

August 31, 2022

# MATRIX

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GROUP

Economic & Market Review

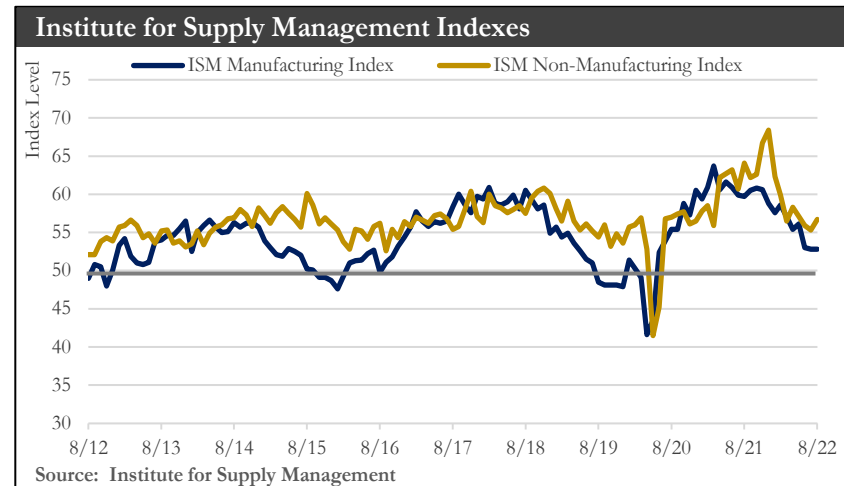
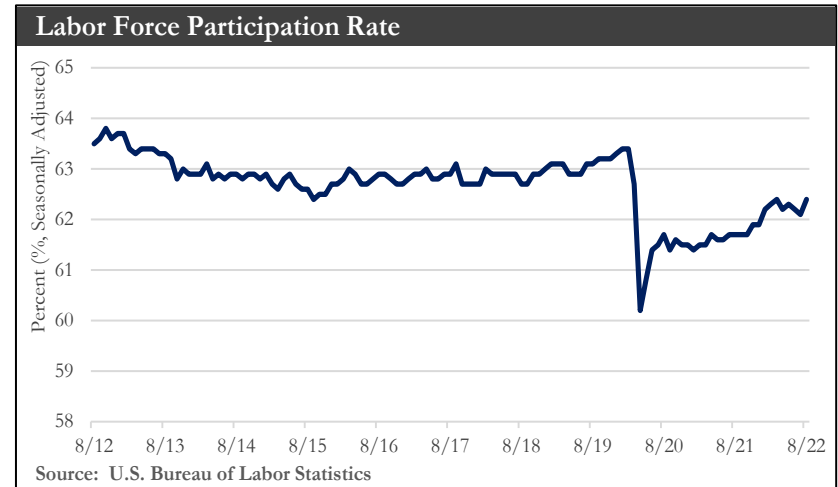
# Capital Market Performance

| Index Performance as of: 8/31/2022 |                |                |            |               |               |               |                |  |                |                |            |               |               |               |                |
|------------------------------------|----------------|----------------|------------|---------------|---------------|---------------|----------------|--|----------------|----------------|------------|---------------|---------------|---------------|----------------|
|                                    | <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> |
| <b>Russell</b>                     |                |                |            |               |               |               |                | <b>International Equity - Broad Market</b>   |                |                |            |               |               |               |                |
| 3000 Value                         | -2.99          | -5.51          | -10.00     | -6.49         | 8.95          | 7.77          | 10.44          | MSCI EAFE                                    | -4.75          | -9.28          | -19.57     | -19.81        | 2.39          | 1.63          | 5.00           |
| 3000                               | -3.73          | -3.51          | -16.92     | -13.29        | 11.90         | 11.29         | 12.77          | MSCI EM                                      | 0.42           | -6.49          | -17.49     | -21.82        | 2.73          | 0.59          | 2.92           |
| 3000 Growth                        | -4.44          | -1.38          | -23.13     | -19.45        | 13.95         | 14.23         | 14.75          | MSCI Frontier Markets                        | 1.81           | -2.43          | -18.15     | -16.60        | 1.29          | 1.11          | 5.07           |
| 1000 Value                         | -2.98          | -5.58          | -9.85      | -6.23         | 8.86          | 7.87          | 10.52          | MSCI ACWI                                    | -3.68          | -5.64          | -17.75     | -15.89        | 8.03          | 6.97          | 8.70           |
| 1000                               | -3.84          | -3.69          | -16.90     | -12.97        | 12.13         | 11.61         | 12.98          | MSCI ACWI Ex USA                             | -3.22          | -8.51          | -18.34     | -19.53        | 2.87          | 1.67          | 4.48           |
| 1000 Growth                        | -4.66          | -1.67          | -23.19     | -19.07        | 14.51         | 14.78         | 15.09          | MSCI AC Asia Ex Japan                        | -0.01          | -5.65          | -17.30     | -21.74        | 3.84          | 1.51          | 5.16           |
| Mid Cap Value                      | -3.06          | -6.29          | -11.80     | -7.80         | 9.55          | 7.49          | 10.81          |  |                |                |            |               |               |               |                |
| Mid Cap                            | -3.14          | -4.20          | -16.53     | -14.83        | 9.36          | 9.17          | 11.61          | <b>International Equity - Country Region</b> |                |                |            |               |               |               |                |
| Mid Cap Growth                     | -3.28          | 0.45           | -25.09     | -26.71        | 6.98          | 10.16         | 12.06          | MSCI Brazil                                  | 6.40           | -9.23          | 15.37      | -6.14         | -3.33         | -0.18         | -1.04          |
| 2000 Value                         | -3.16          | -4.28          | -12.17     | -10.19        | 10.37         | 6.56          | 9.49           | MSCI BRIC                                    | 1.93           | -1.48          | -18.45     | -25.51        | -0.88         | -0.53         | 2.86           |
| 2000                               | -2.05          | -0.72          | -17.16     | -17.89        | 8.59          | 6.95          | 10.01          | MSCI China                                   | 0.22           | -3.34          | -19.51     | -28.20        | -2.19         | -2.34         | 4.65           |
| 2000 Growth                        | -0.94          | 3.33           | -22.29     | -25.27        | 5.93          | 6.69          | 10.16          | MSCI Europe                                  | -6.23          | -11.38         | -22.05     | -21.59        | 2.22          | 1.23          | 4.70           |
|                                    |                |                |            |               |               |               |                | MSCI India                                   | 4.11           | 6.14           | -3.54      | -3.17         | 15.16         | 8.61          | 9.47           |
| <b>Standard &amp; Poors</b>        |                |                |            |               |               |               |                | MSCI Japan                                   | -2.55          | -5.13          | -17.87     | -18.97        | 2.31          | 1.97          | 6.23           |
| S&P 500                            | -4.08          | -3.88          | -16.14     | -11.23        | 12.39         | 11.83         | 13.08          | MSCI EM Latin America                        | 2.72           | -11.11         | 6.49       | -7.09         | -1.47         | -1.69         | -1.59          |
| Consumer Disc                      | -4.57          | 1.25           | -23.75     | -16.18        | 10.04         | 12.57         | 14.50          |  |                |                |            |               |               |               |                |
| Consumer Staples                   | -1.75          | -1.06          | -4.18      | 4.09          | 9.84          | 9.22          | 10.60          | <b>Fixed Income-Taxable</b>                  |                |                |            |               |               |               |                |
| Energy                             | 2.83           | -6.14          | 48.75      | 75.84         | 18.64         | 10.25         | 4.88           | Barclays U.S. Aggregate                      | -2.83          | -2.01          | -10.75     | -11.52        | -1.99         | 0.52          | 1.35           |
| Financials                         | -2.01          | -6.40          | -14.62     | -12.38        | 9.42          | 8.27          | 12.66          | Barclays US Aggregate 1-3                    | -0.80          | -0.96          | -3.39      | -4.01         | -0.13         | 0.87          | 0.91           |
| Health Care                        | -5.78          | -5.24          | -10.77     | -6.30         | 13.39         | 10.98         | 14.42          | Barclays US Aggregate 3-5                    | -2.15          | -1.58          | -6.81      | -7.87         | -0.95         | 0.64          | 1.22           |
| Industrials                        | -2.81          | -1.44          | -11.44     | -9.71         | 9.00          | 8.07          | 11.81          | Barclays US Aggregate 5-7                    | -3.01          | -1.95          | -8.89      | -9.99         | -1.29         | 0.70          | 1.37           |
| Information Technology             | -6.12          | -3.35          | -22.09     | -14.35        | 20.53         | 19.92         | 18.74          | ICE BofAML US 3M Trsy Bill                   | 0.16           | 0.23           | 0.36       | 0.37          | 0.57          | 1.12          | 0.66           |
| Materials                          | -3.47          | -11.73         | -15.88     | -10.09        | 12.36         | 8.74          | 10.04          | Barclays U.S. Gov't                          | -2.46          | -1.78          | -9.87      | -10.70        | -2.20         | 0.33          | 0.85           |
| Real Estate                        | -5.61          | -4.63          | -18.07     | -9.70         | 5.57          | 8.52          | 9.18           | Barclays U.S. Credit                         | -2.83          | -2.49          | -13.70     | -14.44        | -2.14         | 0.95          | 2.17           |
| Communication Services             | -4.20          | -8.28          | -30.61     | -35.21        | 4.51          | 5.36          | 5.53           | Barclays High Yield Corp.                    | -2.30          | -3.50          | -11.22     | -10.60        | 1.03          | 2.58          | 4.51           |
| Utilities                          | 0.51           | 0.76           | 5.45       | 11.73         | 9.41          | 9.84          | 11.31          | Barclays TIPS                                | -2.66          | -1.64          | -7.49      | -5.98         | 2.65          | 3.22          | 1.73           |
|                                    |                |                |            |               |               |               |                | Barclays Global Aggregate                    | -3.95          | -5.05          | -15.55     | -17.62        | -4.39         | -1.46         | -0.28          |
| <b>Other U.S. Equity</b>           |                |                |            |               |               |               |                | Barclays Gbl Agg Ex USD                      | -4.99          | -7.52          | -19.13     | -22.06        | -6.35         | -3.11         | -1.61          |
| Dow Jones Industrial Avg.          | -3.72          | -3.90          | -12.01     | -9.07         | 8.33          | 9.88          | 11.77          | JPM EMBI Global Div                          | -0.95          | -4.41          | -18.78     | -20.83        | -5.24         | -1.33         | 1.91           |
| NASDAQ 100                         | -5.11          | -2.71          | -24.38     | -20.64        | 17.81         | 16.50         | 17.33          |  |                |                |            |               |               |               |                |
|                                    |                |                |            |               |               |               |                | <b>Fixed Income-Tax Exempt</b>               |                |                |            |               |               |               |                |
| <b>Alternative Investments</b>     |                |                |            |               |               |               |                | Barclays Municipal                           | -2.19          | -1.25          | -8.62      | -8.64         | -0.83         | 1.28          | 2.25           |
| Alerian MLP                        | 3.98           | 0.64           | 28.70      | 33.36         | 7.51          | 3.67          | 1.66           | Barclays Municipal 3 Yr                      | -1.32          | -0.29          | -3.64      | -3.94         | -0.01         | 0.78          | 1.05           |
| Bloomberg Commodity                | 0.09           | -6.89          | 23.59      | 27.74         | 17.15         | 8.75          | -1.15          | Barclays Municipal 5 Yr                      | -1.69          | -0.22          | -5.41      | -5.81         | -0.28         | 0.91          | 1.54           |
| FTSE NAREIT Equity REIT            | -5.97          | -5.06          | -18.17     | -9.96         | 3.28          | 5.63          | 7.45           | Barclays Municipal 7 Yr                      | -1.75          | 0.04           | -6.24      | -6.70         | -0.37         | 1.22          | 2.05           |
| S&P Global Natural Res.            | 0.66           | -12.17         | 2.78       | 9.21          | 13.48         | 8.26          | 4.82           | Barclays HY Muni                             | -2.22          | -1.82          | -10.51     | -10.07        | 0.61          | 3.50          | 4.26           |
| S&P N. Amer Natural Res.           | 0.62           | -9.14          | 25.27      | 40.85         | 16.27         | 8.55          | 3.45           |  |                |                |            |               |               |               |                |

Source: Morningstar Direct

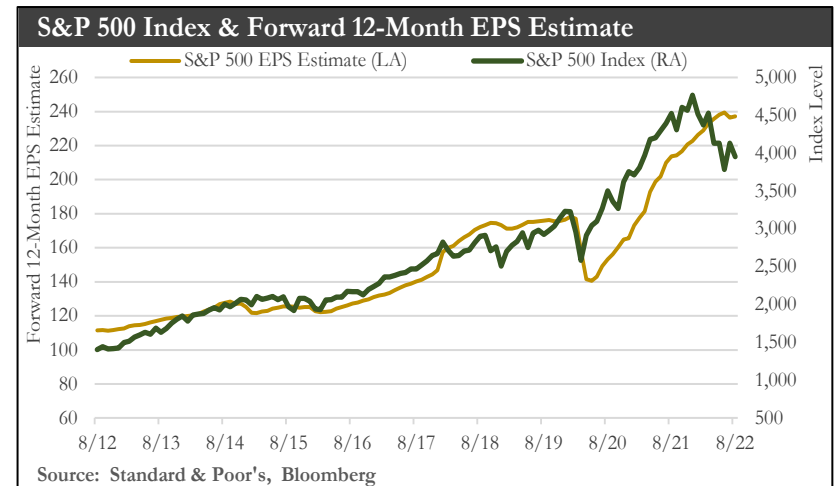
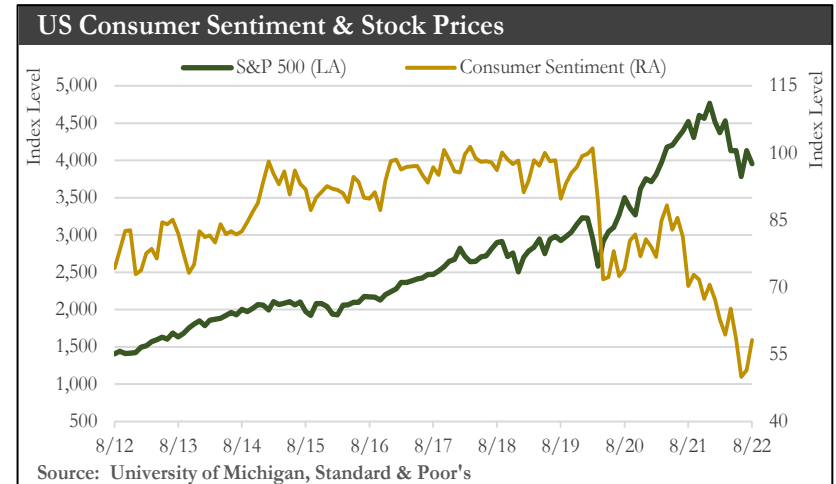
# Economic & Market Overview

- **A Glimmer of Light?** The U.S. economy entered the second half of 2022 on less shaky footing than initially estimated. U.S. GDP contracted at a 0.6% annual rate from April to June compared with an initial estimate of 0.9%. An important factor was the upward revision in consumer spending, which accounts for the bulk of U.S. economic activity.
- **Labor Market Remains a Plus.** Job growth has been resilient this year, despite a contraction in the overall economy in the first half of 2022 and aggressive interest rate increases by the Federal Reserve. The U.S. economy added 315,000 jobs in August. The unemployment rate ticked slightly higher to 3.7% as the gains in the labor participation rate far outstripped the gains in household employment.
- **Not So Fast.** Sentiment indicators have also surprised to the upside. The ISM readings for Manufacturing and Services remain in expansion mode with supplier delivery times rising at their slowest pace since before the pandemic.



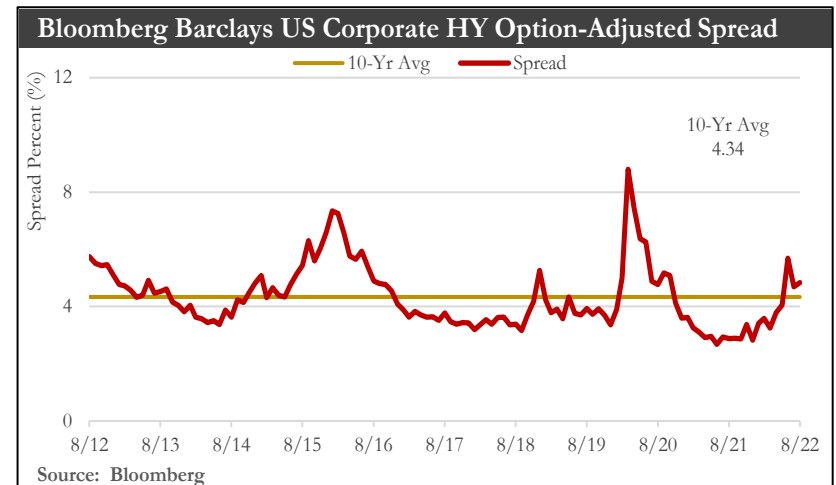
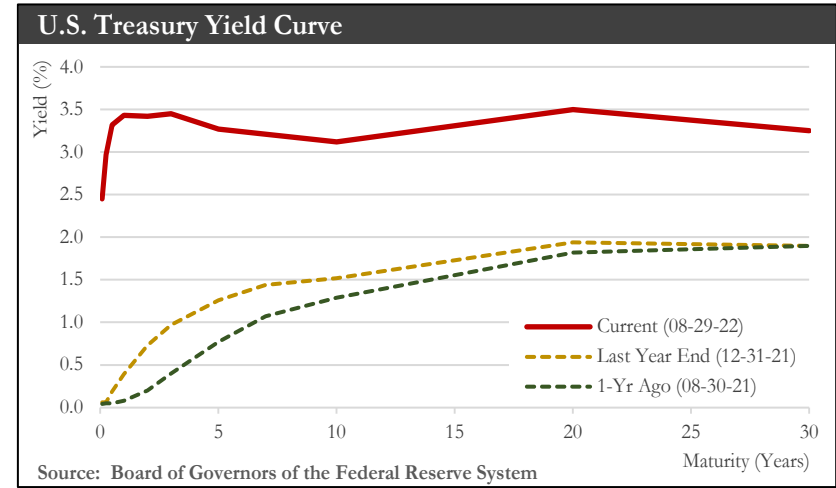
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- PE Ratios Tick Down in August.** As of August 31, 2022, the S&P 500 was trading at 19.3 times trailing earnings and 17.2 times forward earnings. One-year ago, the index was trading at 27.2 times trailing earnings (source: Bloomberg).
- Stock Market Volatility.** The CBOE VIX Volatility Index took quite a journey in August. The index is considered a gauge of short-term investor fear and greed about stock ownership. The historical VIX average value is about 20 and this past month it began around 23, dipped to below 20 mid-month, and then shot up to 26 by month end. Stock prices struggle when the VIX (or fear) rises rapidly.
- Reverse Course...Again.** The tech heavy NASDAQ posted a negative 5.1% return in August and has now provided a total return of -24.4% YTD. It looks more like the July rally in Tech stocks may have been a brief respite in a Bear Market.



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- **Bond Rates Back up Again.** The 10-year U.S. Treasury yield climbed back up over 3% this past month and now stands at about 3.3%. Persistently high inflation readings and the aggressive action taken by the Fed has the bond market believing rates will need to go higher and perhaps remain elevated for a longer period of time to bring inflation back down to the Fed's 2% target.
- **High Yield Spreads.** Corporate bond defaults rates will likely return towards their 3.6% historical average from their 0.40% current rate as the economy slows and slips into recession in the next year. High yield bonds slipped in August as rates rose, spreads widened, and concerns about recession continue to have investors on edge.
- **The U.S. Dollar Keeps Charging.** The U.S. dollar continued its strong run against foreign currencies including the euro, the British pound sterling, and Japanese yen. The dollar has been trading at parity or below the euro for the first time in over 20 years. The cost of travel to Europe and the U.K. has been getting cheaper now that the dollar buys more .



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