

November 30, 2023

# MATRIX

PRIVATE  
CAPITAL  
GROUP

Economic & Market Review

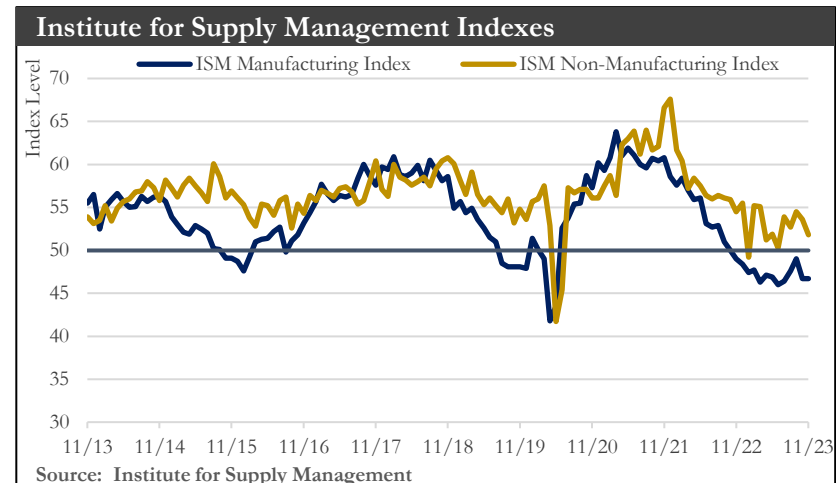
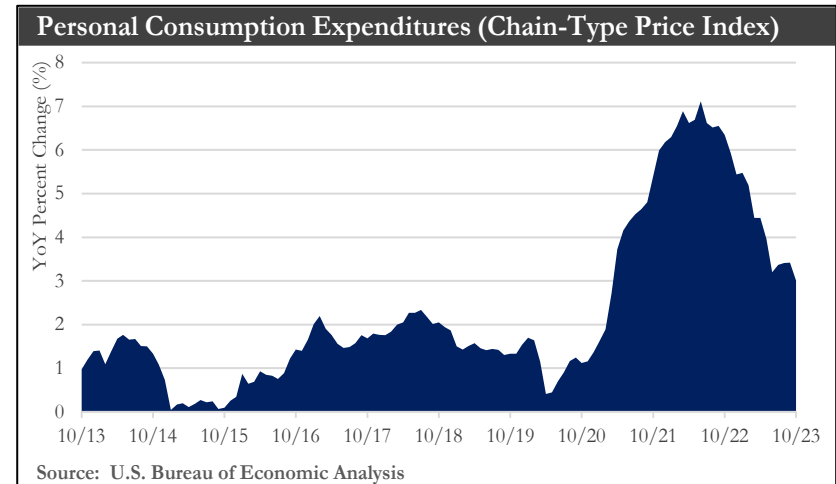
# Capital Market Performance

Index Performance as of: 11/30/2023																
	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	
<b>Russell</b>								<b>International Equity - Broad Market</b>								
Russell 3000 Value	7.62	-0.41	5.38	0.96	8.13	7.31	7.89	MSCI EAFE NR	9.28	1.27	12.27	12.36	3.80	5.99	3.89	
Russell 3000	9.32	1.36	19.60	12.58	8.24	11.75	11.17	MSCI Emerging Mkts NR	8.00	1.09	5.70	4.21	-4.04	2.34	2.12	
Russell 3000 Growth	10.82	2.91	34.77	24.56	8.11	15.57	14.10	MSCI Frontier Markets NR	7.11	-2.93	8.33	6.74	0.33	2.11	1.91	
Russell 1000 Value	7.54	-0.25	5.59	1.32	8.24	7.49	8.06	MSCI ACWI NR	9.23	1.56	16.60	12.01	5.69	9.07	7.60	
Russell 1000	9.34	1.68	20.56	13.54	8.71	12.23	11.55	MSCI ACWI ex USA NR	9.00	1.20	10.08	9.26	1.67	5.06	3.41	
Russell 1000 Growth	10.90	3.38	36.62	26.16	8.92	16.35	14.68	MSCI AC Asia ex Japan NR	6.95	0.05	2.38	2.19	-5.76	2.41	3.38	
Russell Midcap Value	9.42	-1.29	4.55	-0.78	7.26	7.07	7.72	<b>International Equity - Country Region</b>								
Russell Midcap	10.23	-0.54	8.80	2.91	4.89	8.69	8.91	MSCI Brazil NR	14.23	10.20	23.82	20.15	9.87	3.23	1.66	
Russell Midcap Growth	12.20	1.29	16.99	9.97	0.43	10.05	10.10	MSCI BRIC NR	5.05	-0.09	-0.10	1.07	-9.72	-0.65	1.36	
Russell 2000 Value	8.97	-2.87	1.87	-4.82	6.42	4.67	5.68	MSCI China NR	2.52	-4.55	-9.00	-4.27	-17.01	-3.53	0.75	
Russell 2000	9.03	-4.39	4.14	-2.62	1.09	4.74	6.11	MSCI Europe NR	6.44	1.03	11.69	7.77	8.99	7.80	6.17	
Russell 2000 Growth	9.09	-5.97	5.94	-0.86	-4.29	4.13	6.14	MSCI India NR	6.68	5.24	11.75	5.63	12.68	10.01	9.41	
<b>Standard &amp; Poors</b>								MSCI Japan NR	8.56	1.49	15.29	15.59	0.59	4.54	4.60	
S&P 500	9.13	1.74	20.79	13.81	9.74	12.49	11.79	MSCI EM Latin Amer NR	14.00	6.06	22.55	17.60	11.14	4.26	1.05	
Consumer Discretionary	10.91	-0.38	34.12	19.02	2.52	10.42	11.27	<b>Fixed Income-Taxable</b>								
Consumer Staples	4.06	-1.85	-2.09	-4.85	5.52	8.19	8.31	Bloomberg US Agg TR	4.53	0.26	1.64	1.18	-4.47	0.71	1.37	
Energy Sector	-1.00	-4.47	-1.34	-4.30	38.04	10.28	3.76	Bloomberg US Agg 1-3 YR	1.16	1.43	3.41	3.61	-0.27	1.37	1.12	
Financials Sector	10.92	4.79	6.40	0.79	10.89	8.11	9.65	Bloomberg US Agg 3-5 YR	2.65	1.27	2.93	2.75	-2.16	1.20	1.32	
Health Care Sector	5.41	-1.00	-2.15	-4.02	7.93	8.67	10.97	Bloomberg US Agg 5-7 YR	4.02	0.75	2.19	1.72	-3.68	0.94	1.40	
Industrials Sector	8.82	-0.66	10.39	7.08	8.52	10.12	9.69	Bloomberg U.S. T-Bills	0.45	1.36	4.65	5.02	2.05	1.82	1.18	
Information Technology	12.87	5.09	52.02	39.29	15.80	23.77	20.81	Bloomberg US Govt	3.44	0.00	0.73	0.22	-4.86	0.33	0.85	
Materials Sector	8.36	-0.11	7.64	1.66	7.22	10.97	8.62	Bloomberg US Credit	5.68	1.10	3.83	3.38	-4.38	1.91	2.38	
Real Estate Sector	12.46	1.39	3.29	-1.70	4.17	5.41	7.10	Bloomberg US Corp HY	4.53	2.09	9.37	8.69	1.37	4.15	4.27	
Communication Services	7.83	2.41	48.66	37.01	3.85	10.56	7.27	Bloomberg US TIPS	2.71	0.08	1.17	0.14	-1.49	2.72	2.00	
Utilities Sector	5.17	0.53	-8.83	-9.31	3.14	5.84	8.81	Bloomberg Global-Agg	5.04	0.76	1.50	2.05	-6.37	-0.73	-0.09	
<b>Other U.S. Equity</b>								Bloomberg Gbl Agg ex-USA	5.52	1.10	1.21	2.53	-7.89	-1.98	-1.28	
Dow Jones Industrial Avg.	9.15	4.10	10.72	6.19	8.85	9.41	10.88	Bloomberg EM USD Agg	5.30	1.38	4.69	5.58	-3.97	1.28	2.63	
NASDAQ 100 Stock	10.82	3.11	46.96	33.73	10.02	19.11	17.61	<b>Fixed Income-Tax Exempt</b>								
<b>Alternative Investments</b>								Bloomberg Municipal	6.35	2.35	3.98	4.28	-0.96	2.03	2.77	
Alerian MLP	6.89	10.74	29.07	23.01	34.18	10.12	2.20	Bloomberg Muni 3 YR	2.50	1.61	2.49	2.65	-0.13	1.33	1.18	
Bloomberg Commodity	-2.25	-2.67	-5.37	-7.68	13.60	6.28	-0.72	Bloomberg Muni 5 YR	3.78	1.90	2.74	3.20	-0.67	1.63	1.70	
FTSE Nareit Equity REITs	10.56	-1.46	3.47	-1.85	5.00	3.58	6.65	Bloomberg Muni 7 YR	4.83	2.06	2.93	3.61	-0.80	1.98	2.32	
S&P Global Nat Res	4.98	-0.61	0.21	-2.81	14.06	9.16	5.01	Bloomberg Muni HY	7.75	2.42	6.03	5.85	0.38	3.06	4.59	
S&P N.Amer Nat Res	1.90	-2.12	2.58	-1.69	26.06	10.24	2.96									

Source: Bloomberg

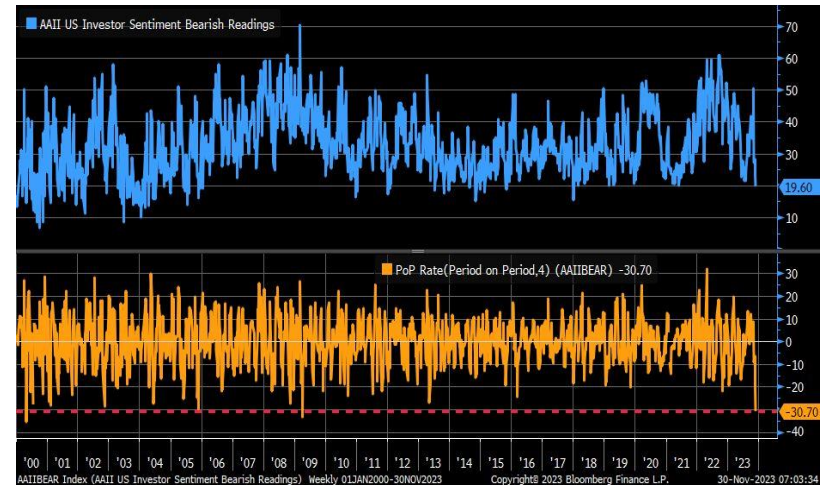
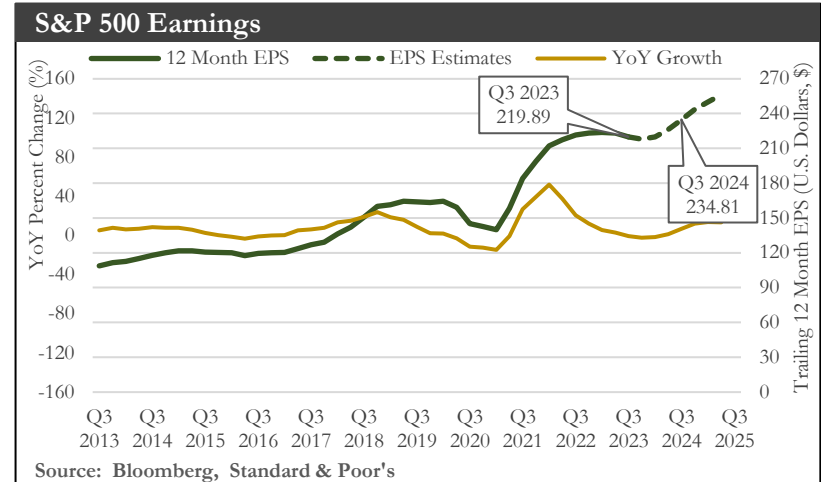
# Economic & Market Overview

- **Q3 GDP Estimate Revised Up.** The second estimate of Q3-2023 real GDP was revised slightly higher to 5.2%. At the beginning of 2023, most forecasters expected the U.S. economy to be contracting or at least slowing through the second half of this year. Instead, Q3 growth expanded at a pace that was more than double the previous quarter's rate of growth. This kind of growth rate could require further interest hikes unless more decisive slowing of economic activity is seen through early 2024.
- **Consumers Slow Spending in October.** Consumer spending slowed and inflation cooled in October from the fast-paced third quarter. Personal income growth also slowed. The combination of cooling income growth, high interest rates, dwindling pandemic savings, and the resumption of student loan payments are eroding Americans' ability to keep boosting their spending as briskly as over the summer.
- **Manufacturing Still in Contraction Mode.** The October ISM Manufacturing Index remained unchanged at 46.7 in November. This is the 14<sup>th</sup> consecutive month the manufacturing sector has shrunk as the pandemic era boom fades. Persistently high interest rates should continue to weigh on the demand for goods making for a challenging outlook for this sector.



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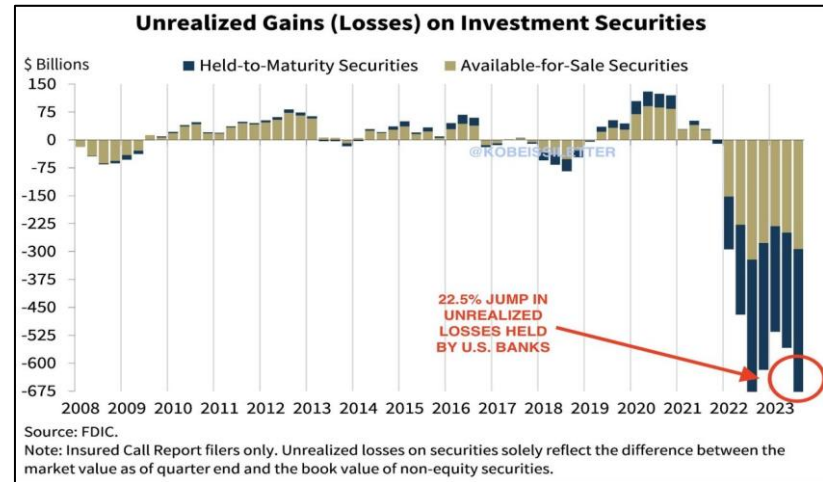
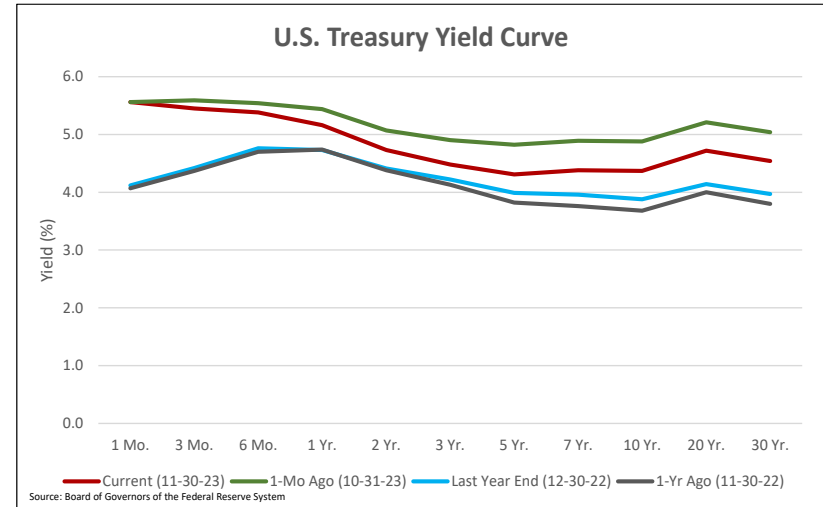
- Valuations and Market Stretch in November.** As of November 30<sup>th</sup>, according to Bloomberg, the price to earnings ratio, one measure used to value the S&P 500, rose to 19.5 times forward earnings from 18.3 times a month ago. The current valuation is 20.0 times trailing 12-month earnings. One year ago, the forward P/E was at 17.8 times forward earnings.
- Earnings Coming In.** Q3 corporate earnings are coming in ahead of forecasts. Early last quarter, analysts' forecasts (according to Factset) were for a -0.4% decline in earnings from a year ago. So far, with 98% of S&P 500 companies reporting, earnings growth is up 4.8%. With economic growth likely to slow in Q4 dramatically, it remains to be seen how they do this quarter.
- Bears in Hibernation.** According to the American Association of Individual Investors Sentiment Readings, bearish investors are hard to find. The rolling 4-week change in the percentage of investors with bearish outlooks has plunged into negative territory which is the largest drop since 2009.



Sources: American Association of Individual Investors, Bloomberg, Charles Schwab & Co.

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- Inverted Yield Curve Steepens.** The 10-year U.S. Treasury yield fell to 4.2% recently from nearly 5% about a month ago. In addition, the inverted yield curve has steepened again with the 90-day T-bill anchored at 5.4%, the 1-year T-note at 5.1%, the 2-year T-note at 4.6%, the 10-year T-bond at 4.2%. This may well be a signal from bond buyers that with the Fed holding steady at the November meeting, rates may have hit their peak and the outlook for inflation is improving.
- Higher For Longer?** With after-inflation wage growth still running ahead of the current inflation rate, but with consumer spending slowing in October, the Fed is still likely to remain guarded in its optimism of how quickly inflation will subside. Chairman Powell has indicated that if the economy does not slow down further another rate hike could be in the offing.
- Rates Go Up, Bonds Go Down for Everyone.** Bond portfolios at banks have declined in value along with individual investors. Their aggregate decline in the value of those bonds held by banks was \$675 billion. While not permanent losses, the loss of value limits their ability to pay depositors, purchase more bonds, and make loans.



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