

May 31, 2022

MATRIX

PRIVATE
CAPITAL
GROUP

Economic & Market Review

Capital Market Performance

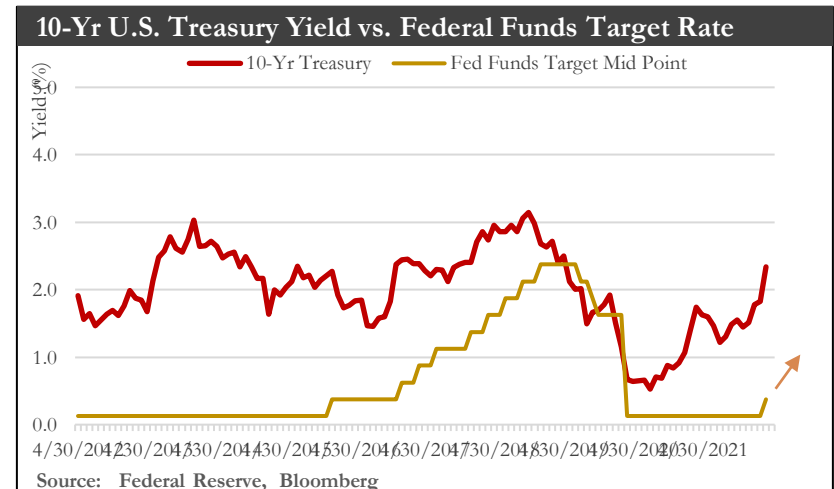
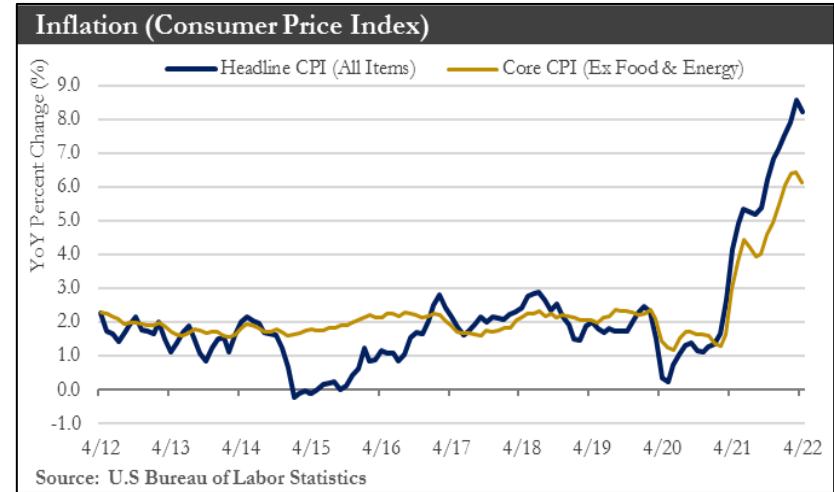
Index Performance as of: 5/31/2022

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year		1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
Russell								International Equity - Broad Market							
3000 Value	1.94	-1.29	-4.76	0.35	12.70	9.38	11.96	MSCI EAFE	0.75	-5.16	-11.34	-10.39	6.43	4.18	7.15
3000	-0.13	-6.15	-13.89	-3.69	15.60	12.75	14.00	MSCI EM	0.44	-7.29	-11.76	-19.84	4.99	3.80	4.17
3000 Growth	-2.30	-10.92	-22.06	-7.61	17.50	15.50	15.68	MSCI Frontier Markets	-6.37	-9.04	-16.11	-10.34	3.20	2.90	5.60
1000 Value	1.94	-1.09	-4.52	0.93	12.75	9.50	12.06	MSCI ACWI	0.12	-5.90	-12.83	-6.79	11.71	9.01	10.25
1000	-0.15	-5.98	-13.72	-2.71	16.02	13.12	14.24	MSCI ACWI Ex USA	0.72	-5.46	-10.74	-12.41	6.49	4.42	6.39
1000 Growth	-2.32	-10.76	-21.88	-6.26	18.31	16.14	16.06	MSCI AC Asia Ex Japan	0.46	-7.36	-12.34	-21.61	5.91	4.37	6.30
Mid Cap Value	1.92	-1.22	-5.88	-0.06	13.37	9.10	12.31	International Equity - Country Region							
Mid Cap	0.08	-5.26	-12.87	-6.78	12.86	10.48	12.78	MSCI Brazil	8.38	7.42	27.11	-0.06	-0.55	4.83	0.22
Mid Cap Growth	-3.87	-13.33	-25.43	-18.72	9.44	10.65	12.59	MSCI BRIC	0.02	-10.13	-17.23	-29.80	-0.27	2.34	3.41
2000 Value	1.92	-4.15	-8.25	-7.67	12.21	7.83	10.71	MSCI China	1.18	-10.71	-16.73	-35.94	-0.11	1.31	5.04
2000	0.15	-8.65	-16.56	-16.93	9.70	7.72	10.83	MSCI Europe	0.75	-5.14	-12.04	-9.76	7.13	4.10	7.36
2000 Growth	-1.89	-13.53	-24.79	-25.73	6.18	6.87	10.55	MSCI India	-5.82	-4.02	-9.12	1.38	9.71	8.59	9.68
								MSCI Japan	1.64	-7.78	-13.43	-13.33	5.10	3.67	6.99
Standard & Poors								MSCI EM Latin America	8.18	6.43	19.80	3.85	1.66	3.33	0.04
S&P 500	0.18	-5.16	-12.76	-0.30	16.43	13.39	14.40	Fixed Income-Taxable							
Consumer Disc	-4.85	-13.16	-24.69	-11.79	12.23	12.02	15.04	Barclays U.S. Aggregate	0.64	-5.86	-8.92	-8.23	0.00	1.18	1.71
Consumer Staples	-4.61	-0.40	-3.16	9.20	13.71	8.84	11.37	Barclays US Aggregate 1-3	0.61	-1.31	-2.45	-3.06	0.63	1.15	1.07
Energy	15.77	24.20	58.47	76.10	20.62	10.98	6.81	Barclays US Aggregate 3-5	0.84	-3.33	-5.32	-6.21	0.32	1.11	1.51
Financials	2.73	-7.58	-8.78	-4.91	13.35	11.10	14.35	Barclays US Aggregate 5-7	0.99	-4.85	-7.08	-7.44	0.32	1.27	1.73
Health Care	1.44	2.04	-5.83	8.69	17.12	13.79	15.93	ICE BofAML US 3M Trsy Bill	0.07	0.11	0.12	0.14	0.69	1.12	0.64
Industrials	-0.48	-4.86	-10.14	-8.58	11.58	8.73	12.59	Barclays U.S. Gov't	0.19	-5.86	-8.23	-7.45	-0.25	0.91	1.09
Information Technology	-0.85	-8.97	-19.39	1.95	26.26	21.93	20.21	Barclays U.S. Credit	0.89	-6.80	-11.50	-9.99	0.62	1.83	2.77
Materials	1.14	3.57	-4.70	0.32	20.23	12.44	12.09	Barclays High Yield Corp.	0.25	-4.43	-8.00	-5.27	3.33	3.57	5.42
Real Estate	-5.02	-1.26	-14.10	5.11	10.23	10.48	10.55	Barclays TIPS	-0.99	-4.82	-5.95	-1.45	4.45	3.68	2.00
Communication Services	1.79	-13.29	-24.35	-21.06	9.72	7.22	7.43	Barclays Global Aggregate	0.27	-8.11	-11.06	-13.22	-1.44	0.08	0.48
Utilities	4.32	10.24	4.65	17.69	12.09	10.30	11.48	Barclays Gbl Agg Ex USD	0.01	-9.81	-12.55	-16.69	-2.65	-0.86	-0.53
Other U.S. Equity								JPM EMBI Global Div	0.03	-6.41	-15.03	-15.39	-2.09	0.06	3.22
Dow Jones Industrial Avg.	0.33	-2.14	-8.43	-2.65	12.30	11.88	12.91	Fixed Income-Tax Exempt							
NASDAQ 100	-1.53	-11.02	-22.27	-6.97	22.06	18.00	18.80	Barclays Municipal	1.49	-4.52	-7.47	-6.80	0.50	1.78	2.54
Alternative Investments								Barclays Municipal 3 Yr	1.21	-1.46	-3.36	-3.36	0.52	0.95	1.13
Alerian MLP	7.73	9.84	27.88	27.55	6.13	2.62	2.60	Barclays Municipal 5 Yr	1.56	-2.47	-5.21	-5.03	0.44	1.15	1.65
Bloomberg Commodity	1.52	14.87	32.74	41.89	19.82	10.85	0.86	Barclays Municipal 7 Yr	1.56	-3.34	-6.28	-6.05	0.41	1.44	2.13
FTSE NAREIT Equity REIT	-6.23	-4.48	-13.81	3.88	7.15	7.40	8.81	Barclays HY Muni	1.10	-6.02	-8.86	-6.28	2.43	4.26	4.84
S&P Global Natural Res.	4.74	7.67	17.01	19.52	18.55	12.71	7.05								
S&P N. Amer Natural Res.	10.04	16.48	37.86	45.81	20.30	10.42	5.62								

Source: Morningstar Direct

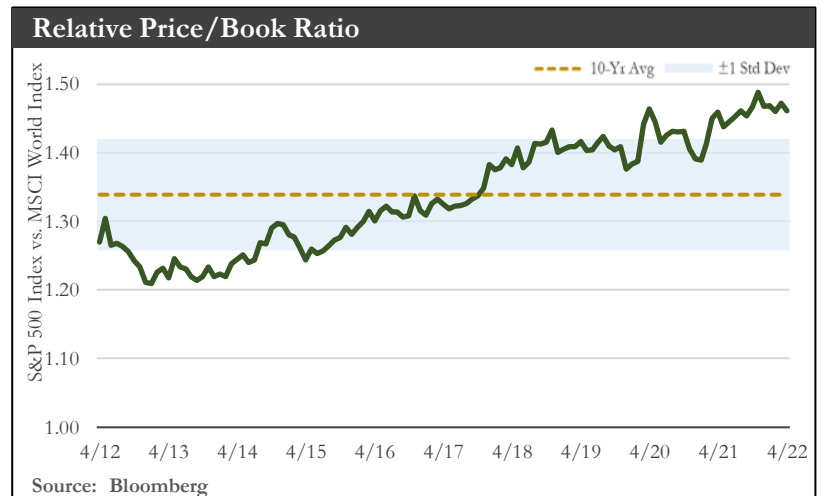
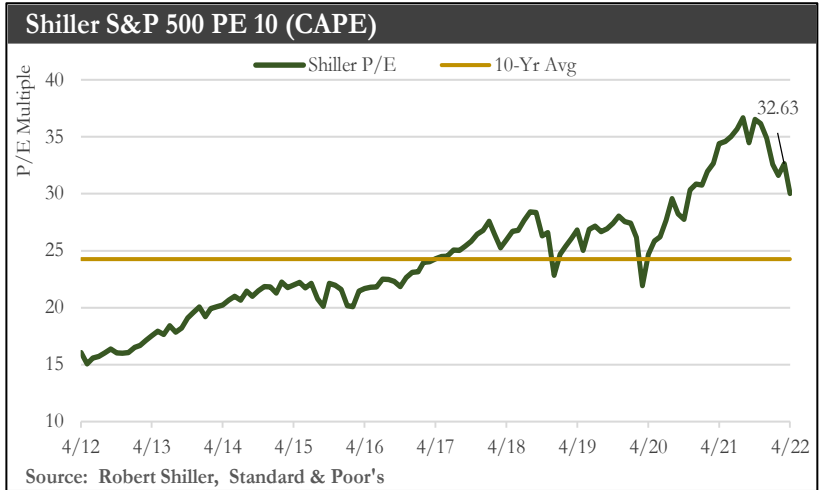
Economic & Market Overview

- **Slower Economic Growth Ahead.** The economic landscape has changed considerably in recent weeks. Rising interest rates, lockdowns in China, continued supply chain disruptions, inflationary pressures, and the fallout from the Russian-Ukraine conflict are combining to have negative implications for global growth. Our 2022 forecast has been marked down again to 2.4% from 3.2%.
- **Slow to Go Low.** April's consumer price data give some weight to the notion that inflation may have peaked with CPI decelerating slightly on a month-over-month and year-over-year basis. The directional improvement is welcome though inflation continued at a blistering 8.3% rate over the past year. Due to a variety of factors, including an exceptionally tight labor market keeping the heat on labor costs, inflation will remain slow to fall back below 3%.
- **Going Higher.** The Federal Reserve approved a half-point federal funds rate increase on May 4th, and they are likely to continue a string of 50 bps moves throughout the summer as inflation runs well above their 2% target.



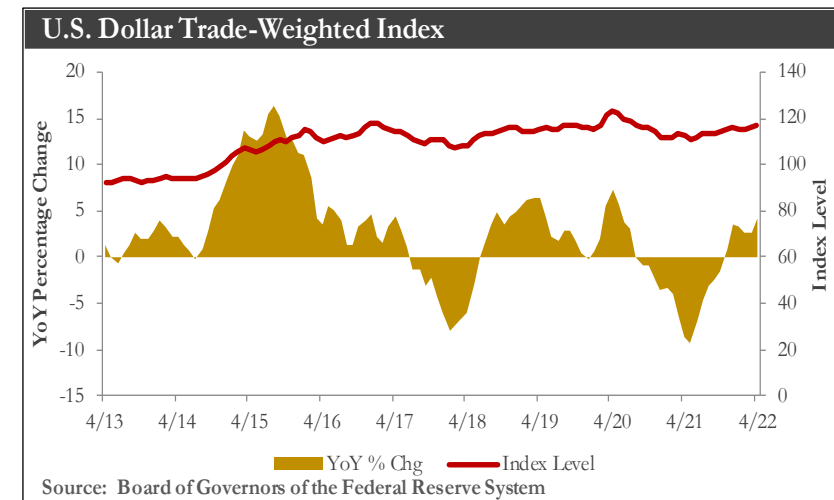
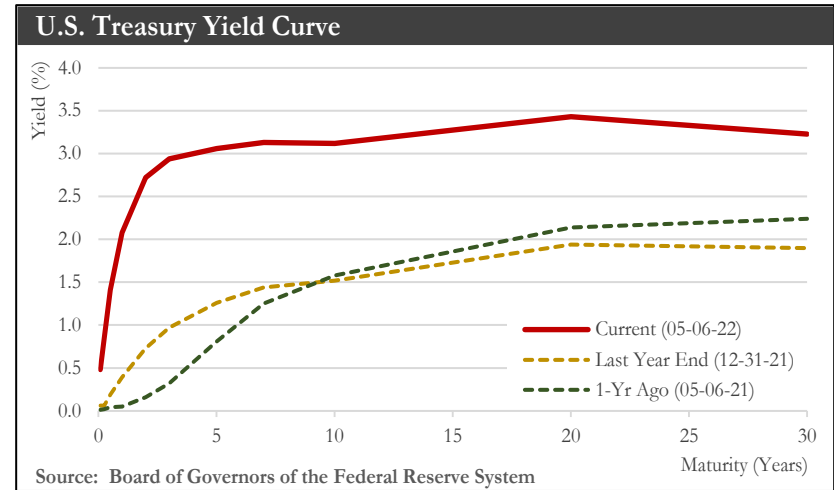
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- **PE Ratios Continue To Plummet As Earnings Growth Posts Solid Year-Over-Year Comparisons.** As of May 31st, 2022, the S&P 500 was trading at 20.6 times trailing earnings and 17.5 times forward earnings. One year ago, the index was trading at 29.5 times trailing earnings (source: Bloomberg). The longer-term 10-year measure of PE, the Shiller S&P 500 CAPE index, is still above the decade average but coming down fast.
- **Nice Market Bounce Back.** As of May 31st, the Russell 3000 was down 13.9% YTD rebounding significantly from one month ago. In a continuation of a reversion to the mean underway for months, so far in 2022 the Russell 1000 Value is down only 4.5% outpacing the Russell 1000 Growth by 1736 bps which has declined by 21.9%.
- **It Still Seems Hard to Believe.** In what seems like a surprising outcome given the relative strength of the U.S. economy and the war in Europe, international and Emerging Markets equities are now outpacing the broad US stock market YTD. While all are down for the year, the MSCI All Country World ex-U.S. is down only 10.7% and the MSCI EM down 11.8%. That said, the international indices still look relatively cheap compared to U.S. markets.



Economic & Market Overview

- **Bond Rates Move Sideways.** 10-year U.S. Treasury yield drifted lower to between 2.8%-2.9% over the past few weeks after surging higher since the beginning of the year when the rate on the very same 10-year U.S. Treasury was at 1.5%.
- **Long Term Bond Investors Reassess.** There will be plenty of pressure on the yield curve to flatten as short-term rates climb this summer driven by 50 bps rate increases initiated by the Fed. As we have noted before, long-term rates have responded less quickly to short term rate increases as investors reassess what the impact of the Fed's moves will have on economic growth and inflation.
- **Hawkish Fed.** Rising rates will slow the economy and selectivity in building quality bond portfolios will become more important in the quarters ahead as business financial conditions continue to tighten. Rising rates will likely keep the US Dollar strong in global purchasing power. We expect the Fed funds rate to be in the 3.5%-3.75% range by the middle of 2023 from its current 0.75%-1.00% range.



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