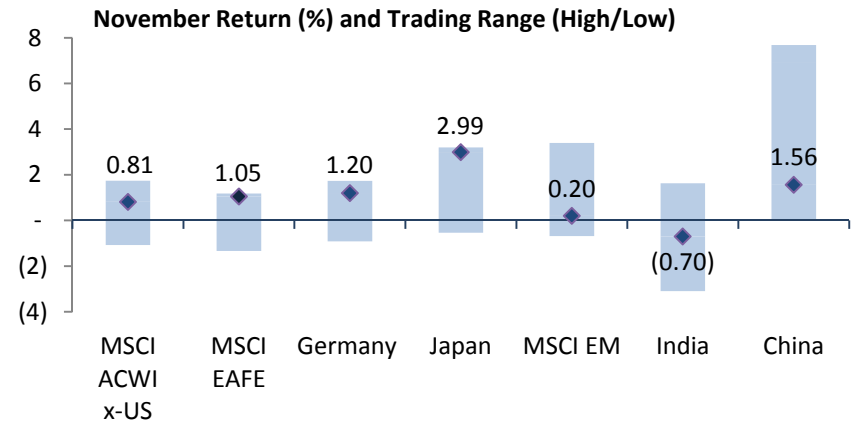
Commodities: Following China's National Congress, metals demand waned in November. Inventory data and an extension of OPEC cuts pushed crude oil prices higher.



Fixed Income: Jerome Powell, nominee for Fed Chair, is expected to continue the policies of his predecessor. The U.S. curve flattened and credit spreads ended the month little changed.



International Equities: Despite a weaker dollar, developed international and emerging markets equities lagged the U.S. market, which was a leadership reversal from the past few months.

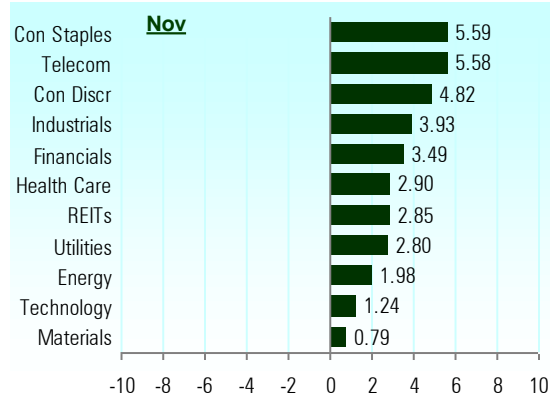


Concord Advisory Group: November 2017 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	3.07%	7.65%	20.49%	22.87%	10.91%	15.74%
Russell 1000	3.05%	7.66%	20.35%	22.61%	10.73%	15.69%
Russell 1000 Growth	3.04%	8.42%	29.21%	30.81%	13.10%	17.14%
Russell 1000 Value	3.06%	6.89%	12.03%	14.83%	8.35%	14.17%
Russell MidCap	3.36%	8.00%	17.43%	18.76%	9.32%	15.26%
Russell 2000	2.88%	10.23%	15.11%	18.34%	11.14%	15.02%
Russell 2000 Growth	2.87%	10.15%	22.03%	23.69%	11.32%	15.84%
Russell 2000 Value	2.89%	10.32%	8.88%	13.37%	10.89%	14.16%
MSCI ACWI	1.94%	6.06%	22.01%	24.64%	8.01%	10.94%
MSCI World	2.17%	6.43%	20.77%	23.66%	8.19%	11.75%
MSCI ACWI Ex-U.S.	0.81%	4.62%	24.41%	27.59%	5.74%	7.06%
MSCI EAFE	1.05%	5.14%	23.06%	27.27%	5.97%	8.23%
MSCI EM	0.20%	3.30%	32.53%	32.82%	6.15%	4.61%
Bloomberg Commodity	-0.46%	1.52%	-1.24%	0.54%	-8.42%	-9.47%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	-0.13%	-0.55%	3.07%	3.21%	2.11%	1.98%
Barclays Capital Global Aggregate	1.11%	-0.18%	7.02%	6.53%	1.67%	0.66%
Barclays Capital Intermediate Aggregate	-0.25%	-0.64%	2.08%	2.12%	1.70%	1.66%
Barclays Capital Universal	-0.15%	-0.38%	3.63%	3.94%	2.58%	2.41%
Barclays Capital Government	-0.14%	-1.09%	1.99%	1.88%	1.34%	1.13%
Barclays Capital Credit	-0.09%	0.02%	5.34%	5.98%	3.36%	3.05%
Barclays Capital Municipal	-0.54%	-0.80%	4.36%	5.58%	2.79%	2.55%
Barclays Capital High Yield	-0.26%	1.07%	7.18%	9.16%	5.73%	6.04%
Barclays Capital Mortgage	-0.14%	-0.40%	2.14%	2.14%	1.83%	2.00%
Barclays Capital 1-3 Yr Gov/Credit	-0.22%	-0.36%	0.81%	0.88%	0.83%	0.84%
Citigroup 3-Month Treasury Bill	0.09%	0.27%	0.74%	0.77%	0.34%	0.22%
Citigroup World Govt Bond	1.42%	-0.34%	7.32%	6.59%	1.46%	-0.10%
Barclays Capital U.S. TIPS	0.13%	-0.30%	2.07%	1.97%	1.36%	-0.18%
ML Investment Grade Convertible	0.57%	7.20%	22.16%	25.37%	12.05%	14.76%

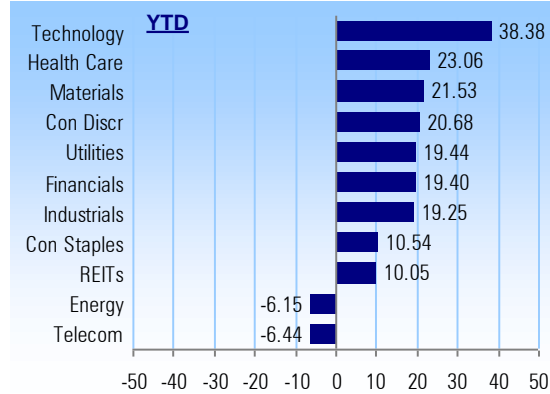
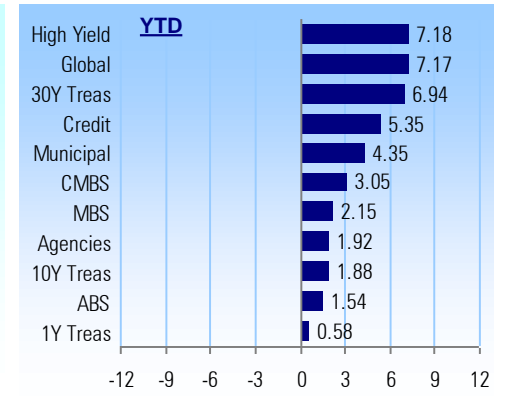
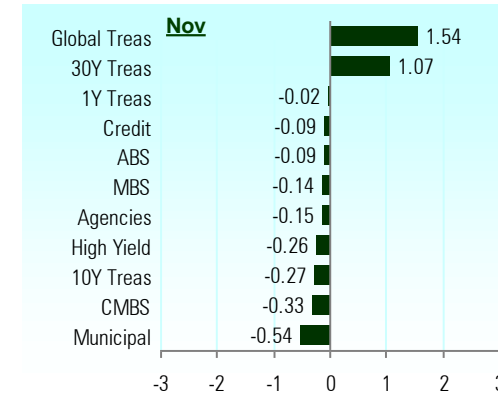
Equity Sector Returns (%)



Equity Style Returns (%)

	Value	Core	Growth
Large	3.06	3.05	3.04
Mid	3.38	3.36	3.34
Small	2.89	2.88	2.87

Fixed Income Sector Returns (%)



	Value	Core	Growth
Large	12.03	20.35	29.21
Mid	11.96	17.43	24.60
Small	8.88	15.11	22.03

Treasury Yield Curve

