

February 28, 2022

MATRIX

PRIVATE
CAPITAL
GROUP

Economic & Market Review

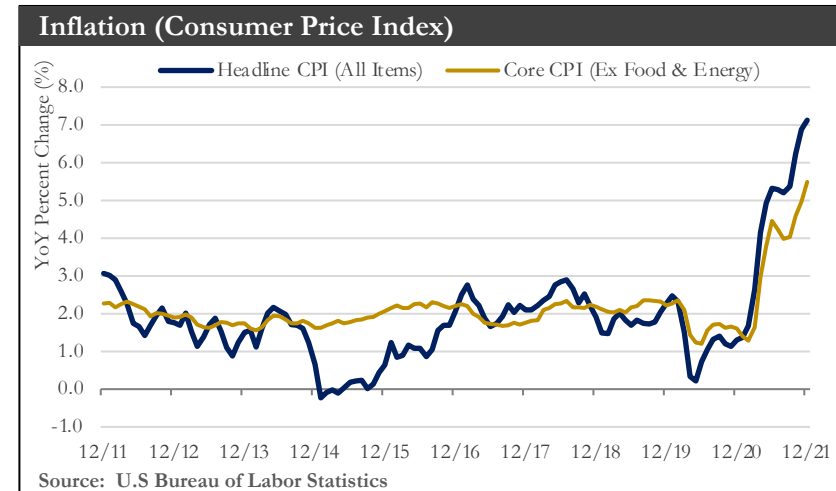
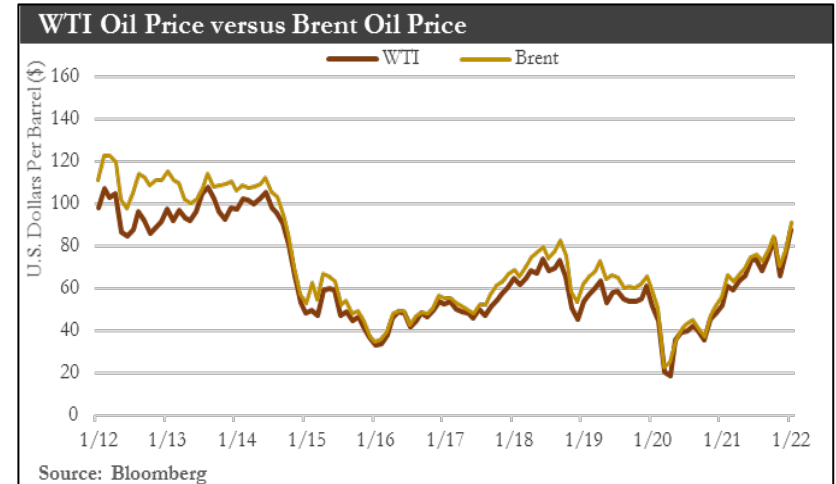
Capital Market Performance

Index Performance as of: 2/28/2022															
	<u>1 Month</u>	<u>3 Month</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>		<u>1 Month</u>	<u>3 Month</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Russell								International Equity - Broad Market							
3000 Value	-0.98	2.43	-3.52	14.43	12.11	9.34	11.63	MSCI EAFE	-1.77	-1.73	-6.52	2.83	7.78	7.16	6.15
3000	-2.52	-4.64	-8.25	12.30	17.55	14.68	14.27	MSCI EM	-2.99	-3.04	-4.83	-10.69	6.03	6.99	3.24
3000 Growth	-3.99	-10.73	-12.50	10.32	22.21	19.56	16.58	MSCI Frontier Markets	-4.40	-6.39	-7.77	9.88	7.76	6.51	6.15
1000 Value	-1.16	2.63	-3.46	15.00	12.21	9.45	11.71	MSCI ACWI	-2.58	-3.66	-7.37	7.81	13.41	11.44	9.83
1000	-2.74	-4.51	-8.23	13.73	18.08	15.07	14.51	MSCI ACWI Ex USA	-1.98	-1.69	-5.59	-0.40	7.67	7.27	5.39
1000 Growth	-4.25	-10.61	-12.47	12.56	23.17	20.24	16.97	MSCI AC Asia Ex Japan	-2.35	-4.08	-5.38	-14.45	6.73	8.04	5.71
Mid Cap Value	-0.47	1.27	-4.72	13.76	12.74	9.18	11.93	International Equity - Country Region							
Mid Cap	-0.72	-4.28	-8.03	7.08	14.25	12.02	12.82	MSCI Brazil	4.70	23.48	18.33	13.20	-3.85	1.33	-3.29
Mid Cap Growth	-1.21	-13.66	-13.96	-4.32	14.71	14.87	13.59	MSCI BRIC	-6.25	-8.80	-7.89	-21.04	2.03	5.73	2.20
2000 Value	1.65	-0.37	-4.27	6.64	10.91	7.97	10.66	MSCI China	-3.90	-9.67	-6.73	-31.30	0.53	5.70	4.67
2000	1.07	-6.62	-8.66	-6.01	10.50	9.50	11.18	MSCI Europe	-2.82	-1.15	-7.27	6.82	8.48	7.79	6.22
2000 Growth	0.44	-12.64	-13.03	-17.41	9.22	10.49	11.38	MSCI India	-4.00	-1.78	-5.32	16.30	14.83	11.58	7.66
								MSCI Japan	-1.12	-4.36	-6.13	-5.01	7.22	6.13	6.66
Standard & Poors								MSCI EM Latin America	4.83	19.25	12.56	14.33	-1.81	1.68	-2.67
S&P 500	-2.99	-3.89	-8.01	16.40	18.24	15.18	14.59	MSCI Russia	-52.75	-57.87	-56.87	-48.56	-15.20	-5.33	-5.63
Consumer Disc	-3.99	-13.50	-13.28	8.48	18.29	16.52	16.67	Fixed Income-Taxable							
Consumer Staples	-1.42	7.23	-2.77	23.39	14.84	9.70	11.70	Barclays U.S. Aggregate	-1.12	-3.49	-3.25	-2.65	3.30	2.71	2.47
Energy	7.13	31.52	27.59	55.05	8.67	4.70	2.95	Barclays US Aggregate 1-3	-0.45	-1.31	-1.16	-1.63	1.60	1.50	1.22
Financials	-1.35	1.98	-1.30	21.59	15.80	11.77	14.71	Barclays US Aggregate 3-5	-0.76	-2.18	-2.06	-3.01	2.34	2.03	1.92
Health Care	-1.02	0.58	-7.71	17.26	14.58	13.77	15.75	Barclays US Aggregate 5-7	-0.75	-2.44	-2.34	-2.72	3.03	2.57	2.37
Industrials	-0.87	-0.52	-5.56	11.83	11.50	10.38	12.47	ICE BofAML US 3M Trsy Bill	0.01	0.02	0.01	0.04	0.87	1.13	0.63
Information Technology	-4.90	-8.45	-11.45	18.81	31.09	26.58	20.75	Barclays U.S. Gov't	-0.66	-3.01	-2.52	-2.12	3.11	2.40	1.90
Materials	-1.24	-1.03	-7.99	15.51	17.36	12.05	10.73	Barclays U.S. Credit	-1.89	-5.11	-5.03	-3.25	4.52	3.67	3.62
Real Estate	-4.91	-4.09	-13.00	24.62	12.74	10.71	11.04	Barclays High Yield Corp.	-1.03	-1.93	-3.73	0.64	5.31	4.88	5.86
Communication Services	-6.98	-10.55	-12.75	1.20	16.06	9.12	9.96	Barclays TIPS	0.85	-0.87	-1.19	6.07	7.53	4.81	2.77
Utilities	-1.85	4.08	-5.06	20.11	9.60	9.20	10.81	Barclays Global Aggregate	-1.19	-3.35	-3.21	-5.32	2.15	2.36	1.28
Other U.S. Equity								Barclays Gbl Agg Ex USD	-1.11	-3.11	-3.04	-7.15	1.14	1.99	0.30
Dow Jones Industrial Avg.	-3.29	-1.25	-6.43	11.60	11.72	12.71	12.74	JPM EMBI Global Div	-6.55	-7.93	-9.21	-7.50	0.79	1.95	3.86
NASDAQ 100	-4.54	-11.61	-12.65	11.07	27.19	22.88	19.77	Fixed Income-Tax Exempt							
Alternative Investments								Barclays Municipal	-0.36	-2.93	-3.09	-0.66	3.19	3.24	3.15
Alerian MLP	4.82	20.57	16.42	43.10	3.16	-0.73	0.66	Barclays Municipal 3 Yr	-0.28	-1.90	-1.93	-1.41	1.38	1.41	1.31
Bloomberg Commodity	6.23	19.63	15.56	34.45	12.89	6.63	-1.94	Barclays Municipal 5 Yr	-0.40	-2.68	-2.81	-1.74	1.89	2.00	1.94
FTSE NAREIT Equity REIT	-3.13	-1.79	-9.76	24.16	10.00	7.75	9.67	Barclays Municipal 7 Yr	-0.33	-2.83	-3.04	-1.68	2.39	2.64	2.57
S&P Global Natural Res.	4.67	16.50	8.68	24.39	13.01	10.82	4.27	Barclays HY Muni	-0.23	-2.77	-3.02	3.46	6.22	6.07	5.92
S&P N. Amer Natural Res.	7.13	23.02	18.36	44.79	11.36	5.54	2.00								

Source: Morningstar Direct

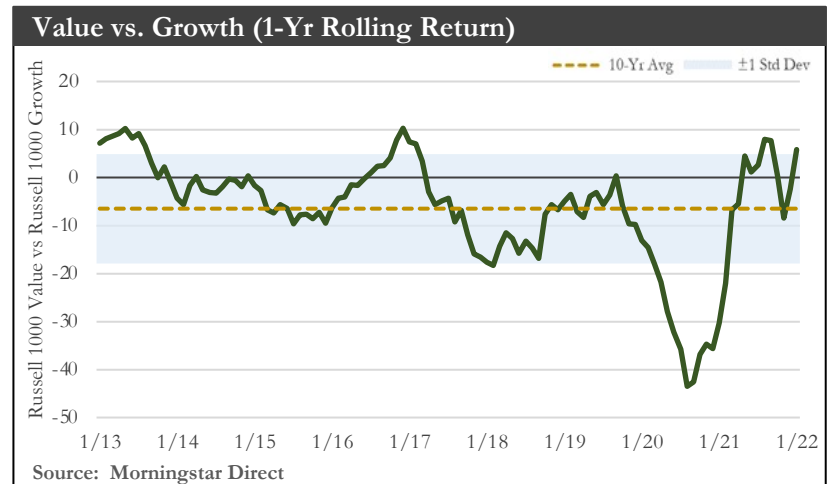
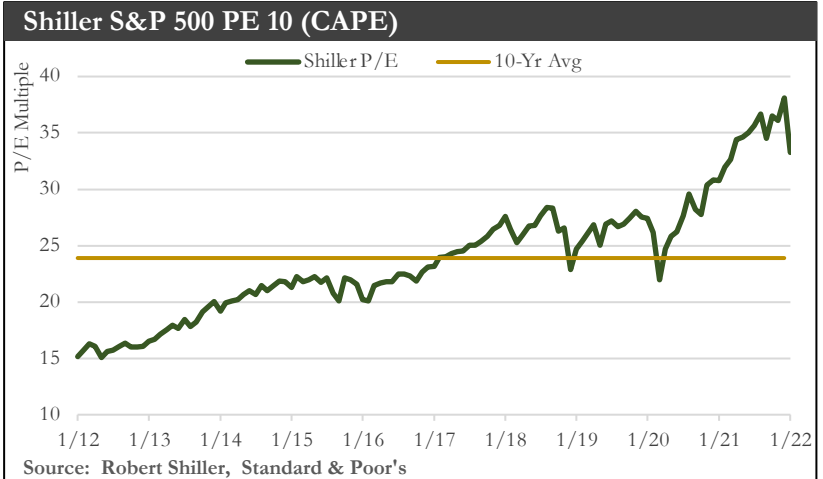
Economic & Market Overview

- **Economic Growth Forecast Under Review.** Expectations for global economic growth and inflation will be affected by the crisis in Ukraine. With rising energy prices, inflation will be higher than forecast before the Russian invasion. Growth rates, especially in Europe will be lower than previously expected. For now, it is still too early to predict what the precise economic impact will be.
- **Many Unknowns.** The Russian invasion of Ukraine and current unstable aftermath has injected new and sizable uncertainty into economic forecasts. A wide dispersion of political and economic outcomes is possible. While the economic impact will be global it is likely to be more acutely felt by Europeans who do far more trade with that region than the U.S.
- **Not so Fast.** The Federal Reserve is poised to raise interest rates this month. In light of the Ukrainian situation and its potential impact on inflation, consumer confidence, and output in Europe, the Fed will likely take a more cautious approach than they otherwise would to the rate hiking process while they see how the situation in Europe unfolds.



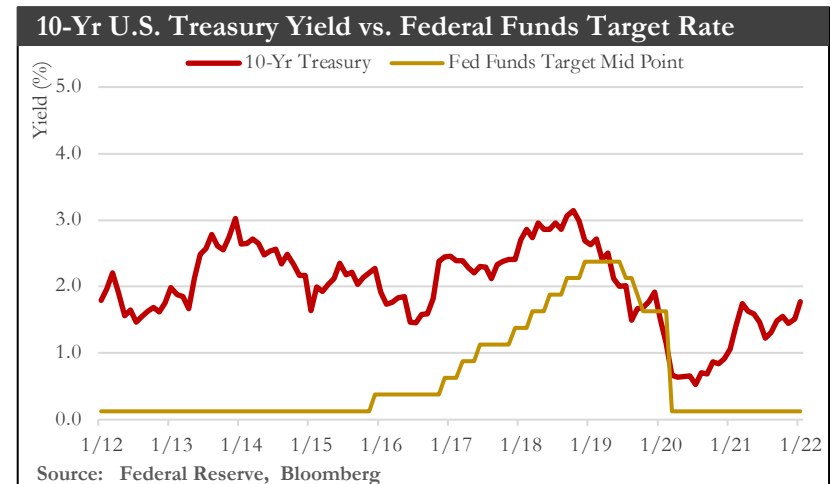
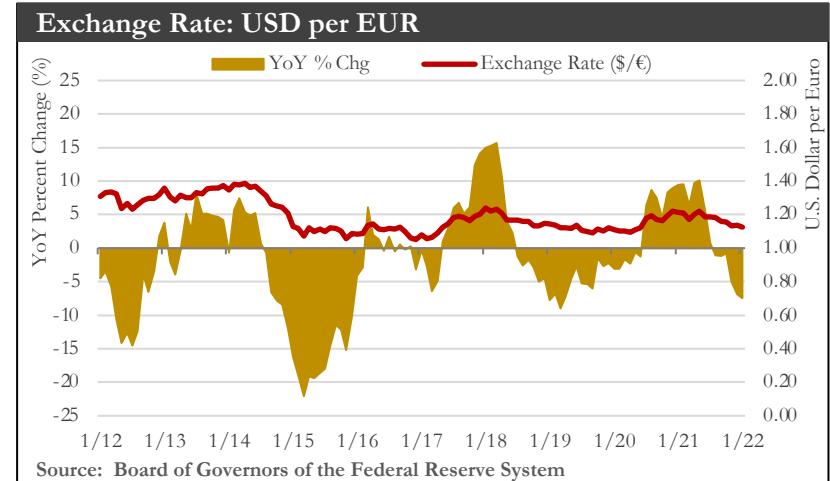
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- **PE Ratios Continue To Decline As Earnings Growth Posts Strong Year-Over-Year Comparisons.** As of March 1, 2022, the S&P 500 was trading at 22.4 times trailing earnings and 19.4 times forward earnings. One year ago, the index was trading at 31.7 times trailing earnings (source: Bloomberg).
- **Rough Start.** As of February 28th, the S&P 500 posted a loss of 8.01% YTD. The traditional counter cyclical sectors of Staples, Health Care, and Utilities posted positive returns YTD. Financials also have posted a positive return for the year. The big winners for the quarter were Energy stocks with the sector up 27.6% as oil prices jumped to nearly \$100 per barrel. Infotech stocks were down over 11% for the quarter.
- **Change in Leadership?** Despite the negative total returns posted for stocks YTD, value stocks significantly outpaced growth stocks as the prospects for Fed tightening, economic growth, and the winding down of the pandemic became more apparent. The Russell 1000 Growth Index lost -12.49% while the Russell 1000 Value Index was down only -3.46% YTD.



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- **Fixed Income Rates Volatile.** The bond market environment remains challenging for income-oriented investors with rates still low. Yields edging higher peaking over 2% recently until the invasion of Ukraine became imminent. Interest rates on the 10-year Treasury Bond are hovering around 1.7%-1.8% as investors pour into the safe-haven of U.S. Treasuries in a period of heightened uncertainty.
- **Municipals are Rich.** The municipal bond market has had a remarkable run of inflows for over a year. Ratios between the rates on equivalent term and high-quality munies and U.S. Treasuries are near historic lows because of investor demand for tax exempt fixed income instruments. Put another way, municipal bonds are expensive by historic standards.
- **Time Will Tell.** Despite the low rates, government bonds serve a useful role as portfolio ballast against risk-off episodes as we are having now with the war in Europe. A strong US dollar will keep foreign capital flowing into the U.S. as a safe-haven investment in 2022.



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