

December 31, 2022

MATRIX

PRIVATE
CAPITAL
GROUP

Economic & Market Review

Capital Market Performance

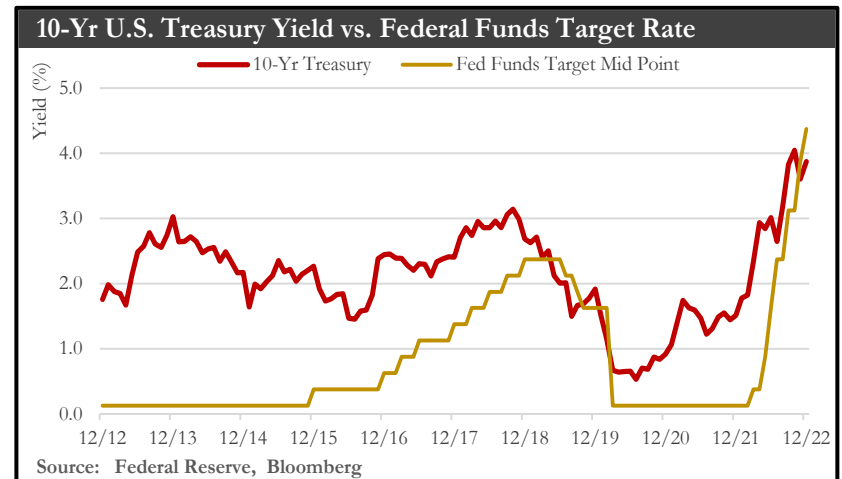
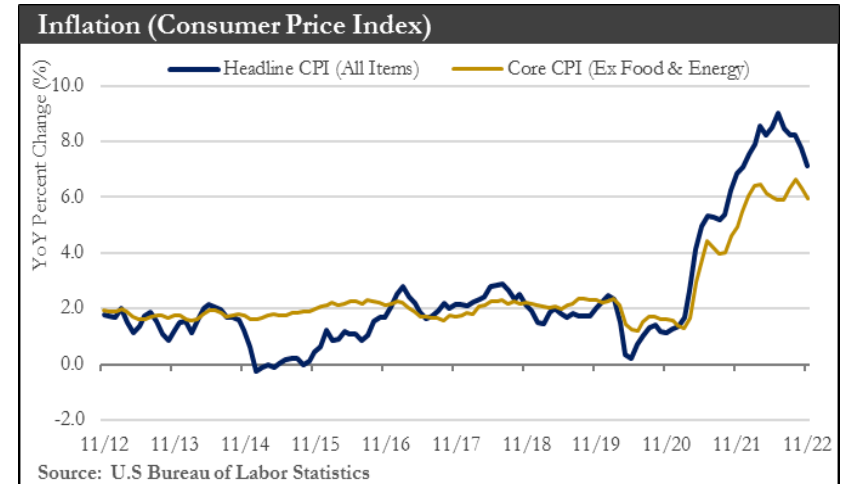
Index Performance as of: 12/31/2022

	<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>
Russell								International Equity - Broad Market							
3000 Value	-4.18	12.18	-7.98	-7.98	5.87	6.50	10.16	MSCI EAFE	0.08	17.34	-14.45	-14.45	0.87	1.54	4.67
3000	-5.86	7.18	-19.21	-19.21	7.06	8.79	12.13	MSCI EM	-1.41	9.70	-20.09	-20.09	-2.69	-1.40	1.44
3000 Growth	-7.58	2.31	-28.97	-28.97	7.32	10.45	13.75	MSCI Frontier Markets	-1.47	-0.83	-26.34	-26.34	-3.65	-2.47	3.23
1000 Value	-4.03	12.42	-7.54	-7.54	5.96	6.67	10.29	MSCI ACWI	-3.93	9.76	-18.36	-18.36	4.00	5.23	7.98
1000	-5.81	7.24	-19.13	-19.13	7.35	9.13	12.37	MSCI ACWI Ex USA	-0.75	14.28	-16.00	-16.00	0.07	0.88	3.80
1000 Growth	-7.66	2.20	-29.14	-29.14	7.78	10.96	14.10	MSCI AC Asia Ex Japan	-0.19	11.35	-19.67	-19.67	-1.46	-0.64	3.57
Mid Cap Value	-5.08	10.45	-12.03	-12.03	5.82	5.72	10.11								
Mid Cap	-5.40	9.18	-17.32	-17.32	5.88	7.10	10.96	International Equity - Country Region							
Mid Cap Growth	-6.00	6.90	-26.72	-26.72	3.85	7.64	11.41	MSCI Brazil	-2.96	2.35	14.15	14.15	-8.60	-0.82	-1.75
2000 Value	-6.56	8.42	-14.48	-14.48	4.70	4.13	8.48	MSCI BRIC	1.17	8.90	-21.12	-21.12	-6.26	-2.62	1.22
2000	-6.49	6.23	-20.44	-20.44	3.10	4.13	9.01	MSCI China	5.20	13.52	-21.93	-21.93	-7.50	-4.54	2.43
2000 Growth	-6.42	4.13	-26.36	-26.36	0.65	3.51	9.20	MSCI Europe	0.01	19.35	-15.06	-15.06	1.35	1.87	4.58
								MSCI India	-5.48	1.98	-7.95	-7.95	10.32	6.01	7.43
Standard & Poors								MSCI Japan	0.27	13.23	-16.65	-16.65	-0.99	0.23	5.55
S&P 500	-5.76	7.56	-18.11	-18.11	7.66	9.43	12.56	MSCI EM Latin America	-4.04	5.73	8.92	8.92	-4.79	-1.08	-2.15
Consumer Disc	-11.26	-10.18	-37.03	-37.03	1.46	6.15	11.74								
Consumer Staples	-2.82	12.72	-0.62	-0.62	9.30	8.83	11.03	Fixed Income-Taxable							
Energy	-2.94	22.81	65.72	65.72	19.33	9.25	5.97	Barclays U.S. Aggregate	-0.45	1.87	-13.01	-13.01	-2.71	0.02	1.06
Financials	-5.23	13.61	-10.53	-10.53	5.90	6.42	12.16	Barclays US Aggregate 1-3	0.20	0.90	-3.72	-3.72	-0.42	0.86	0.86
Health Care	-1.91	12.80	-1.95	-1.95	11.94	12.54	15.05	Barclays US Aggregate 3-5	-0.17	1.67	-7.84	-7.84	-1.46	0.57	1.09
Industrials	-2.97	19.22	-5.48	-5.48	8.33	7.36	11.94	Barclays US Aggregate 5-7	-0.47	2.07	-10.78	-10.78	-2.01	0.37	1.08
Information Technology	-8.37	4.74	-28.19	-28.19	11.60	15.81	18.33	ICE BofAML US 3M Trsy Bill	0.36	0.84	1.46	1.46	0.72	1.26	0.76
Materials	-5.56	15.05	-12.27	-12.27	10.47	7.46	9.80	Barclays U.S. Gov't	-0.50	0.72	-12.32	-12.32	-2.57	-0.06	0.60
Real Estate	-4.83	3.82	-26.13	-26.13	1.85	5.91	7.78	Barclays U.S. Credit	-0.43	3.44	-15.26	-15.26	-2.86	0.42	1.82
Communication Services	-7.84	-1.38	-39.89	-39.89	-3.33	0.95	4.26	Barclays High Yield Corp.	-0.62	4.17	-11.19	-11.19	0.05	2.31	4.03
Utilities	-0.53	8.64	1.57	1.57	6.29	9.58	11.09	Barclays TIPS	-1.02	2.04	-11.85	-11.85	1.21	2.11	1.12
								Barclays Global Aggregate	0.54	4.55	-16.25	-16.25	-4.48	-1.66	-0.44
Other U.S. Equity								Barclays Gbl Agg Ex USD	1.31	6.81	-18.70	-18.70	-5.94	-3.07	-1.64
Dow Jones Industrial Avg.	-4.09	16.01	-6.86	-6.86	7.32	8.38	12.30	JPM EMBI Global Div	0.33	8.11	-17.78	-17.78	-5.28	-1.31	1.59
NASDAQ 100	-9.01	-0.04	-32.38	-32.38	8.67	12.36	16.45								
								Fixed Income-Tax Exempt							
Alternative Investments								Barclays Municipal	0.29	4.10	-8.53	-8.53	-0.77	1.25	2.13
Alerian MLP	-4.69	10.11	30.92	30.92	9.38	4.08	1.99	Barclays Municipal 3 Yr	0.16	2.08	-3.39	-3.39	-0.04	1.05	1.06
Bloomberg Commodity	-2.45	2.22	16.09	16.09	12.65	6.44	-1.28	Barclays Municipal 5 Yr	0.45	3.05	-5.26	-5.26	-0.29	1.23	1.53
FTSE NAREIT Equity REIT	-5.14	5.24	-24.37	-24.37	-0.11	3.68	6.53	Barclays Municipal 7 Yr	0.66	3.67	-5.97	-5.97	-0.27	1.48	1.96
S&P Global Natural Res.	-3.02	17.23	10.32	10.32	11.62	7.34	4.89	Barclays HY Muni	-0.16	3.48	-13.10	-13.10	-0.59	2.63	3.49
S&P N. Amer Natural Res.	-4.17	18.25	34.07	34.07	14.96	7.13	4.05								

Source: Morningstar Direct

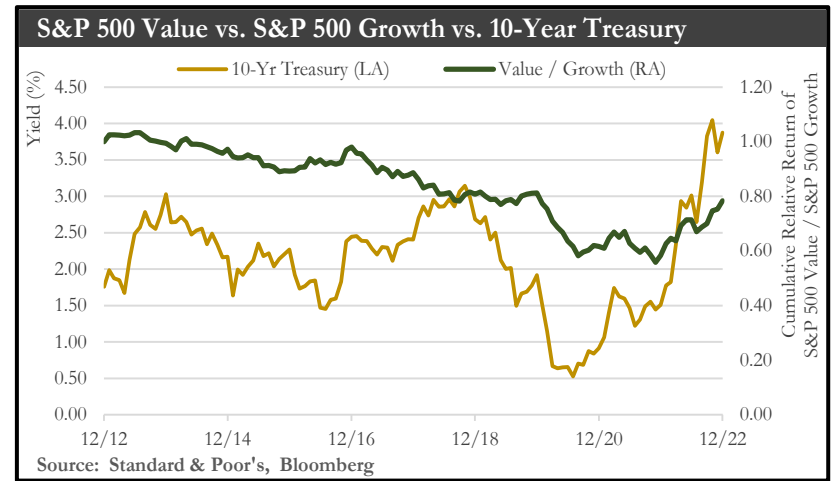
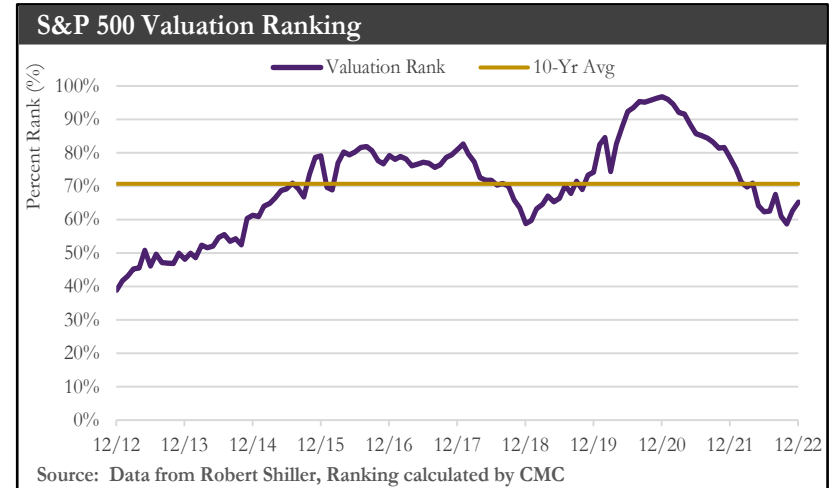
Economic & Market Overview

- **Four Decade Record.** The consumer price inflation index in the U.S. averaged about 8% last year, the highest annual average rate of CPI inflation since 1982. Inflation remains broad-based and continues to carry momentum into 2023. But in November, consumer prices rose 7.1% from a year earlier down sharply from the 7.7% posted year-over-year just a month before in October. December CPI has not been released yet.
- **More Hikes in Store.** U.S. retail spending and manufacturing weakened through November, which are signs of a slowing economy as the Fed continued to battle inflation. The Fed raised its benchmark interest rate in December by another ½ percentage point to a 15-year high and signaled plans to continue lifting rates through the spring.
- **Last Hurrah After a Long Run?** The U.S. dollar strengthened considerably versus most foreign currencies in 2022. This trend is likely to continue through early 2023. As the Fed's tightening cycle comes to an end and market participants begin to anticipate eventual policy easing, the dollar should begin trending lower against many foreign currencies.



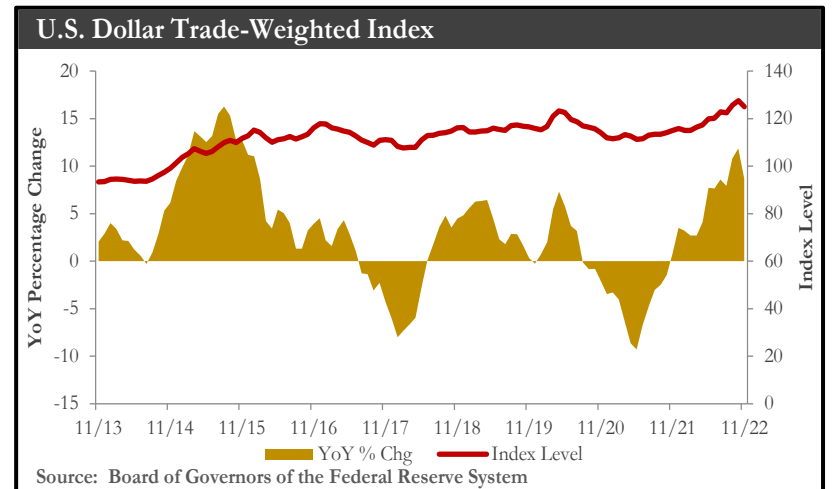
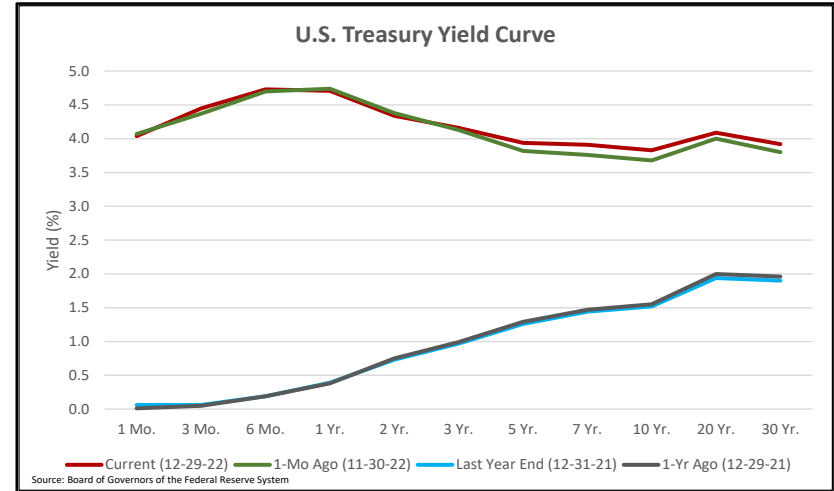
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- Valuations Remain Steady.** As of December 31, 2022, according to Bloomberg, the price to earnings multiple ratio, a measure used to value the S&P 500, decreased slightly to 17.2 times forward earnings. One year ago, the forward P/E was further stretched at 21.7 times forward earnings.
- Market Volatility Moving Sideways for Now.** Market volatility rose slightly in December while stock prices generally slid lower as the year came to a close. The VIX (CBOE Volatility Index) rose modestly throughout the month ending at about 23 after beginning the month at about 20. Stock prices typically struggle when the VIX (or investor fear) rises rapidly.
- Wow! Talk About Mean Reversion!** As of 12/31, the broad U.S. stock market index as measured by the Russell 3000, declined by 19.2% in 2022. But the mean reversion trade between value and growth continued unabated after years of value stocks trailing growth stocks. The Russell 1000 Value was down only 7.5% while the Russell 1000 Growth was down 29.1%. A difference of 21.6%.



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- **Wait and See.** The 10-year U.S. Treasury yield has been trading in a 3.5% to 3.8% range for some weeks. This sideways movement suggests bond investors are in a wait and see posture looking for more certainty about the future of interest rates, inflation, and the economy.
- **Yield Curve Remains Inverted.** The yield on the two-year U.S. Treasury rose ever so slightly to 4.4% as demand has remained high. This flight to safety signals both investor risk aversion and concerns about the direction of near-term corporate earnings. Yield curve inversions, where rates on shorter-term bonds yield more than longer-term bonds, are considered a sign of an upcoming recession.
- **U.S. Dollar to Stay Strong for Now.** Given the outlook for Fed's tightening cycle climbing to a higher rate than previously expected and likely to stay higher for longer, the outlook for the U.S. dollar has not changed from last month. Dollar purchasing power strength is expected to continue. The expected path of rates suggests seeing a peak in the U.S. dollar perhaps in the first half of 2023.



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