

February 29, 2024

MATRIX

PRIVATE
CAPITAL
GROUP

Economic & Market Review

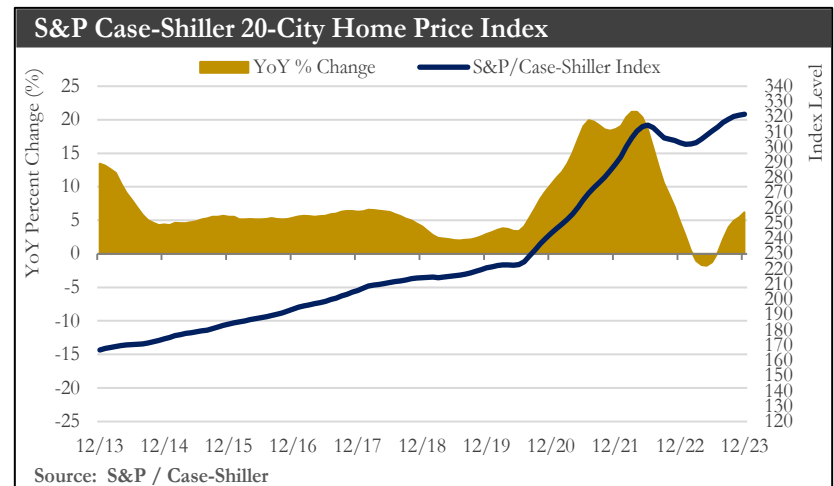
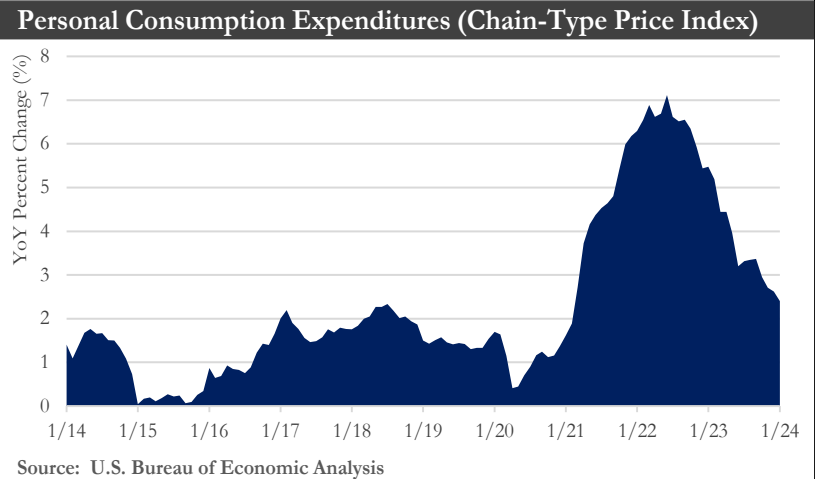
Capital Market Performance

Index Performance as of: 2/29/2024															
	<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							
Russell 3000 Value	3.66	9.60	3.48	13.72	7.17	9.04	8.55	MSCI EAFE NR	1.83	7.86	2.42	14.32	3.97	6.71	4.39
Russell 3000	5.41	12.22	6.58	29.10	8.98	13.76	12.01	MSCI Emerging Mkts NR	4.76	3.80	-0.11	6.50	-6.83	1.88	3.00
Russell 3000 Growth	6.88	14.46	9.25	44.81	10.39	17.77	15.08	MSCI Frontier Markets NR	0.06	4.13	1.06	9.99	-0.49	2.46	1.67
Russell 1000 Value	3.69	9.52	3.80	14.23	7.58	9.23	8.71	MSCI ACWI NR	4.29	9.94	4.90	23.18	6.08	10.40	8.37
Russell 1000	5.40	12.13	6.87	30.36	9.76	14.25	12.37	MSCI ACWI ex USA NR	2.53	6.61	1.51	11.79	0.82	5.40	3.96
Russell 1000 Growth	6.82	14.33	9.49	46.87	11.51	18.56	15.65	MSCI AC Asia ex Japan NR	5.60	3.35	-0.16	2.62	-8.92	1.69	4.02
Russell Midcap Value	4.77	10.89	2.90	11.03	5.95	8.78	8.16	International Equity - Country Region							
Russell Midcap	5.58	12.11	4.08	15.61	4.63	10.19	9.43	MSCI Brazil NR	0.25	1.10	-5.66	28.66	10.80	1.87	3.04
Russell Midcap Growth	7.52	15.04	6.94	25.18	2.19	11.43	10.87	MSCI BRIC NR	5.34	1.47	-0.57	0.35	-12.59	-1.69	2.31
Russell 2000 Value	3.27	10.87	-1.42	5.75	1.32	6.45	6.52	MSCI China NR	8.39	-5.44	-3.11	-17.99	-21.73	-6.24	0.97
Russell 2000	5.65	13.96	1.54	9.92	-2.06	6.67	7.10	MSCI Europe NR	1.94	7.39	3.55	11.17	9.44	8.31	6.52
Russell 2000 Growth	8.12	17.18	4.65	13.77	-5.67	6.21	7.30	MSCI India NR	2.74	13.74	5.22	35.72	12.33	13.13	10.52
Standard & Poors								MSCI Japan NR	3.00	12.46	7.75	26.60	2.40	7.25	6.23
S&P 500	5.34	11.96	7.11	31.05	11.01	14.58	12.67	MSCI EM Latin Amer NR	-0.16	2.92	-4.95	21.13	11.37	3.26	2.42
Consumer Discretionary	8.71	11.27	4.87	34.34	4.79	12.19	12.21	Fixed Income-Taxable							
Consumer Staples	2.32	6.66	3.89	8.78	9.25	10.12	9.14	Bloomberg US Agg TR	-1.41	2.08	-1.68	3.93	-3.10	0.60	1.43
Energy Sector	3.18	2.71	2.79	4.09	25.61	10.57	3.88	Bloomberg US Agg 1-3 YR	-0.35	1.25	0.05	4.81	0.10	1.37	1.22
Financials Sector	4.16	13.07	7.32	15.64	8.70	10.93	10.84	Bloomberg US Agg 3-5 YR	-1.02	1.51	-0.74	4.92	-1.58	1.08	1.42
Health Care Sector	3.22	10.90	6.32	16.13	10.12	11.32	11.26	Bloomberg US Agg 5-7 YR	-1.44	1.79	-1.40	4.42	-2.61	0.81	1.47
Industrials Sector	7.23	13.68	6.29	21.63	11.05	11.68	10.72	Bloomberg U.S. T-Bills	0.42	1.33	0.86	5.30	2.50	1.97	1.31
Information Technology	6.31	14.74	10.51	60.14	17.65	25.89	21.74	Bloomberg US Govt	-1.30	1.72	-1.56	2.86	-3.29	0.26	0.95
Materials Sector	6.46	6.96	2.30	8.50	7.33	12.17	8.62	Bloomberg US Credit	-1.44	2.51	-1.62	6.28	-2.69	1.67	2.38
Real Estate Sector	2.58	6.22	-2.28	7.80	4.99	5.94	6.95	Bloomberg US Corp HY	0.29	4.03	0.29	11.24	1.76	4.15	4.34
Communication Services	5.70	16.35	11.01	59.41	5.62	13.07	9.40	Bloomberg US TIPS	-1.07	1.77	-0.90	2.81	-0.78	2.74	2.08
Utilities Sector	1.12	-0.05	-1.93	0.52	4.65	5.08	8.02	Bloomberg Global-Agg	-1.26	1.43	-2.62	3.26	-5.50	-0.98	-0.13
Other U.S. Equity								Bloomberg Gbl Agg ex-UST	-1.18	0.86	-3.45	2.56	-7.37	-2.34	-1.40
Dow Jones Industrial Avg.	2.50	8.96	3.84	21.95	9.53	10.76	11.60	Bloomberg EM USD Agg	0.38	4.00	-0.19	8.31	-2.48	1.04	2.80
NASDAQ 100 Stock	5.41	13.37	7.40	52.41	11.66	21.36	18.37	Fixed Income-Tax Exempt							
Alternative Investments								Bloomberg Municipal	0.13	1.93	-0.38	5.43	-0.21	1.93	2.67
Alerian MLP	4.36	6.53	8.90	30.67	27.69	10.85	2.63	Bloomberg Muni 3 YR	0.11	0.85	-0.11	3.52	0.12	1.19	1.19
Bloomberg Commodity	-1.47	-3.74	-1.08	-4.97	7.36	5.76	-1.84	Bloomberg Muni 5 YR	0.06	1.27	-0.25	4.00	-0.12	1.42	1.66
FTSE Nareit Equity REITs	2.03	7.49	-2.21	6.99	4.81	4.51	6.44	Bloomberg Muni 7 YR	0.04	1.63	-0.37	4.31	-0.09	1.73	2.24
S&P Global Nat Res	-0.40	-2.05	-5.69	-4.88	6.73	7.50	4.61	Bloomberg Muni HY	0.79	3.33	0.32	8.37	0.50	3.33	4.48
S&P N.Amer Nat Res	2.57	1.64	0.58	5.05	18.65	9.99	2.81								

Source: Bloomberg

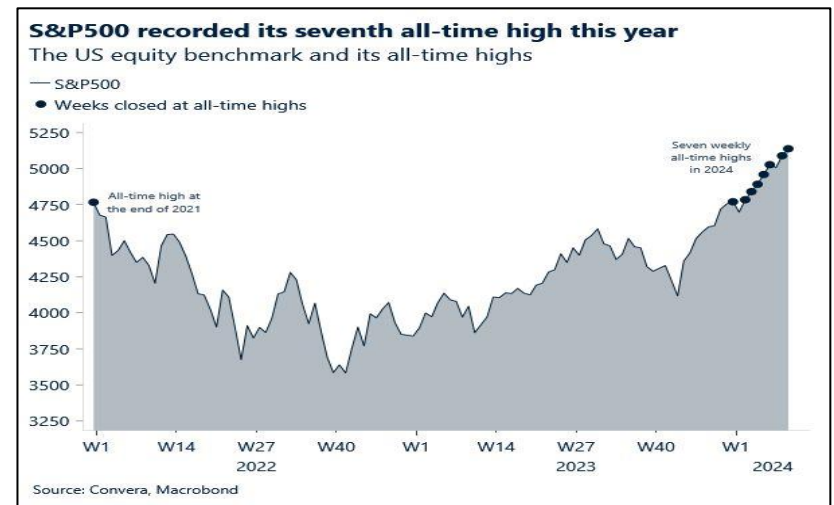
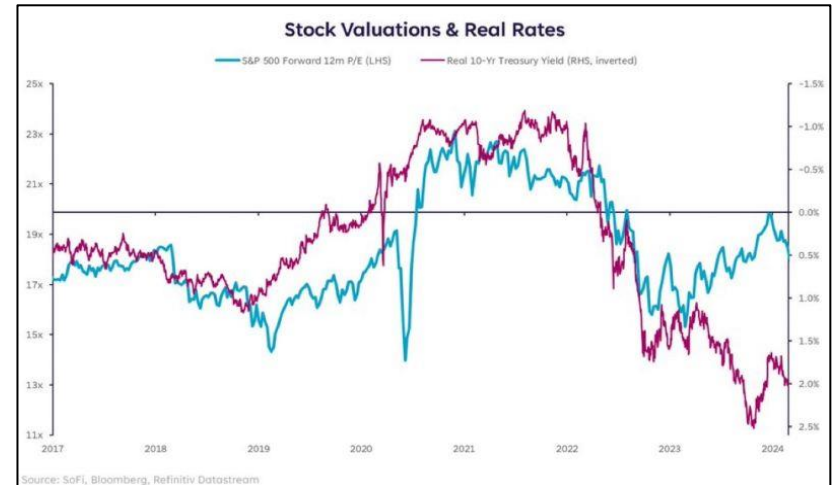
Economic & Market Overview

- **Key Inflation Gauge Cools.** The Federal Reserve's preferred gauge of inflation, the Core Personal Consumption Expenditures Price Index (which excludes volatile food and energy price changes), rose only 2.8% over the past year as of the end of January. Unexpectedly, a 1% jump in personal income in January surprised forecasters, while inflation-adjusted spending decreased for the first time in five months.
- **Housing Prices Keep Going Up.** Home prices grew again in December as mortgage rates dropped towards the end of 2023. Prices grew nationally 5.5% last year according to S&P CoreLogic Case-Shiller data. The rapid decline in mortgage interest rates from nearly 8% to 6.6% in a matter of weeks likely brought potential buyers back into the market who were vying for homes with a tight supply of listings.
- **Labor Market Remains Healthy.** First time unemployment benefit claims fell towards the end of February despite some layoff announcements from high profile, well-known companies in recent weeks. We believe the continued strength in the labor market is a key factor which could support further growth in consumer spending this year. We feel that spending may contribute to keeping inflation harder to bring down.



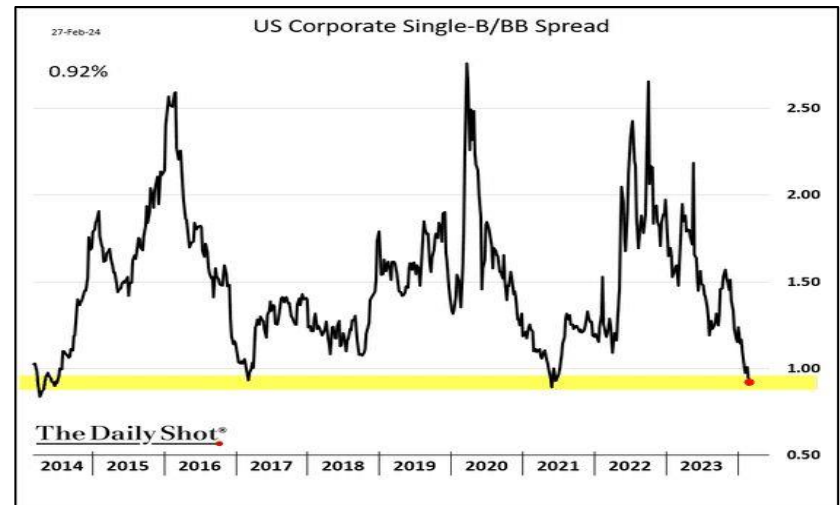
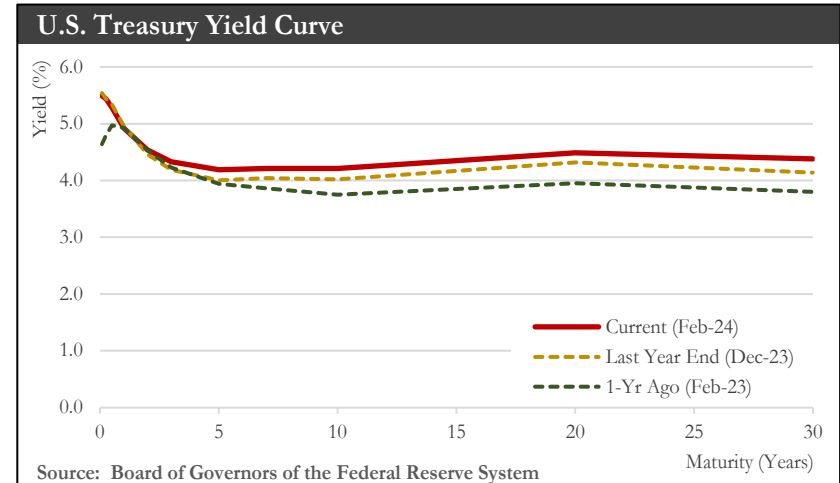
Economic & Market Overview

- **Market Valuations Continue to Stretch** The current forward P/E of the S&P 500 is well above 20 times earnings which is higher than the last 5-year (19.0X) and 10-year (17.7X) price to earnings multiple. It appears investors have been pouring capital into the U.S. stock market as investor enthusiasm for stocks is relatively high. One measure of this sentiment is the Chicago Board Options Exchange Volatility Index (VIX) which has continued to trade well below the historical average of 20. As of the end of February, VIX was about 13.5.
- **Q4 Earnings Come In Ahead of Forecasts.** Q4 corporate earnings for the S&P 500 were reported up 4% from the Q4 2022 earnings with 97% of the S&P 500 companies reporting. Earnings forecasts for the Q4 have been unusually volatile since the end of September 2023. They have bounced between 8% and negative growth, finally finishing about up 4%.
- **Up, Up, Up.** The S&P 500 and the NASDAQ 100 ended February at all time highs. This is the seventh such record this year alone. The U.S. stock market has been up about 25% in the past four months and has risen weekly in all but two weeks since that time. Despite the back up in interest rates in recent weeks and a January rebound in inflation, market momentum has pushed stocks ever higher.



Economic & Market Overview

- **Bond Market Roller Coaster Continues.** As recently as late October, the interest rate on the 10-year U.S. Treasury was about 5%. At the end of October, yields plummeted as the Fed indicated their interest rate policy would likely pivot in 2024 with several interest rate cuts. With the likelihood of the Fed not cutting rates as much or as fast as investors thought, bond rates have crept back up to about 4.2% on the 10-year U.S. Treasury.
- **“Risk On” Back in Vogue.** It seems investors continue to reach for yield as the spread between higher quality and lower quality U.S. corporate bonds narrows. Demand for yield from lower credit quality issuers has picked up as investors have seen a somewhat unexpected strength in the U.S. economy and a likely decrease in defaults.
- **Two Steps Forward, One Step Back.** The bond market has been adjusting rates along the yield curve as more information is released on the performance of the U.S. economy. With few exceptions, the total return on bonds has been negative year-to-date. In our opinion this is due to interest rates rising while the labor market remains resilient, inflation rising again in January, and personal income up a strong 1%.



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