

May 31, 2024

# MATRIX

PRIVATE  
CAPITAL  
GROUP

Economic & Market Review

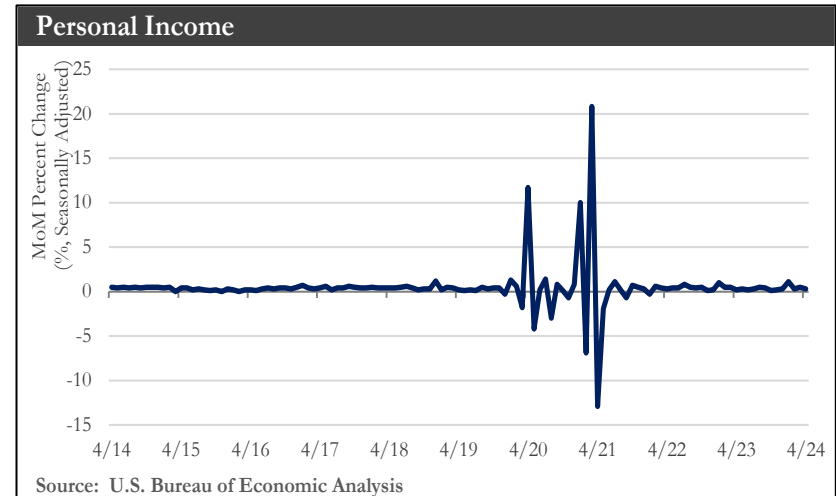
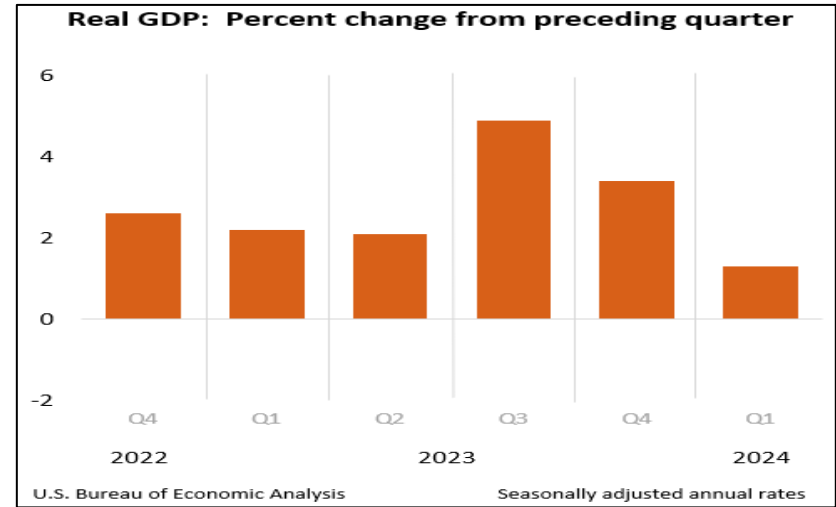
# Capital Market Performance

Index Performance as of: 5/31/2024															
	<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>
<b>Russell</b>								<b>International Equity - Broad Market</b>							
Russell 3000 Value	3.25	3.62	7.23	21.68	5.06	10.57	8.47	MSCI EAFE NR	3.87	4.54	7.07	18.53	3.06	8.04	4.60
Russell 3000	4.72	3.35	10.15	27.57	7.80	14.96	12.06	MSCI Emerging Mkts NR	0.56	3.52	3.41	12.39	-6.22	3.54	2.66
Russell 3000 Growth	5.96	3.12	12.66	32.82	10.22	18.63	15.27	MSCI Frontier Markets NR	3.76	4.84	5.95	14.88	-2.35	2.68	0.70
Russell 1000 Value	3.17	3.70	7.64	21.68	5.41	10.70	8.59	MSCI ACWI NR	4.06	3.79	8.88	23.56	5.11	11.66	8.39
Russell 1000	4.71	3.47	10.57	27.99	8.43	15.39	12.37	MSCI ACWI ex USA NR	2.90	4.21	5.79	16.74	0.27	6.80	4.02
Russell 1000 Growth	5.99	3.28	13.07	33.60	11.11	19.34	15.78	MSCI AC Asia ex Japan NR	1.56	5.43	5.27	11.23	-7.10	3.96	3.98
Russell Midcap Value	3.59	3.25	6.24	23.63	3.77	10.24	8.11	<b>International Equity - Country Region</b>							
Russell Midcap	2.85	1.52	5.66	23.08	3.07	11.04	9.44	MSCI Brazil NR	-5.02	-10.53	-15.59	11.16	0.18	-0.21	0.65
Russell Midcap Growth	1.07	-2.53	4.23	21.91	1.57	11.05	10.66	MSCI BRIC NR	1.05	5.57	4.97	13.23	-10.52	0.23	2.22
Russell 2000 Value	4.68	2.30	0.84	21.72	-0.21	8.72	6.84	MSCI China NR	2.40	10.18	6.76	4.25	-17.10	-2.39	1.90
Russell 2000	5.01	1.12	2.68	20.08	-1.68	8.57	7.63	MSCI Europe NR	3.27	6.36	10.14	17.57	8.39	9.59	6.80
Russell 2000 Growth	5.35	-0.04	4.61	18.35	-3.37	7.76	8.03	MSCI India NR	0.71	3.88	9.30	31.52	10.67	12.03	9.14
<b>Standard &amp; Poors</b>								MSCI Japan NR	1.34	-0.67	7.03	18.63	2.43	7.55	6.15
S&P 500	4.96	3.91	11.30	28.17	9.54	15.77	12.66	MSCI EM Latin Amer NR	-3.14	-5.56	-10.24	12.58	3.99	2.62	0.72
Consumer Discretionary	0.30	-3.95	0.73	20.82	1.88	11.11	11.91	<b>Fixed Income-Taxable</b>							
Consumer Staples	2.45	5.08	9.18	11.86	7.13	10.60	8.91	Bloomberg US Agg TR	1.70	0.04	-1.64	1.31	-3.10	-0.17	1.25
Energy Sector	-0.39	9.33	12.38	25.09	26.65	15.16	3.89	Bloomberg US Agg 1-3 YR	0.73	0.80	0.84	3.92	0.32	1.20	1.27
Financials Sector	3.16	3.56	11.15	33.64	5.10	12.15	10.89	Bloomberg US Agg 3-5 YR	1.25	0.46	-0.28	2.73	-1.41	0.62	1.38
Health Care Sector	2.38	-0.51	5.78	14.36	6.89	12.53	11.09	Bloomberg US Agg 5-7 YR	1.60	0.16	-1.24	1.67	-2.53	0.20	1.33
Industrials Sector	1.65	2.34	8.77	29.72	7.27	13.38	10.50	Bloomberg U.S. T-Bills	0.49	1.39	2.26	5.51	2.97	2.12	1.45
Information Technology	10.08	6.15	17.31	38.23	18.90	27.09	21.94	Bloomberg US Govt	1.45	-0.25	-1.81	-0.14	-3.31	-0.62	0.81
Materials Sector	3.22	4.89	7.30	24.47	3.70	14.06	8.64	Bloomberg US Credit	1.82	0.51	-1.12	4.05	-2.67	0.85	2.15
Real Estate Sector	5.08	-2.14	-4.37	9.30	-0.97	4.35	6.03	Bloomberg US Corp HY	1.10	1.33	1.63	11.24	1.77	4.19	4.29
Communication Services	6.58	8.89	20.88	41.80	5.71	14.58	9.28	Bloomberg US TIPS	1.72	0.83	-0.08	1.56	-1.39	2.08	1.86
Utilities Sector	8.97	18.10	15.82	15.99	7.11	8.02	9.12	Bloomberg Global-Agg	1.31	-0.70	-3.30	0.77	-5.81	-1.62	-0.37
<b>Other U.S. Equity</b>								Bloomberg Gbl Agg ex-USI	1.00	-1.37	-4.77	0.10	-7.94	-2.89	-1.69
Dow Jones Industrial Avg.	2.58	-0.31	3.52	19.97	5.99	11.61	11.23	Bloomberg EM USD Agg	1.72	1.77	1.58	8.87	-2.19	0.88	2.52
NASDAQ 100 Stock	6.39	2.93	10.54	31.12	11.54	22.07	18.53	<b>Fixed Income-Tax Exempt</b>							
<b>Alternative Investments</b>								Bloomberg Municipal	-0.29	-1.53	-1.91	2.67	-1.29	0.93	2.25
Alerian MLP	0.12	3.35	12.55	35.09	22.69	11.53	2.06	Bloomberg Muni 3 YR	-0.06	-0.61	-0.71	2.44	-0.25	0.84	1.11
Bloomberg Commodity	1.76	7.95	6.79	10.95	6.85	8.14	-1.08	Bloomberg Muni 5 YR	-0.65	-1.58	-1.83	1.90	-0.94	0.73	1.46
FTSE Nareit Equity REITs	4.59	-0.74	-2.93	10.17	0.21	3.57	5.71	Bloomberg Muni 7 YR	-0.95	-2.19	-2.54	1.52	-1.20	0.77	1.87
S&P Global Nat Res	2.77	11.28	4.95	20.12	7.16	11.39	5.30	Bloomberg Muni HY	0.76	1.33	1.65	8.19	-0.27	2.61	4.22
S&P N.Amer Nat Res	1.99	11.90	12.55	29.04	18.24	14.57	3.18								

Source: Bloomberg

# Economic & Market Overview

- **Economy Cooling?** After-inflation adjusted (real) GDP increased 1.3% in the first quarter of 2024, a 0.3% downward revision from the initial estimate of 1.6% a month ago. By comparison real GDP grew at 3.4% in the fourth quarter of 2023. Consumer spending and investments in housing led the way offset by a decrease in business inventory investment.
- **Consumer Gains Also Slowing.** Personal income gains slowed from March's red hot 0.5% gain in April. Additionally, personal consumption expenditures (PCE) rose at a slower pace than in March leaving the Fed's preferred gauge of inflation, the core PCE, at a steady 2.8%. Personal savings also remained flat at 3.6%. Q2 appears to be off to a lackluster start for the slowing U.S. economy.
- **Jobs Plentiful, But Job Creation Engine Slowing.** Jobs remain plentiful with almost 9 million jobs still open for hire nationally. However, the pace of new job creation has been slowing of late. Non-farm payroll employment rose only 175,000 in April, and March and February's figures were revised lower. The unemployment rate ticked up to 3.9% and average hourly earnings growth ticked down to a 0.2% gain for the month vs. March's 0.3% gain.

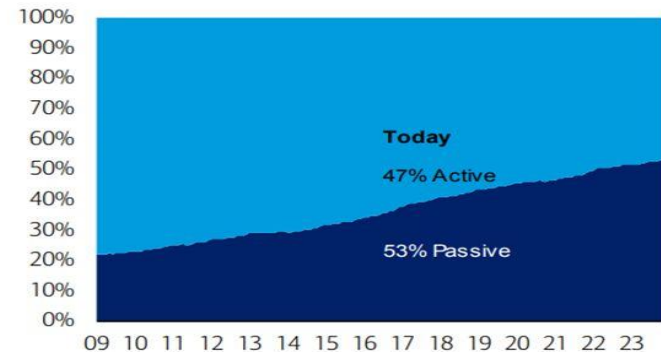


# Economic & Market Overview

- Market Valuations Continue to Stretch** The current forward P/E of the S&P 500 is almost 20.3 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 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 May, VIX was about 13.1.
- Q1 Earnings Come In Ahead of Forecasts.** Q1 corporate earnings for the S&P 500 were reported up 5.9% from the Q1 2023 earnings with 98% of the S&P 500 companies reporting. Earnings forecasts for the Q2 by Wall Street Analysts are for 9.2% earnings growth in Q2 of 2024 (Source: Factset).
- Changing of the Guard.** Passively managed funds account for a majority of fund industry assets under management (AUM). Additionally, actively managed funds that are quasi-indexers represent a large number of the US domiciled AUM meaning the amount of AUM managed passively or nearly passively is understated. That said, just because a style of investing is popular does not mean that it will be successful or that investors will achieve their goals.



**Exhibit 14: Passive now accounts for the majority of US domiciled AUM**  
US AUM allocation active vs. passive (2009 to 11/2023)

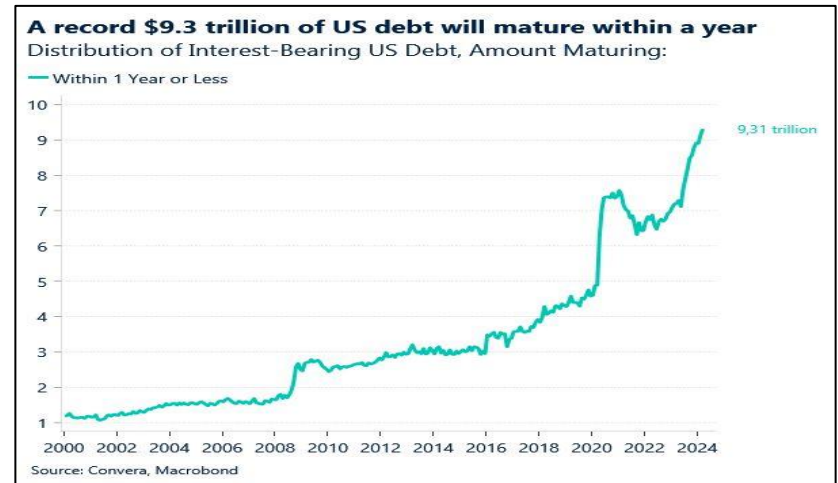
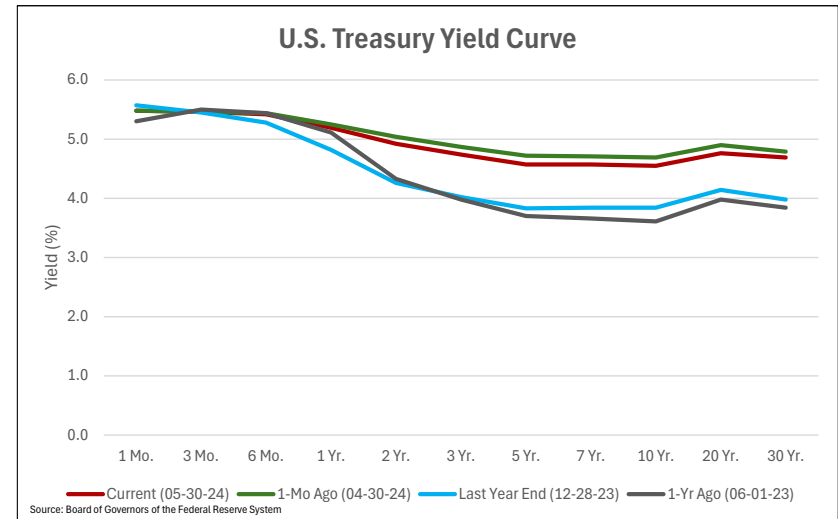


Source: Strategic Insights, SimFund, BofA US Equity & US Quant Strategy

BofA GLOBAL RESEARCH

# Economic & Market Overview

- **Bond Market Roller Coaster Continues.** The 10-year U.S. Treasury bond market has continued to be volatile as investors react to economic news which they believe may indicate when the Federal Reserve will loosen its interest policy. Rates rose and fell during the month but in the end declined about 0.15% for the month.
- **Lots of debt.** \$9.3 trillion of government bonds will be maturing and will need to be refinanced in the next twelve months. About a third of that total will be shorter-term maturities. With central banks around the world pulling back somewhat on their demand for U.S. debt, it will be up to domestic creditors like mutual funds, depository institutions, pension fund, and households to make up for the lack of demand.
- **First Cracks?** Spreads between the interest rates on below investment grade and investment grade bonds has been very tight as the economy shows no sign of plunging into recession. But recently there has been a marked spread widening between B and CCC below investment grade bonds. Perhaps this is an early sign of some trouble brewing ahead as the economy continues to gradually slow.



# Disclosures

**Past performance is not a guarantee of future results.** Except where otherwise indicated, the information contained in this presentation is based on matters as they exist as of the date of preparation of such material and not as of the date of distribution or any future date. This document does not constitute advice or a recommendation or offer to sell or a solicitation to deal in any security or financial product. It is provided for information purposes only and on the understanding that the recipient has sufficient knowledge and experience to be able to understand and make their own evaluation of the proposals and services described herein, any risks associated therewith and any related legal, tax, accounting or other material considerations. Recipients should not rely on this material in making any future investment decision. To the extent that the reader has any questions regarding the applicability of any specific issue discussed above to their specific portfolio or situation, clients are encouraged to consult with the appropriate professional advisor(s) of their choosing. Ultimate portfolio design recommendations will be based on analysis and considerations of factors specific to each client, including risk tolerances, liquidity parameters, return expectations, etc.

We do not represent that the information contained herein is accurate or complete, and it should not be relied upon as such. Opinions expressed herein are subject to change without notice. Certain information contained herein (including any forward-looking statements and economic and market information) has been obtained from published sources and/or prepared by third parties and in certain cases has not been updated through the date hereof. While such sources are believed to be reliable, Matrix Private Capital Group does not assume any responsibility for the accuracy or completeness of such information. Matrix Private Capital Group does not undertake any obligation to update the information contained herein as of any future date.

The information contained herein should be treated with strict confidentiality and may not be disclosed by the recipient or delivered to any person, except to the recipient's advisers or with Matrix Private Capital Group's consent (provided that such persons also agree to abide by the confidentiality restrictions contained herein) or if required by law. In the event of any prohibited disclosure of this information, Matrix Private Capital Group may pursue any and all legal remedies available to it.

The indices presented have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather are disclosed for informational purposes. It is not possible to invest directly in an index. Detailed information regarding the indices is available upon request.

Investments involve risk, including loss of principal.

Matrix Private Capital Group is an investment adviser registered with the U.S. Securities and Exchange Commission. Registration does not imply a certain level of skill or training. More information about Matrix Private Capital Group including its advisory services and fee schedule can be found in Form ADV Part 2 and/or Form CRS which is available upon request. **MPCG-24-13**