

June 30, 2023

MATRIX

PRIVATE
CAPITAL
GROUP

Economic & Market Review

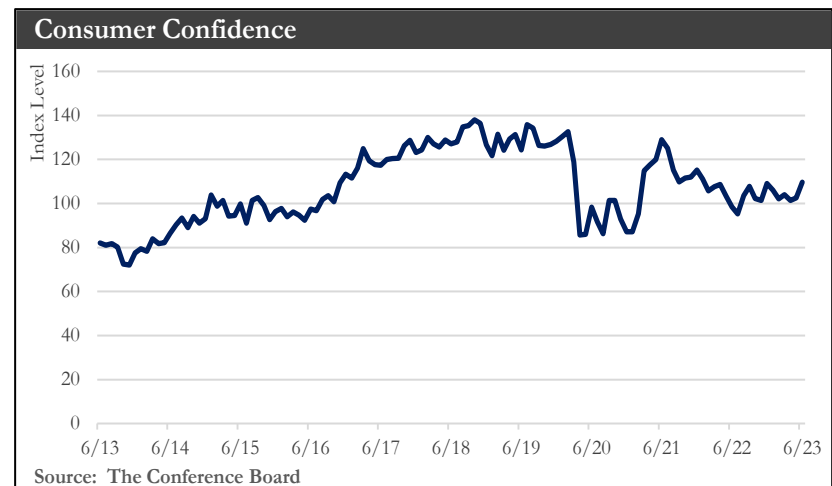
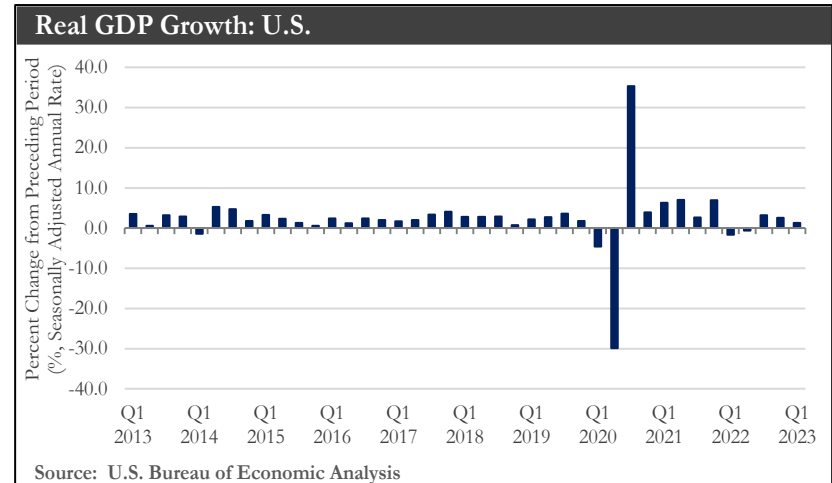
Capital Market Performance

Index Performance as of: 6/30/2023																
	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								
Russell 3000 Value	6.72	4.02	4.95	11.18	14.34	7.76	9.06	MSCI EAFE NR	4.55	2.95	11.67	18.77	8.93	4.39	5.41	
Russell 3000	6.83	8.39	16.16	18.93	13.87	11.37	12.32	MSCI Emerging Mkts NR	3.80	0.90	4.89	1.75	2.32	0.93	2.95	
Russell 3000 Growth	6.91	12.47	28.05	26.59	13.24	14.38	15.25	MSCI Frontier Markets NR	2.26	2.13	5.29	-2.34	3.79	0.83	2.67	
Russell 1000 Value	6.64	4.07	5.10	11.50	14.27	8.08	9.20	MSCI ACWI NR	5.81	6.18	13.93	16.53	10.99	8.10	8.75	
Russell 1000	6.75	8.58	16.67	19.34	14.07	11.90	12.63	MSCI ACWI ex USA NR	4.49	2.44	9.47	12.72	7.22	3.51	4.75	
Russell 1000 Growth	6.84	12.81	29.01	27.10	13.73	15.13	15.73	MSCI AC Asia ex Japan NR	2.72	-1.26	3.03	-1.15	1.15	0.93	4.49	
Russell Midcap Value	8.67	3.86	5.21	10.47	15.00	6.81	9.00	International Equity - Country Region								
Russell Midcap	8.34	4.76	9.00	14.90	12.48	8.44	10.30	MSCI Brazil NR	15.95	20.67	16.84	29.81	13.42	6.27	1.78	
Russell Midcap Growth	7.73	6.23	15.94	23.14	7.63	9.71	11.52	MSCI BRIC NR	5.40	-1.21	-0.38	-5.29	-3.90	-1.76	2.55	
Russell 2000 Value	7.94	3.16	2.46	5.96	15.38	3.50	7.27	MSCI China NR	3.97	-9.71	-5.46	-16.82	-10.26	-5.27	3.04	
Russell 2000	8.13	5.19	8.06	12.27	10.79	4.17	8.23	MSCI Europe NR	2.40	2.31	11.11	16.72	11.75	6.62	7.56	
Russell 2000 Growth	8.29	7.05	13.55	18.49	6.07	4.19	8.81	MSCI India NR	4.70	12.23	5.11	14.16	19.33	8.75	8.87	
Standard & Poors								MSCI Japan NR	4.10	6.42	13.00	18.14	5.70	3.13	5.22	
S&P 500	6.61	8.74	16.88	19.56	14.58	12.28	12.84	MSCI EM Latin Amer NR	12.01	14.04	18.52	29.84	16.45	4.78	1.13	
Consumer Discretionary	12.07	14.58	32.97	24.64	9.00	9.94	12.91	Fixed Income-Taxable								
Consumer Staples	3.24	0.45	1.28	6.60	11.91	11.07	9.61	Bloomberg US Agg TR	-0.36	-0.84	2.09	-0.94	-3.96	0.77	1.52	
Energy Sector	6.65	-0.89	-5.55	18.58	35.25	6.52	4.35	Bloomberg US Agg 1-3 YR	-0.40	-0.36	1.15	0.52	-0.92	1.08	0.97	
Financials Sector	6.69	5.33	-0.53	9.45	15.57	7.13	10.07	Bloomberg US Agg 3-5 YR	-0.88	-0.93	1.28	-0.43	-2.53	0.99	1.34	
Health Care Sector	4.36	2.95	-1.48	5.38	11.69	11.78	12.77	Bloomberg US Agg 5-7 YR	-0.77	-1.07	1.69	-1.07	-3.50	0.95	1.49	
Industrials Sector	11.29	6.49	10.19	25.12	17.93	10.48	11.55	Bloomberg U.S. T-Bills	0.43	1.22	2.33	3.73	1.31	1.53	0.96	
Information Technology	6.59	17.20	42.77	40.26	19.96	21.80	21.84	Bloomberg US Govt	-0.74	-1.35	1.59	-2.08	-4.71	0.46	0.97	
Materials Sector	11.05	3.31	7.74	15.12	15.99	9.75	10.30	Bloomberg US Credit	0.31	-0.31	3.13	1.39	-3.38	1.65	2.51	
Real Estate Sector	5.59	1.81	3.72	-4.20	6.16	6.48	6.60	Bloomberg US Corp HY	1.67	1.75	5.38	9.06	3.13	3.35	4.43	
Communication Services	2.58	13.07	36.24	17.28	7.28	9.28	6.46	Bloomberg US TIPS	-0.34	-1.42	1.87	-1.40	-0.12	2.49	2.08	
Utilities Sector	1.65	-2.53	-5.69	-3.68	8.44	8.23	9.39	Bloomberg Global-Agg	-0.01	-1.53	1.43	-1.32	-4.96	-1.08	0.20	
Other U.S. Equity								Bloomberg Gbl Agg ex-USI	0.26	-2.16	0.83	-1.83	-5.87	-2.65	-0.90	
Dow Jones Industrial Avg.	4.68	3.97	4.94	14.23	12.30	9.58	11.25	Bloomberg EM USD Agg	1.49	1.12	3.30	5.64	-2.71	1.02	2.73	
NASDAQ 100 Stock	6.55	15.39	39.35	33.13	15.23	17.65	19.20	Fixed Income-Tax Exempt								
Alternative Investments								Bloomberg Municipal	1.00	-0.10	2.67	3.19	-0.58	1.84	2.68	
Alerian MLP	4.14	5.31	9.55	30.15	30.35	5.97	0.81	Bloomberg Muni 3 YR	0.62	-0.45	0.90	0.96	-0.37	1.08	1.16	
Bloomberg Commodity	4.04	-2.56	-7.79	-9.61	17.82	4.73	-0.99	Bloomberg Muni 5 YR	0.70	-0.72	1.19	1.45	-0.61	1.41	1.74	
FTSE Nareit Equity REITs	5.15	2.62	5.37	-0.13	8.91	4.55	6.41	Bloomberg Muni 7 YR	0.71	-0.78	1.50	2.43	-0.52	1.83	2.32	
S&P Global Nat Res	6.55	-3.67	-3.11	8.37	18.55	5.89	5.76	Bloomberg Muni HY	1.77	1.65	4.43	2.85	1.76	2.79	4.17	
S&P N.Amer Nat Res	7.37	-0.12	-2.92	12.33	26.04	5.40	3.55									

Source: Bloomberg

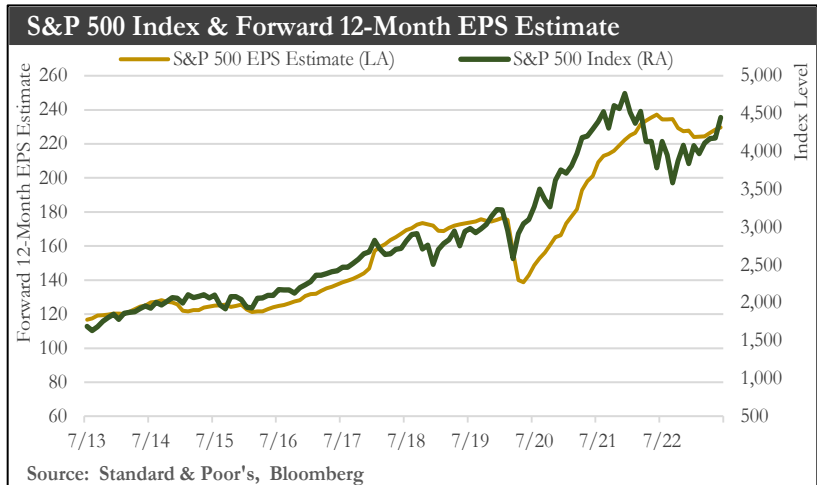
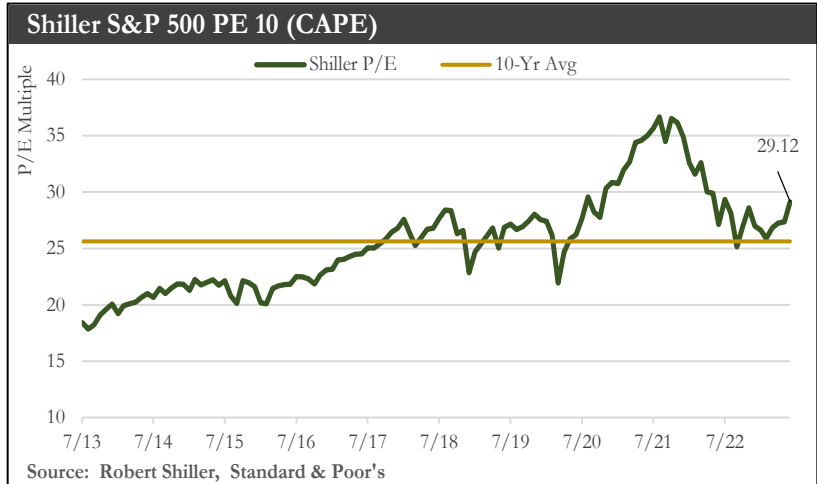
Economic & Market Overview

- **Economy Hangs On.** U.S. real gross domestic product increased at an annual rate of 2.0% in Q1 2023 according to the third estimate from the Bureau of Economic Analysis. GDP was revised up 0.7% from the second estimate, primarily reflecting upward revisions to exports and consumer spending. Corporate profits decreased 4.1% at a quarterly rate in Q1 after decreasing 2.0% in 4Q 2022.
- **Inflation Slows.** Inflation slowed to 4% year-over-year in May and is now at its lowest level since March of 2021. Both the Consumer Price Index (CPI) and the core CPI (i.e., CPI less food and energy price increases) fell on an annualized basis. However, core CPI rose 0.4% in May, which was the third monthly increase in a row in 2023 while CPI rose just 0.1%.
- **With Jobs Plentiful, Consumers Remain Confident.** Consumer confidence rose to its highest level in 17 months in June. The majority of consumers (69%) still say a recession is coming, but that is a decline from the 73% in May. The increased optimism has translated to sustained resiliency in purchasing plans for major goods and services. Those plans have not translated into home purchasing plans however, where there has been a decline due to high mortgage rates.



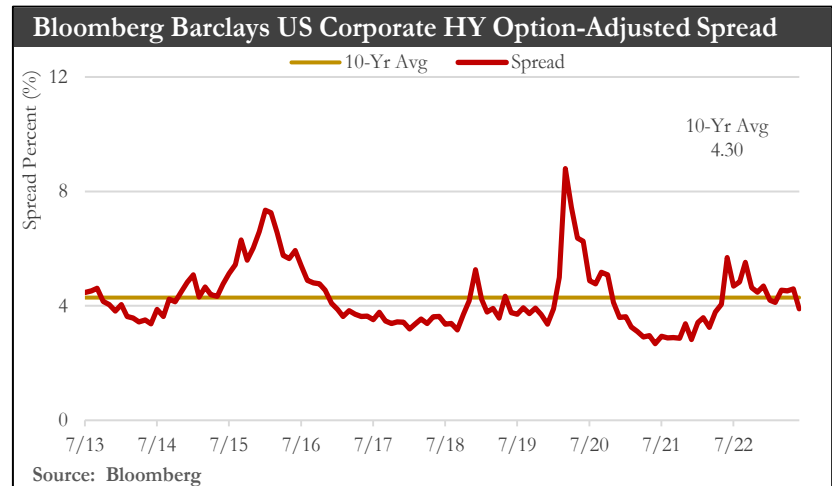
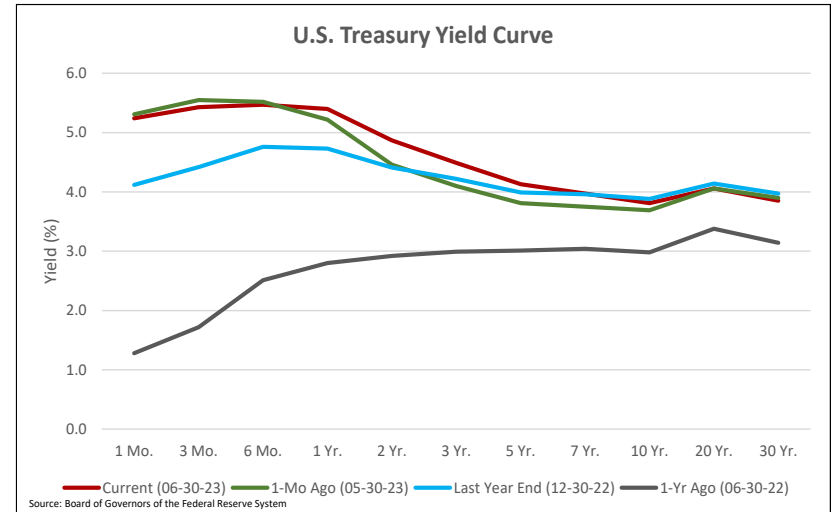
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- Valuations Remain Elevated.** As of June 30th, according to Bloomberg, the price to earnings ratio, one measure used to value the S&P 500, rose to 20.0 times forward earnings. The valuation was 21.3 times trailing 12-month earnings. One year ago, the forward P/E was at 16.3 times forward earnings. The longer-term CAPE Shiller S&P 500 PE measure is also elevated.
- Earnings Growth Slides Again.** The Fed's rate hiking cycle and inflationary pressures are showing up in corporate earnings reports. For Q1 '23, the earnings decline for the S&P 500 was -2.5% (according to Factset) from a year ago with 100% of the S&P 500 companies reporting first quarter earnings. This follows on the heels of a decline in earnings growth during the 4th quarter of 2022. As the economy slows further declines are expected.
- A Tale of Two Markets.** The broad U.S. stock market index as measured by the Russell 3000 was up 16.2% in the first half of 2023. The market's performance however was driven by only a handful of mega cap Growth stocks (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, Netflix, and Tesla) while much of the remainder of the market languished. The Russell 3000 Value Index was up only 5% in the first half of the year and the Russell 3000 Growth Index was up 28.1%.



Economic & Market Overview

- Higher for Longer Still Intact.** The 10-year U.S. Treasury yield has been trading higher at about 3.9%. In addition, the inverted yield curve which is considered a reliable indicator of a pending recession, became even more inverted with the 90-day T-bill yielding 5.3%, the 1-year T-note at 5.4%, the 2-year T-note at 4.9%, the 10-year T-bond at 3.9%. This may well be a signal from bond buyers that they are less fearful of the impact of a recession and more concerned about inflation and interest rates staying higher for longer.
- Tightening the Screws.** The \$3.5 trillion junk bond market (i.e., below investment grade credit quality) is under pressure as issuers are finding themselves being forced to pay double digit coupon rates.
- High Yield Spreads Widening.** So far this year only three types of bonds have provided positive returns. U.S. Treasury bills, junk bonds, and emerging market debt. T-bills always have positive returns, but junk bonds were positive because of their large interest rate credit spreads, and emerging market debt returns have been aided by the tailwind of a declining U.S. dollar. However, if junk bonds default rates increase, this is not likely to continue.



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