

April 30, 2024

MATRIX

PRIVATE
CAPITAL
GROUP

Economic & Market Review

Capital Market Performance

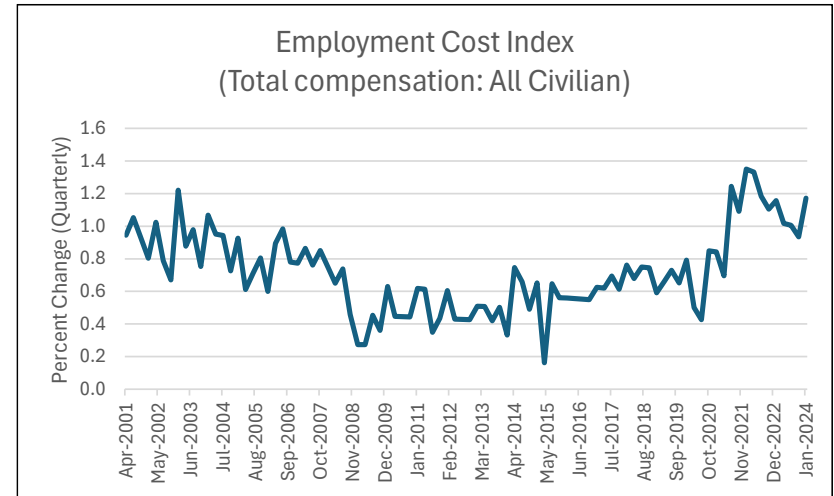
Index Performance as of: 4/30/2024

	<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	-4.39	4.03	3.85	13.42	4.76	8.39	8.27	MSCI EAFE NR	-2.56	2.49	3.08	9.28	2.86	6.17	4.37
Russell 3000	-4.40	4.02	5.18	22.28	6.32	12.40	11.79	MSCI Emerging Mkts NR	0.45	7.83	2.83	9.88	-5.68	1.88	2.96
Russell 3000 Growth	-4.41	4.02	6.32	30.74	7.58	15.73	14.94	MSCI Frontier Markets NR	-2.98	1.10	2.11	10.01	-2.27	2.36	0.92
Russell 1000 Value	-4.27	4.22	4.33	13.39	5.13	8.56	8.41	MSCI ACWI NR	-3.30	4.02	4.63	17.46	4.26	9.43	8.19
Russell 1000	-4.26	4.15	5.60	22.81	6.95	12.84	12.11	MSCI ACWI ex USA NR	-1.80	3.84	2.81	9.32	0.35	5.03	3.92
Russell 1000 Growth	-4.24	4.09	6.69	31.80	8.47	16.44	15.46	MSCI AC Asia ex Japan NR	1.25	9.63	3.65	7.52	-7.21	1.81	4.23
Russell Midcap Value	-5.23	4.43	2.56	14.06	3.23	8.02	7.91	International Equity - Country Region							
Russell Midcap	-5.40	4.21	2.73	16.33	2.38	9.03	9.38	MSCI Brazil NR	-4.06	-5.56	-11.13	17.79	5.08	1.16	0.99
Russell Midcap Growth	-5.81	3.70	3.14	20.69	0.70	9.51	10.84	MSCI BRIC NR	3.86	10.05	3.87	7.09	-9.85	-1.56	2.57
Russell 2000 Value	-6.37	0.92	-3.66	13.97	-0.71	5.92	6.42	MSCI China NR	6.60	16.63	4.26	-6.77	-17.54	-5.54	2.12
Russell 2000	-7.04	1.73	-2.23	13.28	-3.21	5.79	7.19	MSCI Europe NR	-0.91	5.00	6.65	10.98	8.15	7.79	6.72
Russell 2000 Growth	-7.70	2.58	-0.71	12.35	-5.94	5.01	7.57	MSCI India NR	2.32	5.97	8.53	34.40	13.50	11.92	10.06
Standard & Poors								MSCI Japan NR	-4.86	0.95	5.61	19.23	2.50	6.40	6.43
S&P 500	-4.08	4.29	6.04	22.65	8.04	13.16	12.38	MSCI EM Latin Amer NR	-3.51	-2.66	-7.33	15.24	7.83	2.85	1.04
Consumer Discretionary	-4.33	4.11	0.43	24.33	0.47	9.31	12.19	Fixed Income-Taxable							
Consumer Staples	-0.89	4.95	6.56	2.55	6.89	9.21	8.85	Bloomberg US Agg TR	-2.53	-3.02	-3.28	-1.47	-3.53	-0.16	1.20
Energy Sector	-0.76	13.24	12.82	12.98	29.20	12.56	4.08	Bloomberg US Agg 1-3 YR	-0.34	-0.28	0.11	2.86	0.12	1.19	1.22
Financials Sector	-4.18	4.57	7.75	23.96	5.65	9.81	10.70	Bloomberg US Agg 3-5 YR	-1.40	-1.79	-1.51	0.76	-1.80	0.61	1.33
Health Care Sector	-5.08	0.30	3.32	6.90	6.72	11.47	11.13	Bloomberg US Agg 5-7 YR	-2.30	-2.84	-2.79	-0.83	-2.95	0.16	1.29
Industrials Sector	-3.58	7.96	7.00	23.57	7.79	11.20	10.53	Bloomberg U.S. T-Bills	0.43	1.32	1.76	5.43	2.80	2.07	1.40
Information Technology	-5.43	2.52	6.57	37.46	14.81	22.43	21.23	Bloomberg US Govt	-2.30	-2.95	-3.21	-2.69	-3.66	-0.45	0.76
Materials Sector	-4.59	8.18	3.95	12.34	4.36	11.43	8.62	Bloomberg US Credit	-2.49	-2.71	-2.89	0.76	-3.02	0.78	2.11
Real Estate Sector	-8.50	-4.48	-9.00	-0.67	-2.27	3.51	5.80	Bloomberg US Corp HY	-0.94	0.52	0.52	9.02	1.50	3.71	4.27
Communication Services	-2.07	8.00	13.42	41.31	3.47	11.76	8.95	Bloomberg US TIPS	-1.69	-1.94	-1.77	-1.35	-1.55	2.07	1.90
Utilities Sector	1.65	9.59	6.29	0.20	3.26	6.02	8.08	Bloomberg Global-Agg	-2.52	-3.22	-4.55	-2.47	-5.93	-1.61	-0.44
Other U.S. Equity								Bloomberg Gbl Agg ex-USI	-2.59	-3.51	-5.72	-3.56	-7.84	-2.88	-1.77
Dow Jones Industrial Avg.	-4.92	-0.39	0.92	13.25	5.86	9.60	11.08	Bloomberg EM USD Agg	-1.65	0.42	-0.14	6.22	-2.45	0.66	2.61
NASDAQ 100 Stock	-4.43	1.98	3.90	32.77	8.83	18.51	18.33	Fixed Income-Tax Exempt							
Alternative Investments								Bloomberg Municipal	-1.24	-1.11	-1.62	2.08	-1.10	1.26	2.41
Alerian MLP	-1.24	7.73	12.42	34.24	25.66	11.24	2.38	Bloomberg Muni 3 YR	-0.38	-0.44	-0.65	1.90	-0.23	0.99	1.14
Bloomberg Commodity	2.69	4.53	4.94	2.89	7.19	7.03	-1.54	Bloomberg Muni 5 YR	-0.82	-0.87	-1.19	1.58	-0.72	1.08	1.59
FTSE Nareit Equity REITs	-7.01	-3.18	-7.20	1.94	-0.94	2.69	5.48	Bloomberg Muni 7 YR	-1.14	-1.21	-1.61	1.33	-0.87	1.24	2.06
S&P Global Nat Res	-0.04	7.85	2.12	5.90	8.03	9.02	5.08	Bloomberg Muni HY	-0.61	1.36	0.89	6.63	-0.14	2.78	4.37
S&P N.Amer Nat Res	-0.74	12.53	10.36	15.64	20.17	11.86	3.12								

Source: Bloomberg

Economic & Market Overview

- **Holding Steady.** The Federal Open Market Committee held the federal funds rate steady at their May 1 meeting, but announced a slowdown in the pace of their Quantitative Tightening program. The rebound in inflation in early 2024 has likely pushed out rate cut expectations with the Fed seemingly intent on waiting longer until inflation is considered to be sustainably moving towards their 2% target.
- **Rising Wages Feed Into Inflation.** The Q1 Employment Cost Index (ECI) increased 1.2%. The ECI is the Federal Reserve's preferred measure of the growth in labor costs. In the past year, the measure is up 4.2%. Q1's reading is identical to the Q4 2023 reading, indicating that progress in lowering inflation has seemingly stalled early in 2024.
- **GDP Downshifts.** The initial estimate of first quarter GDP showed the U.S. economy slowed from the strong pace of growth in the last quarter of 2023. Real GDP grew at only 1.6% in Q1. Exports and inventory investment detracted from the Q1 GDP calculation while domestic demand expanded by 2.8% showing only modest deceleration from last quarter. Consumer resilience is likely to remain the key driver supporting economic growth in the near term.



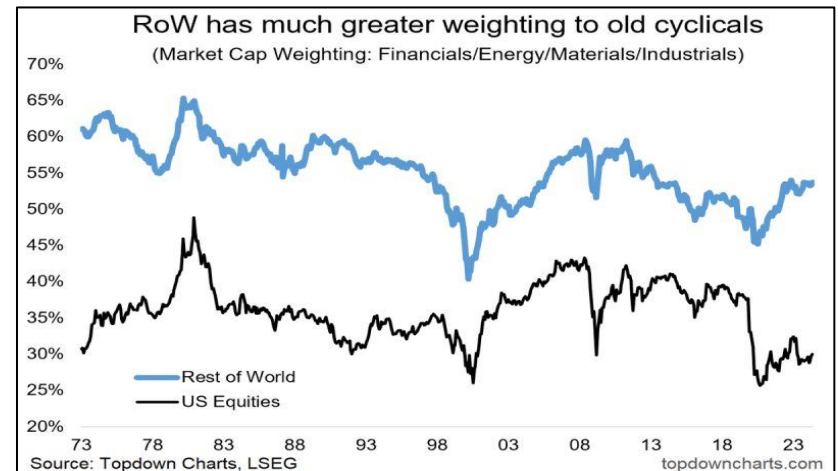
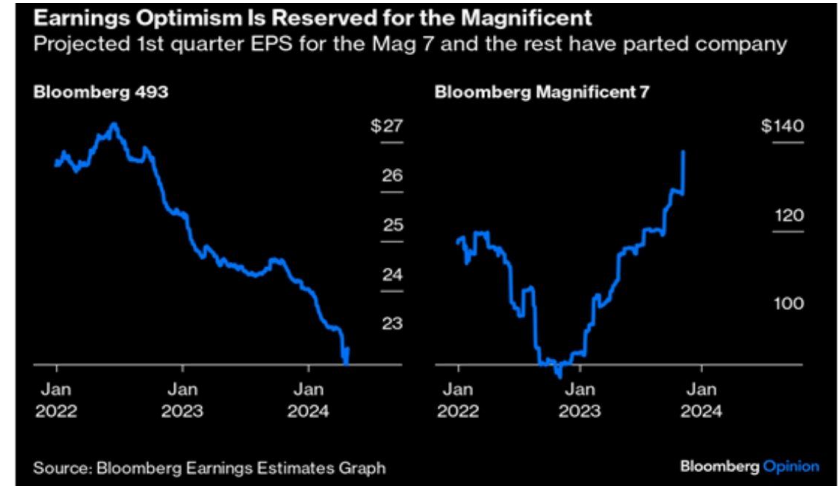
Source: Federal Reserve of St. Louis



Source: U.S. Bureau of Economic Analysis

Economic & Market Overview

- Valuations Stretched, Volatility Low.** The 12-month current forward P/E of the S&P 500 is now at 20.6 times earnings which is higher than the last 5-year and 10-year price to earnings multiple. It appears investors have been pouring capital into the U.S. stock market as investor enthusiasm for stocks remains bullish. 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 April, VIX was about 15.3.
- Q1 Earnings Forecast.** The Q1 corporate earnings forecast for the S&P 500 as of April 26 was 3.5%, down from the 5.7% estimate as recently as December 31st. If realized, this would mark the third consecutive quarter of earnings growth.
- Going Global?** International stocks have a much higher weighting to “old cyclical” stocks like energy, financials, and industrials than the U.S. which is dominated today by technology. A rebound in global trade and manufacturing, an increase in capital investment, and a more bullish outlook for commodity pricing could mean that “old cyclicals” disproportionately benefit as these business tailwinds converge in the months and quarters ahead.



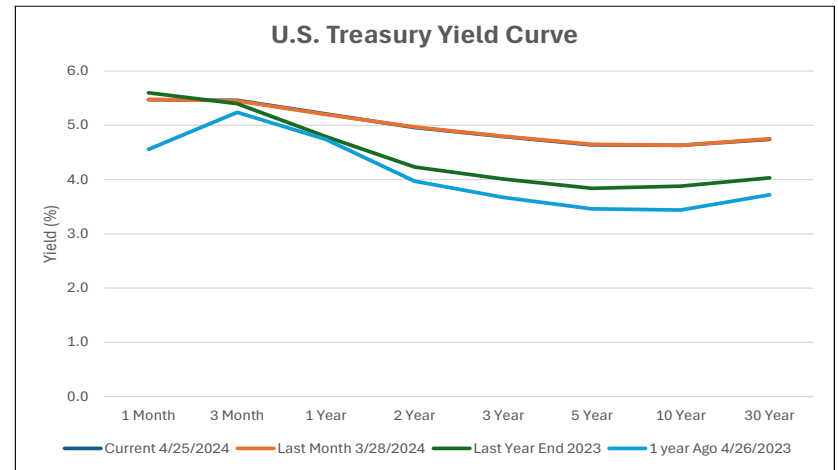
Source: Topdown Charts

Economic & Market Overview

- **Bond Market Volatility.** Bond investors have been on a roller coaster ride this year with interest rates climbing and falling and climbing again. The market has been trying to read the proverbial “tea leaves” as to what the Federal Reserve is going to do with interest rates. The market expected 6-7 rates cuts this year from a slowing economy and declining inflation. But now it looks like there may only be one, if any, this year.
- **High Yield Bonds Post Positive Return in Q1.** It seems investors continue to reach for yield as the spread in yield between higher quality and lower quality U.S. corporate bonds narrows. The return on high yield corporate bonds in April was -0.94% while investment grade corporate bonds was -2.49%.
- **Yield Curve Flattens.** The bond market has been adjusting rates along the yield curve as more information is released on the performance of the U.S. economy. Rates on longer term bonds have been going up while the rates on short term bonds have been steady. With a few exceptions, the total return on bonds has been negative year-to-date. In our opinion, this is due to interest rates responding to the strong labor market, rising inflation in the first quarter of 2024, and personal income and spending up year-to-date.



Source: Yahoo Finance



Source: Bloomberg

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