

February 28, 2023

MATRIX

PRIVATE
CAPITAL
GROUP

Economic & Market Review

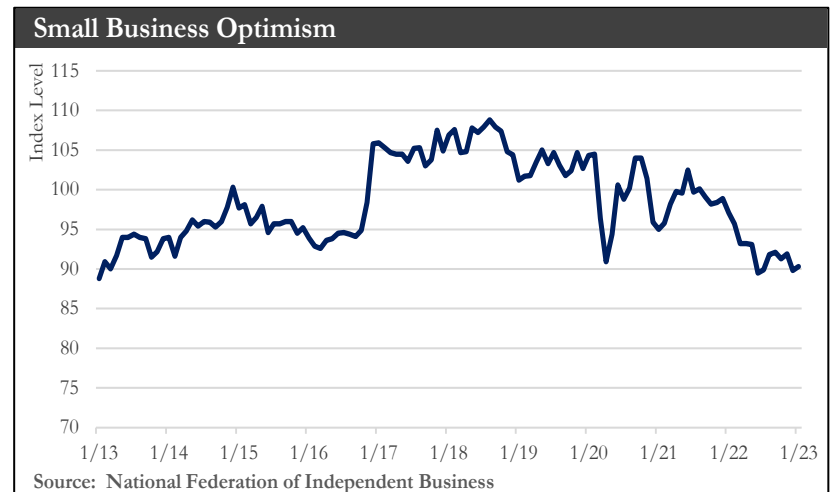
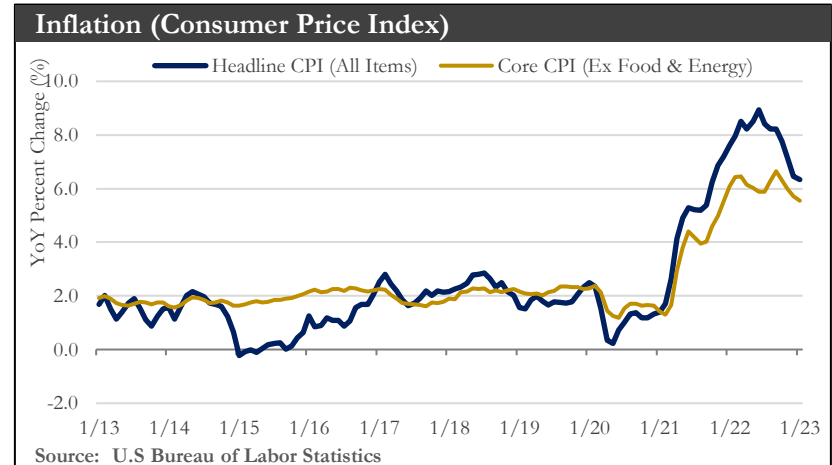
Capital Market Performance

| Index Performance as of: 2/28/2023 | | | | | | | | | | | | | | | | |
|------------------------------------|---------|---------|-------|--------|--------|--------|---------|--|---------|---------|-------|--------|--------|--------|---------|--|
| | 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 | -3.45 | -2.46 | 1.79 | -2.92 | 11.07 | 7.16 | 9.51 | MSCI EAFE | -2.09 | 5.93 | 5.84 | -3.15 | 6.85 | 2.64 | 4.83 | |
| 3000 | -2.34 | -1.72 | 4.39 | -8.08 | 11.80 | 9.43 | 11.87 | MSCI EM | -6.48 | -0.52 | 0.90 | -15.29 | 0.97 | -1.87 | 1.52 | |
| 3000 Growth | -1.18 | -0.97 | 7.15 | -13.02 | 11.70 | 11.11 | 13.90 | MSCI Frontier Markets | -2.48 | 0.41 | 1.91 | -18.62 | -1.04 | -2.90 | 2.69 | |
| 1000 Value | -3.53 | -2.62 | 1.47 | -2.81 | 10.96 | 7.22 | 9.60 | MSCI ACWI | -2.87 | 0.00 | 4.10 | -8.27 | 8.81 | 5.82 | 7.93 | |
| 1000 | -2.38 | -1.89 | 4.17 | -8.21 | 11.92 | 9.68 | 12.09 | MSCI ACWI Ex USA | -3.51 | 3.54 | 4.32 | -7.19 | 5.27 | 1.62 | 3.94 | |
| 1000 Growth | -1.19 | -1.15 | 7.05 | -13.35 | 12.06 | 11.55 | 14.26 | MSCI AC Asia Ex Japan | -6.82 | 0.64 | 0.83 | -14.41 | 1.31 | -0.91 | 3.49 | |
| Mid Cap Value | -3.20 | -0.70 | 4.62 | -3.42 | 11.96 | 7.27 | 9.62 | International Equity - Country Region | | | | | | | | |
| Mid Cap | -2.43 | -0.03 | 5.68 | -4.99 | 11.47 | 8.40 | 10.68 | MSCI Brazil | -9.21 | -5.79 | -2.91 | -6.34 | -2.71 | -4.04 | -2.08 | |
| Mid Cap Growth | -0.99 | 1.19 | 7.65 | -8.32 | 8.67 | 8.74 | 11.45 | MSCI BRIC | -8.80 | -1.10 | -2.24 | -16.29 | -4.47 | -4.10 | 1.02 | |
| 2000 Value | -2.31 | 0.00 | 7.02 | -4.40 | 12.88 | 6.38 | 8.46 | MSCI China | -10.37 | 5.39 | 0.18 | -16.15 | -6.22 | -5.49 | 2.44 | |
| 2000 | -1.69 | 0.89 | 7.89 | -6.02 | 10.09 | 6.01 | 9.06 | MSCI Europe | -0.62 | 8.01 | 8.00 | -1.07 | 8.33 | 3.61 | 5.09 | |
| 2000 Growth | -1.08 | 1.78 | 8.76 | -7.92 | 6.52 | 5.06 | 9.31 | MSCI India | -4.57 | -12.49 | -7.42 | -10.01 | 10.56 | 5.13 | 6.90 | |
| Standard & Poors | | | | | | | | MSCI Japan | -3.84 | 2.41 | 2.14 | -9.31 | 3.42 | 0.06 | 5.12 | |
| S&P 500 | -2.44 | -2.28 | 3.69 | -7.70 | 12.16 | 9.82 | 12.25 | MSCI EM Latin America | -6.20 | -1.11 | 3.06 | -0.27 | 2.33 | -2.20 | -1.94 | |
| Consumer Disc | -2.09 | -0.06 | 12.62 | -18.24 | 8.14 | 7.53 | 12.33 | Fixed Income-Taxable | | | | | | | | |
| Consumer Staples | -2.40 | -5.99 | -3.27 | -1.13 | 11.06 | 9.52 | 9.69 | Barclays U.S. Aggregate | -2.59 | -0.04 | 0.41 | -9.73 | -3.77 | 0.53 | 1.12 | |
| Energy | -7.12 | -7.32 | -4.51 | 24.04 | 28.81 | 9.93 | 4.66 | Barclays US Aggregate 1-3 | -0.75 | 0.26 | 0.06 | -2.53 | -0.85 | 0.95 | 0.85 | |
| Financials | -2.30 | -1.05 | 4.41 | -5.36 | 12.76 | 6.60 | 11.85 | Barclays US Aggregate 3-5 | -1.89 | -0.20 | -0.04 | -5.94 | -2.22 | 0.81 | 1.07 | |
| Health Care | -4.61 | -8.18 | -6.39 | -0.55 | 13.10 | 10.64 | 13.33 | Barclays US Aggregate 5-7 | -2.52 | -0.28 | 0.19 | -8.48 | -2.90 | 0.75 | 1.12 | |
| Industrials | -0.89 | -0.25 | 2.79 | 2.88 | 13.14 | 7.71 | 11.36 | ICE BofAML US 3M Trsy Bill | 0.33 | 1.00 | 0.64 | 2.10 | 0.84 | 1.35 | 0.83 | |
| Information Technology | 0.45 | 0.61 | 9.81 | -10.96 | 16.57 | 16.25 | 19.20 | Barclays U.S. Gov't | -2.31 | -0.40 | 0.11 | -9.96 | -4.14 | 0.37 | 0.64 | |
| Materials | -3.30 | -0.47 | 5.38 | 0.49 | 18.25 | 8.88 | 10.13 | Barclays U.S. Credit | -3.01 | 0.26 | 0.69 | -10.15 | -3.82 | 1.05 | 1.91 | |
| Real Estate | -5.92 | -1.60 | 3.39 | -12.22 | 4.77 | 8.53 | 7.75 | Barclays High Yield Corp. | -1.29 | 1.83 | 2.47 | -5.47 | 1.34 | 2.87 | 4.09 | |
| Communication Services | -4.66 | 0.61 | 9.16 | -24.80 | 1.42 | 4.14 | 4.58 | Barclays TIPS | -1.37 | -0.59 | 0.44 | -10.41 | 0.20 | 2.57 | 1.22 | |
| Utilities | -5.90 | -8.27 | -7.78 | -1.34 | 4.84 | 9.35 | 9.42 | Barclays Global Aggregate | -3.32 | 0.39 | -0.15 | -13.61 | -5.15 | -1.74 | -0.27 | |
| Other U.S. Equity | | | | | | | | Barclays Gbl Agg Ex USD | -3.99 | 0.65 | -0.65 | -16.70 | -6.32 | -3.61 | -1.41 | |
| Dow Jones Industrial Avg. | -3.94 | -5.18 | -1.13 | -1.59 | 10.97 | 7.77 | 11.34 | JPM EMBI Global Div | -2.21 | 1.22 | 0.89 | -8.65 | -5.17 | -0.73 | 1.85 | |
| NASDAQ 100 | -0.37 | 0.33 | 10.26 | -14.66 | 13.41 | 12.96 | 17.22 | Fixed Income-Tax Exempt | | | | | | | | |
| Alternative Investments | | | | | | | | Barclays Municipal | -2.26 | 0.83 | 0.55 | -5.10 | -1.60 | 1.66 | 2.11 | |
| Alerian MLP | -1.19 | 0.39 | 5.34 | 18.47 | 19.34 | 6.14 | 1.22 | Barclays Municipal 3 Yr | -1.55 | -0.03 | -0.19 | -1.69 | -0.44 | 0.97 | 0.99 | |
| Bloomberg Commodity | -4.70 | -7.49 | -5.17 | -4.73 | 15.52 | 5.27 | -1.63 | Barclays Municipal 5 Yr | -1.94 | 0.49 | 0.04 | -2.49 | -0.87 | 1.35 | 1.45 | |
| FTSE NAREIT Equity REIT | -4.80 | -0.06 | 5.36 | -11.70 | 4.10 | 7.37 | 6.56 | Barclays Municipal 7 Yr | -2.06 | 0.96 | 0.30 | -2.73 | -1.00 | 1.81 | 1.93 | |
| S&P Global Natural Res. | -5.48 | -1.42 | 1.65 | 3.19 | 19.93 | 7.72 | 5.03 | Barclays HY Muni | -3.14 | 1.00 | 1.16 | -9.36 | -1.70 | 3.05 | 3.48 | |
| S&P N. Amer Natural Res. | -7.34 | -6.78 | -2.72 | 10.19 | 22.46 | 8.26 | 3.29 | | | | | | | | | |

Source: Morningstar Direct

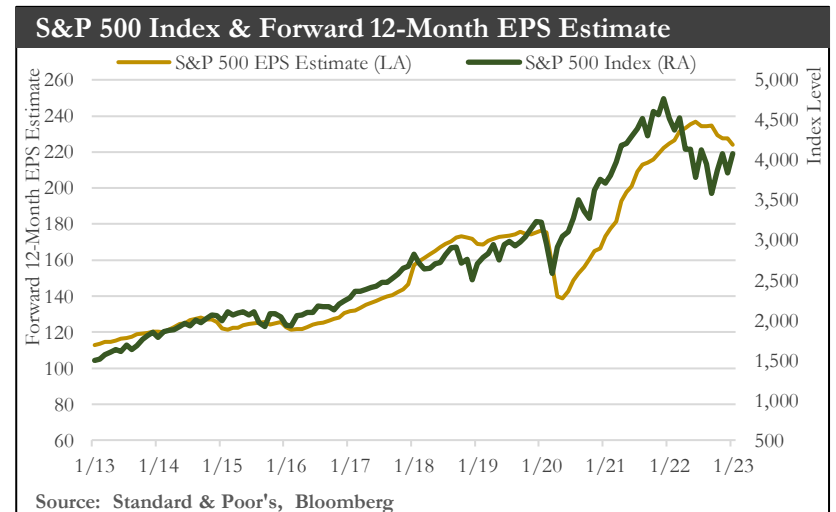
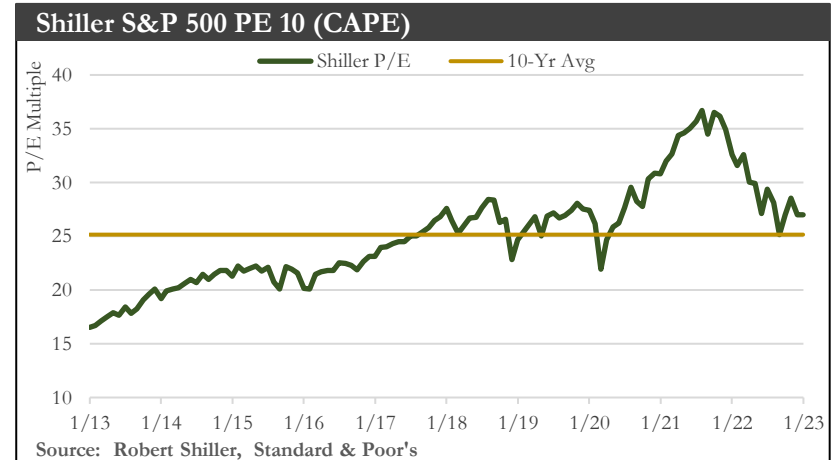
Economic & Market Overview

- **Inflation Not Giving Up.** Consumers stepped up their spending in January, likely leaving the Federal Reserve on track to keep raising interest rates in the coming months to cool prices further. Personal income was up 0.6% in January over December and real disposable income rose an impressive 1.4% in January of this year. The Fed's preferred gauge of inflation – core Personal Consumption Expenditures – rose an unexpected 0.6% in January from December.
- **Housing Seeking a Bottom?** Existing home sales and housing starts both declined in January. However, the pace of home sale declines have slowed noticeably this year because mortgage rates have come down about 1% recently. On a brighter note, new home sales leaped in January hitting the strongest pace of sales since March of 2022.
- **Main Street Feeling Better?** The NFIB's Small Business Optimism Index increased slightly in January. While the measure remains below its historical average, beneath the headline number, there are signs of resilience and encouragement with wage gain expectations falling sharply since October easing pressure on inflation.



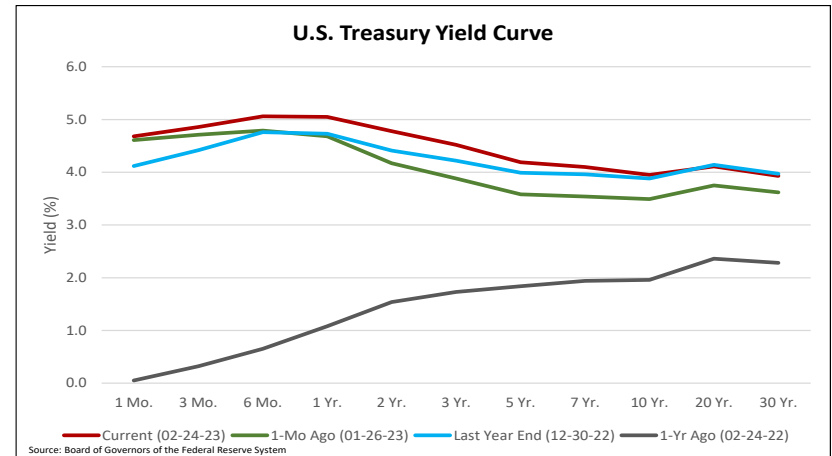
Economic & Market Overview

- Valuations Pull Back.** As of February 28, 2023, according to Bloomberg, the price to earnings multiple ratio, a measure used to value the S&P 500, declined to 18.1 from 18.8 times forward earnings just a few weeks ago as the market declined. One year ago, the forward P/E was stretched at 19.6 times forward earnings. The longer-term CAPE PE ratio has also declined.
- Earnings Growth Beginning to Taper.** The Fed's rate hiking cycle and inflationary pressures are beginning to show up in corporate earnings reports. As of last week, with 94% of S&P 500 companies reporting financial results for Q422, earnings will have declined about 5% for the quarter marking the first time the index has reported a year-over-year decline in earnings since Q3 2020.
- Markets Pullback in February But Still Up Sharply.** As of 2/28/23, the broad U.S. stock market index as measured by the Russell 3000 was up 4.4%. Mid Cap and Small Cap stocks were running ahead of Large Cap U.S. equities so far in 2023. International equities have started to lag U.S. stocks as the U.S. dollar bounced back in February after a period of weakness.



Economic & Market Overview

- **Bond Investors Change Their Tune?** The 10-year U.S. Treasury yield broke through its recent 3.5% to 3.8% trading range bounding up to over 4.0% in recent days. This move upward in rates suggests bond investors are beginning to believe the likelihood of a near term recession in the U.S. is declining and rates may need to go higher and stay higher for longer.
- **Yield Curve Elevating Across Maturities.** The yield on the two-year U.S. Treasury rose to over 4.9% over the past month while the 10-year Treasury bond traded up to over 4.0%. With the entire length of the yield curve climbing, incrementally more financial stress is building in the financial system which could hasten a recession.
- **Yield Curve Indicating Recession Ahead.** The inversion of the U.S. Treasury yield curve provides evidence that the economy is likely to slow in the months ahead which may well end in recession this year. So far, there has been no major outbreak of high yield or bank loan corporate debt defaults, but they are gradually climbing as additional rate hikes get imbedded in the economy and interest rates stay higher for longer.



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