



The Concord Advisory Group, Ltd.

October 2017 Market Highlights *“Stock’s Powerful Friend”*

The Concord Advisory Group, Ltd.

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Concord Advisory Group: *October 2017 Market Highlights*

Commentary: *“Stock’s Powerful Friend”*

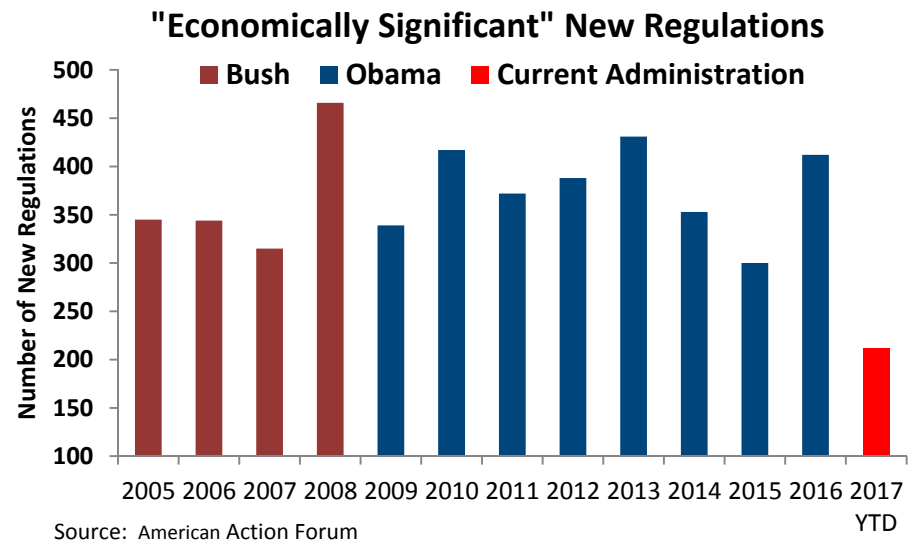


The current administration’s words and policy proposals are demonstrating a clear favoritism for stocks over bonds. At times, the administration has almost sounded antagonistic to bondholders. For example after the devastating hurricane, Puerto Rico’s bonds tumbled on the President’s remark that “we’re going to have to wipe out [the island’s debt]”. During the campaign, in a comment that was later walked back, President Trump suggested the need to renegotiate the U.S. federal debt.

For stocks, the President has been advocating policies that should benefit equity holders. The most notable is the proposal to cut the corporate tax rate to 20%. The proposed tax break on the repatriation of foreign corporate earnings and expanded infrastructure spending are likewise equity-friendly.

Less noticeable is what is not occurring; this administration is less disposed to promulgate new government regulations than its recent predecessors were. As the chart shows, the growth in regulation has slowed and in several circumstances, the new administration has been rolling-back existing regulations.

Regardless if one agrees or disagrees with the current policy path, it is constructive to remember that President Trump accumulated his fortune by investing on the equity side of the ledger. One of the strongest criticisms against Trump’s business record is that on several occasions he declared bankruptcy and renegotiated terms with creditors, i.e. bondholders. If one considers the President’s experiences before politics, it seems a natural conclusion to expect the administration to continue promoting policies that benefit equity owners, sometimes to the detriment of debtholders.

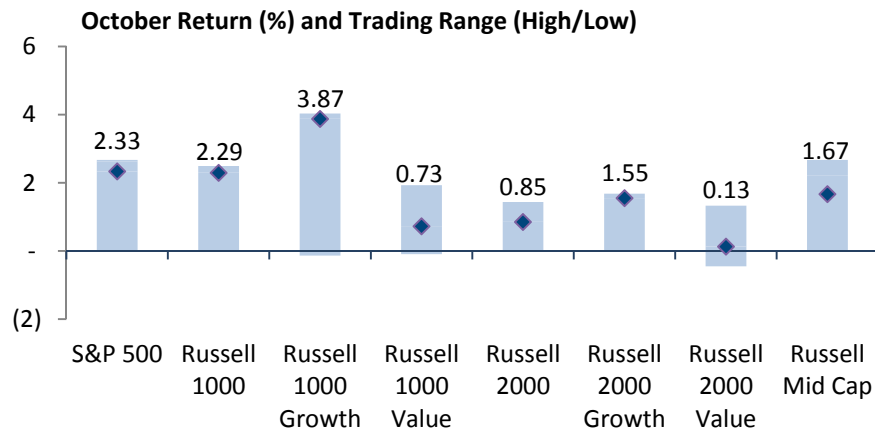


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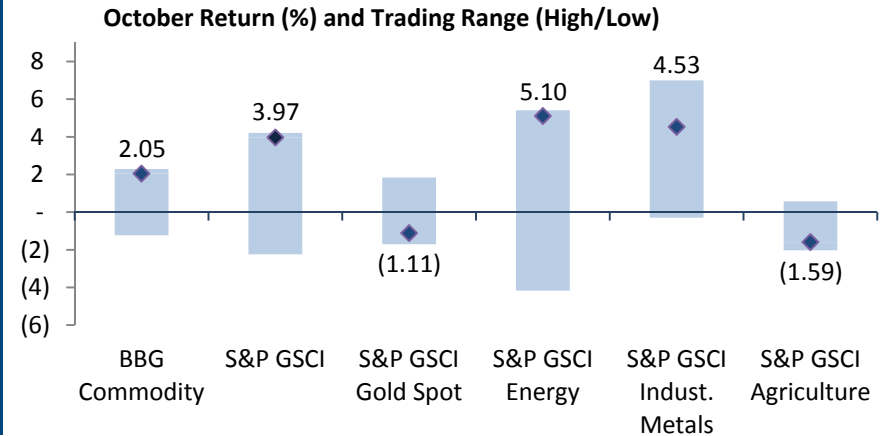
Monthly Charts



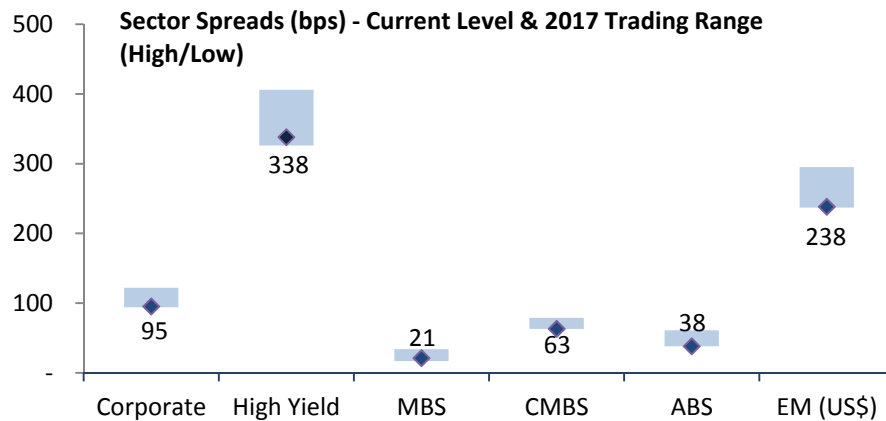
U.S. Equities: Positive earnings from major technology companies, expectations of tax reforms, and a pending resolution of the next Fed Chairperson, kept U.S. equities on their upward trajectory in October.



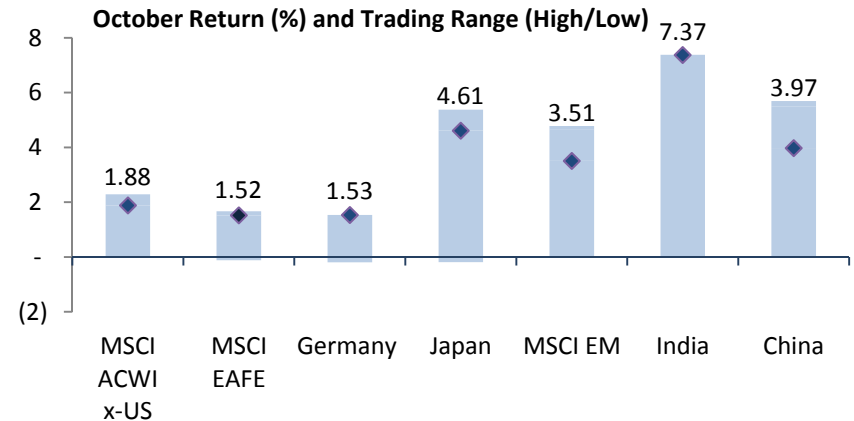
Commodities: Synchronized improvement in global growth rates increased expectations for commodities demand, which propelled energy and industrial metals prices higher.



Fixed Income: The yield curve moved slightly higher and flatter. Spread sectors continued to outperform as credit spreads further tightened.



International Equities: Emerging market equities outpaced U.S. and developed non-U.S. markets, led by emerging Asia. Japanese equities benefitted from a snap election in favor of the incumbent, PM Abe.

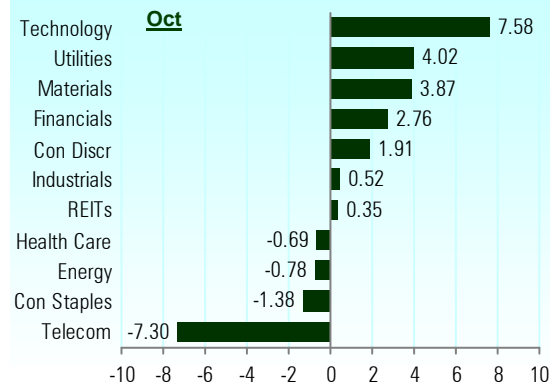


Concord Advisory Group: October 2017 Market Performance

Equity Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
S&P 500	2.33%	4.76%	16.91%	23.63%	10.77%	15.18%
Russell 1000	2.29%	4.80%	16.78%	23.67%	10.58%	15.18%
Russell 1000 Growth	3.87%	7.15%	25.40%	29.71%	13.15%	16.83%
Russell 1000 Value	0.73%	2.50%	8.70%	17.78%	7.99%	13.48%
Russell MidCap	1.67%	3.67%	13.60%	21.09%	9.04%	14.87%
Russell 2000	0.85%	5.78%	11.89%	27.85%	10.12%	14.49%
Russell 2000 Growth	1.55%	6.95%	18.62%	31.00%	10.51%	15.36%
Russell 2000 Value	0.13%	4.59%	5.81%	24.81%	9.67%	13.58%
MSCI ACWI	2.08%	4.45%	19.69%	23.20%	7.92%	10.80%
MSCI World	1.89%	4.32%	18.21%	22.77%	8.13%	11.56%
MSCI ACWI Ex-U.S.	1.88%	4.32%	23.41%	23.64%	5.71%	7.29%
MSCI EAFE	1.52%	4.01%	21.78%	23.44%	6.08%	8.53%
MSCI EM	3.51%	5.39%	32.26%	26.45%	5.70%	4.83%
Bloomberg Commodity	2.14%	2.40%	-0.79%	2.35%	-9.53%	-9.37%

Fixed Income Markets	Past Month	Past 3 Months	YTD	1 Yr	3 Yrs	5 Yrs
Barclays Capital Aggregate	0.06%	0.47%	3.20%	0.90%	2.40%	2.03%
Barclays Capital Global Aggregate	-0.38%	-0.30%	5.85%	1.18%	1.17%	0.43%
Barclays Capital Intermediate Aggregate	-0.01%	0.25%	2.34%	0.61%	1.97%	1.73%
Barclays Capital Universal	0.12%	0.63%	3.79%	1.76%	2.82%	2.49%
Barclays Capital Government	-0.11%	0.10%	2.13%	-0.62%	1.65%	1.26%
Barclays Capital Credit	0.34%	0.95%	5.43%	3.18%	3.61%	3.07%
Barclays Capital Municipal	0.24%	0.49%	4.92%	2.19%	3.04%	3.00%
Barclays Capital High Yield	0.42%	1.28%	7.45%	8.92%	5.56%	6.27%
Barclays Capital Mortgage	-0.03%	0.47%	2.29%	0.53%	2.10%	1.99%
Barclays Capital 1-3 Yr Gov/Credit	-0.03%	0.05%	1.03%	0.67%	0.95%	0.90%
Citigroup 3-Month Treasury Bill	0.09%	0.27%	0.65%	0.71%	0.31%	0.20%
Citigroup World Govt Bond	-0.54%	-0.58%	5.81%	0.23%	0.79%	-0.41%
Barclays Capital U.S. TIPS	0.21%	0.63%	1.94%	-0.11%	1.40%	-0.11%
ML Investment Grade Convertible	5.05%	7.01%	21.47%	28.45%	12.57%	14.86%

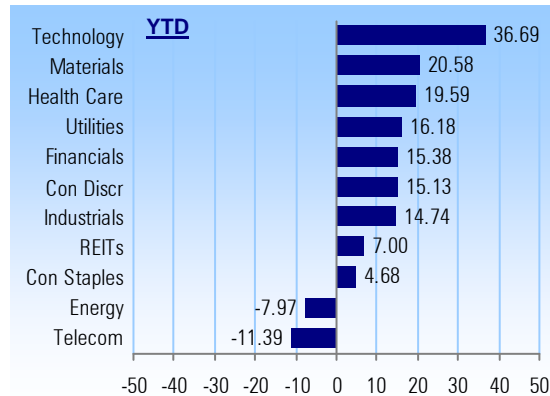
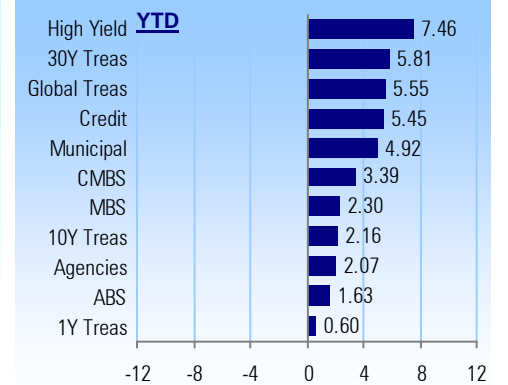
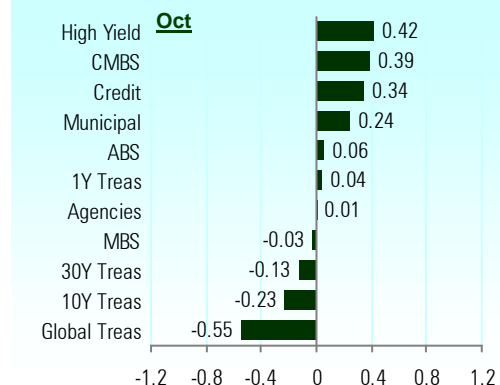
Equity Sector Returns (%)



Equity Style Returns (%)

	Value	Core	Growth
Large	0.73	2.29	3.87
Mid	0.80	1.67	2.80
Small	0.13	0.85	1.55

Fixed Income Sector Returns (%)



	Value	Core	Growth
Large	8.70	16.78	25.40
Mid	8.30	13.60	20.57
Small	5.81	11.89	18.62

Treasury Yield Curve

