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THE WALL STREET TRANSCRIPT
Connecting Market Leaders with Investors

Negative Consumer Sentiment Is Actually a Bullish Indicator

DAVID A. KATZ, CFA, is Matrix Asset Advisors, Inc.'s President and Chief Investment Officer. He has overall responsibility for the firm's investment efforts. After initially working at Management Asset Corporation (Westport, CT), Mr. Katz co-founded Value Matrix Management with the late John M. Gates in 1986. He served as the firm's Senior Vice President and Chief Investment Officer and was Head of the Investment Policy Committee. In 1990, he merged Value Matrix Management organization into Matrix Asset Advisors. Mr. Katz chairs the Investment Policy Committee and is a Portfolio Manager/ Analyst. He appears frequently as a guest on CNBC and Bloomberg Radio. He graduated summa cum laude from Union College with a degree in economics. He also received an MBA from New York University Graduate School of Business.

SECTOR — GENERAL INVESTING

TWST: Could you tell me about Matrix?

Mr. Katz: I helped co-found Matrix in 1986. We've been around for quite some time. The firm currently has about $867 million of assets under management. We have eight partners and 12 employees in total, and our business is running money for high-net-worth individuals and institutions in the financial markets. As part of that, we manage two mutual funds.

TWST: Is there an investment philosophy overall at the firm?

Mr. Katz: Basically, Matrix is a value-driven investment shop. We have two flagship equity strategies. The first is our Large Cap Value strategy, which we've been using since the firm's inception. The second is a Dividend Income strategy, which is geared toward finding high-dividend stocks with reasonable valuations and favorable long-term prospects. It is aimed at getting a very good and growing income stream, healthy appreciation over time, and less than market risk.

TWST: Could you get into more detail on each of the flagship strategies?

Mr. Katz: Both strategies are driven by our eight quantitative models. Essentially, we screen a universe of about 1,500 companies by these models, which look at earnings, dividends, return on equity on an absolute basis, and then on a relative basis versus its own history, a company's p/e, dividend yield, price to book, price to sales. And what those screens do is identify a list of about 100 statistically attractive businesses.

On the Large Cap Value side, the primary focus is on finding good businesses in good industries at a significant discount to their intrinsic value. On the Dividend Income side, the primary objective is to find very strong companies with very good dividend streams, a management commitment to that dividend, and find them at a discount to their intrinsic value. So, slight differences.

There generally is about a 30% to 50% overlap in terms of names, because in a perfect world, we'd love to get a significant discount to intrinsic value and a healthy and growing dividend stream. The differences would be that in the value portfolio, we'll own companies that are very good businesses at very attractive prices, but don't pay a dividend. And on the dividend side, we're willing to buy companies at a smaller discount to their intrinsic value, as long as they don't have meaningful real or perceived problems and have that very stable and growing income stream.

TWST: Overall, do you have a positive outlook as far as what's going on with the market?

Mr. Katz: We do. The deeper and swifter this bear market has been, the more upbeat we've gotten about the future. As we look toward the second half of the year, we're expecting much better things from the market. We think the market has gotten far too negative on the outlook, and stock prices have gotten to excessive levels on the downside. So, if you turn down all of the negativity, we see a lot of things that generally give us an indication that stocks are poised to do a lot better.

First and foremost, inflation has been one of the biggest problems this year. It's causing the Federal Reserve to be very hawkish and raise rates. We are definitely starting to see signs that inflation is peaking. You've seen commodity prices like copper and lumber sell off very significantly. We think that a number of companies have slowed their hiring. That's going to slow down labor pricing.

It's early on, but we're definitely seeing a slowdown in the housing market. We think that the combination of stocks selling off,

cryptocurrency selling off and interest rates being significantly higher has and will continue to slow the housing market. We also are starting to see some deflationary activities out of the retailers. You've seen **Walmart** (NYSE:WMT) and **Target** (NYSE:TGT) talk about being overstocked, so they're going to be discounting. So a lot of the biggest problems that are confronting the economy, we think are starting to die down in terms of inflation. That is a very bullish indicator. Historically, if you look when inflation breaks, stocks generally go a lot higher.

Second, you've seen consumer sentiment at multi-year lows. We've looked at consumer sentiment over the last few decades. And generally, when you have lows in consumer sentiment, very negative consumer sentiment, that's a bullish indicator in terms of stock activity over the next six to 12 months. Investor sentiment, we think, is universally negative. And that's a good contrary indicator.

And then we look at valuations, the market right now is at about 16 times this year's earnings and about 15 times next year's earnings. We think with low interest rates — and even though rates have risen, they're still relatively low — that's a reasonable valuation.

So taken all together, we're expecting stocks to be a batch higher at the end of this year. And we think that the recovery is going to probably be a lot quicker than most anticipate. If you look at bear markets of the past, stocks usually rebound in a pretty rapid fashion.

TWST: And I would think too that given some of the conditions now in the market and the economy, something like a dividend fund would be particularly of interest to investors who are looking to get stable income as part of their portfolio?

Mr. Katz: We definitely agree with that. We think our dividend portfolio provides a lot of attractive qualities to investors. First and foremost, you're getting a 3.2% dividend stream right now. That dividend has been growing at about 6% to 8.5% over the last few years. And we have a strong record in terms of the dividends in the portfolio of the companies maintaining and raising dividends.

From a valuation perspective, that portfolio sells at about 13.6 times 2023 estimated earnings, with a median p/e of about 11.7 times 2023 estimated earnings. We think you're getting a lot of great businesses at great prices.

The portfolio has held up relatively well during the bear market, which is one of our primary objectives. So we're pleased with that. But very importantly, we think that the portfolio is positioned to continue to hold up if the bear market continues. However, we think that it's going to be a full participant in the eventual recovery and think that it can be a driver of positive gains. So we believe it's sort of the best of both worlds right now.

TWST: And did you want to highlight some stocks that you find interesting now?

Mr. Katz: Sure, we love talking stocks. So, as I said, we think that the bear market has created some tremendous opportunities. On the value side, we are finding a number of fallen angels, some really good growth and technology companies that have been taken out and shot.

Most recently, we've been buying **Booking Holdings** (NASDAQ:BKNG), which is the online travel company. It sells at about 14 to 15 times next year's earnings. They are a direct beneficiary of the reopening play. Even though the economy is slowing down, people want to travel. So, a really good business, gaining market share, at a great price.

Similarly, we started buying **PayPal** (NASDAQ:PYPL). **PayPal** is down from $300, where it was selling, north of 50 or 60 times earnings. We started buying it after the bulk of the decline, around 15 times next year's earnings.

Then you have some of the FAANG stocks that we really like here. We've owned a lot of them for a long time. They've done very well. We think the selloff has created an additional very good entry point. Companies like **Google** (NASDAQ:GOOG), **Meta** (NASDAQ:FB) and **Microsoft** (NASDAQ:MSFT) are really attractive. Rounding out that list, we like on the value side: **Fiserv** (NASDAQ:FISV), **Goldman Sachs** (NYSE:GS) and **FedEx** (NYSE:FDX), all really good businesses, industry leaders at 12 times earnings. So that's the type of thing that we're seeing in the market. And generally, when we've seen those types of opportunities, it's been a precursor to very good returns.

Moving on to the dividend side, a little bit less exciting, but also very good long-term businesses. **Air Products & Chemicals** (NYSE:APD) has just been beaten up this year from the $300 level. Now down to the $230 level. It pays a very good dividend. It's a green play and a very attractive industry leader; we really like management.

Highlights

David A. Katz discusses the Matrix Advisors Value Strategy and the Matrix Advisors Dividend Strategy, which is driven by eight quantitative models. On the Large Cap Value side, the primary focus is on finding good businesses in good industries at a significant discount to their intrinsic value. On the Dividend Income side, the objective is to find strong companies priced at a discount that have very good dividend streams and a commitment by management to that dividend. Mr. Katz holds a positive outlook on the equities market for the second half of the year. He believes inflation will abate and says that current valuations at about 16 times this year's earnings and about 15 times next year's earnings are reasonable. He also believes the very negative consumer sentiment is a contrary indicator of a turnaround in the market in the next 6 to 12 months.

Companies discussed: Walmart (NYSE:WMT); Target Corporation (NYSE:TGT); Booking Holdings (NASDAQ:BKNG); PayPal Holdings (NASDAQ:PYPL); Alphabet (NASDAQ:GOOG); Meta Platforms (NASDAQ:FB); Microsoft Corporation (NASDAQ:MSFT); Fiserv (NASDAQ:FISV); Goldman Sachs Group (NYSE:GS); FedEx Corporation (NYSE:FDX); Air Products & Chemicals (NYSE:APD); Starbucks Corporation (NASDAQ:SBUX); Medtronic PLC (NYSE:MDT); Texas Instruments Incorporated (NASDAQ:TXN); M&T Bank Corporation (NYSE:MTB); Bank of New York Mellon Corp. (NYSE:BK); Morgan Stanley (NYSE:MS); U.S. Bancorp (NYSE:USB); Comcast Corporation (NASDAQ:CMCSA); Paramount Global (NASDAQ:PARA); Qualcomm (NASDAQ:QCOM) and CVS Health Corp. (NYSE:CVS).

We also have been buying **Starbucks** (NASDAQ:SBUX), **Medtronic** (NYSE:MDT), **Texas Instruments** (NASDAQ:TXN) and **M&T Bank** (NYSE:MTB). So pretty diversified. I'd say the common thread is they are all businesses with good long-term outlooks, paying that very healthy income stream. The CEO of **Starbucks**, Howard Schultz, came back to the company, and in the last few months, bought about $15 million worth of stock. So it looks like he agrees with that assessment.

And then when we look at companies that meet both our deep value and stable and growing dividend criteria, there are a lot of banks and communication services companies and some technology. So, companies like **Bank of New York Mellon** (NYSE:BK), **Morgan Stanley** (NYSE:MS), **U.S. Bancorp** (NYSE:USB) in the financial sector, and we're pretty upbeat about financials as we look toward the upcoming year. Then companies like **Comcast** (NASDAQ:CMCSA) and **Paramount** (NASDAQ:PARA).

Rounding that list out, **Qualcomm** (NASDAQ:QCOM) is in the technology field. We think they're very well positioned as a 5G play, whether it's in cell phones or their new initiatives in industrial products and automobiles, and you're getting at a real attractive price.

And then **CVS** (NYSE:CVS) has done exceptionally well as a business, yet the stock returns have been absolutely dismal. So you've got a good growing business, very stable growth even in an economic slowdown and you're buying it under 10 times earnings.

TWST: As you talk with your clients and customers, both on the retail side and also institutional side, what's on their minds right now, given what's going on with the economy and the market?

Mr. Katz: Right now, in terms of the overall investor sentiment, we think you're seeing a lot of fear. If you watch the CNBCs of the world, it's almost universally bearish. There definitely are issues with the economy, but we think we're going to muddle through. And even if we were to have a recession or are definitionally in one now, it would be pretty mild. But that's a big concern for consumers. Everybody's hearing the drumbeat of inflation and high oil prices. Those are the major concerns.

"The deeper and swifter this bear market has been, the more upbeat we've gotten about the future. As we look toward the second half of the year, we're expecting much better things from the market. We think the market has gotten far too negative on the outlook, and stock prices have gotten to excessive levels on the downside."

And again, you've just had a 20% market pullback in the first half of the year. And the headline is: worst start to the year in 52 years. Investors are rightfully concerned. We think the best advice that we can give investors is, if you have a sound long-term plan, you don't want to change your investment strategy in reaction to the market selloff. You don't want to be selling stocks at this point in the cycle if possible. We think, if anything, you'd want to be a buyer of stocks rather than a seller. You want to stick to your plan.

Generally, if you're using the stock market to develop your long-term wealth, you're going to confront many bear markets over your lifetime. And the best advice is you have to stay with stocks during the good and the bad times. And generally, the market recoveries are very swift. They occur when they're least expected. Your biggest returns occur in the very early stages of a bull market recovery. And also, you get some significant bounces during a bear market. So don't time the market, instead focus on good businesses and good industries.

And one thing that we're also doing for clients, which we think individuals want to consider, is harvesting tax losses at this point in the cycle, because we don't think they're going to be as deep by the end of the year. So you can lower your tax bill, sell a stock or double up on a stock and then sell it after 31 days. So tax strategies make enormous sense at this point in the year.

1-Year Daily Chart of Booking Holdings Inc.

Chart provided by www.BigCharts.com

TWST: And anything specific on the minds of the institutional investors, be it pension funds, endowments, foundations?

Mr. Katz: Well, we think, even though they're professionals, they're driven by the same fears and concerns. This is one of the first years where both stocks and bonds did poorly. So most institutions and pensions are having a very tough year. The best advice we can give is to stay the course. We do think that stocks are in a very good place in terms of where they go from here.

We're a little bit more cautious on bonds, and we think fixed income is a more nuanced category. We think that short-term bonds, six months to three-, four-year bonds are now offering you a 2.5% to 3.5% income stream, very low risk. And we're very comfortable that six and 12 months out, you're going to get a positive return there.

However, we continue to be pretty cautious on longer-term bonds, simply because we do think that rates will continue to drift a little bit higher. So, the best thing for institutions to do is stick to your overall asset allocation. If you've got leeway, we're more upbeat about stocks versus bonds from here — and on the bond side, focus on the shorter term.

TWST: And I understand that the partners in Matrix are also clients of the firm with a lot of their assets invested in the same things that they put their clients' money in. Why is that important for investors?

Mr. Katz: We're great believers in what we do, and we put our money where our mouth is. So Matrix has eight partners. The partners have been at the firm for anywhere from 10 to 35 years. So we've got great continuity of management. And we're all great believers in our value and dividend strategies. So, in looking at the partners' investments, we've got, for myself and for the other partners, either all or a great deal or substantial amount of their assets invested alongside our clients. We also run a lot of money for friends and family. We're great believers in what we do.

We think it's a very prudent approach to grow your wealth over time. We think it's a prudent approach to navigate the turbulence in down markets. And I think as people look at their investment advisers or making decisions on where to put money, we do think it's a really good signal when a manager has all or most of their money invested alongside of their clients.

TWST: And that's a different approach than you'd find at one of these mega firms that might have offices all over the world.

Mr. Katz: That's a great point. Matrix doesn't do everything. What we try to do is be expert in what we can focus on. And a lot of firms will try to do a lot of different things. Our focus is to be expert on valuation. We do offer, for those that want a more diversified portfolio approach, the ability to have a set or a portfolio of ETFs and some active managers with other styles. But again, our sense is, you can't be all things to all people. So we have our core competencies, which is on value investing. And then where our folks are looking for some additional exposures, we try to find solid offerings in other areas.

1-Year Daily Chart of Fiserv Inc.

Chart provided by www.BigCharts.com

And to your question, I'd say the goal for us is not to be the biggest. The goal for us is to not make the most money, but rather to provide a very good service to our clients, take care of their money over time. And if you look at the company's history, we have wonderful continuity of our clients. Some of our clients go back 30-plus years, multi-generational, and that's basically how we're very comfortable building our business.

TWST: And with that multi-generational approach, I'm sure you have many clients who are coming into retirement years or already in retirement years. Anything special for them, as far as advice now with the current economy and market situation?

Mr. Katz: The key there is not to chase yield by making a more aggressive investment. We've been saying this for the last few years in terms of the fixed-income side: You want to stay short, you want to accept a very low-income stream rather than buying junk bonds, high-yield bonds, long-term bonds, because they're very vulnerable to a pullback. And that's what you're seeing in the first six months of this year.

"We also have been buying Starbucks (NASDAQ:SBUX), Medtronic (NYSE:MDT), Texas Instruments (NASDAQ:TXN) and M&T Bank (NYSE:MTB). So pretty diversified. I'd say the common thread is they are all businesses with good long-term outlooks, paying that very healthy income stream."

The bond market has gotten creamed. So what we've done with our high-net-worth clients that are approaching retirement is continued with a stock-bond mix. But what we've done with that stock-bond mix is we've migrated a good deal of their portfolio to more income-focused stocks, so the dividend strategy, away from the value strategy in terms of their asset mix. And that's really allowed them to own stocks, allow for long-term appreciation, but meet their income requirements, and also has kept them out of areas of the bond market that we think also had significant risks in them.

And from where we are today, we think the key is take a longer-term perspective, have your long-term asset allocation, stay with it through the ups and the downs. And again, on the fixed-income side, you're finally able to start to take money out of the bank and get 2.5%, 3.5% on short-term, very low risk bonds. So we do that. We think it's a great opportunity to be building positions on the dividend income side.

And for long-term growth, we think that the Large Cap Value portfolio is very well positioned. We track the embedded appreciation on both portfolios, which is the price of each stock versus what we think they're worth. And we've tracked that for multi-decades. And generally, when we're at the high-end of that range, and right now we're about two standard deviations above the average, that's been a very bullish indicator. So we're feeling pretty upbeat about both strategies as well as the market. And the best advice for people that are retiring is: Don't change your strategy here. If anything, rely more on dividend-focused stocks, still stick to short-term bonds on the bond side.

TWST: And what about for the younger investors, either those who might be heirs as their parents or grandparents pass away, or they might just want to start investing on their own? Any advice for them as to what they should do now?

Mr. Katz: We think stocks are very good investments for the long term. And we think when you're buying in a bear market, that

creates an even better entry point. So, for folks that are in their 20s and 30s, this is a great time to be buying stocks. We think you can do it through a combination of either value and growth and the S&P 500. We think you can get some low-cost ETFs that accomplish that. The key is to be in the game, so put money to work now.

Another great lesson of the last year is to not get FOMO. People were talking about all the money they were making in cryptocurrency and NFTs. And this goes back to 20- and 30-somethings and college students. And generally, what happens in all bubbles is, people get more and more confident as the prices rise and then put more money in. So, the early gains are overwhelmed by the later losses with the greater funds. And that really is going on now.

You've just seen lots of 20-year-olds that had much more money than they should in highly speculative investment areas, whether it was the meme stocks or cryptocurrency and their portfolios have been taken out and shot. It's unfortunate, but a great long-term lesson, which is not to get caught up in the speculations of the day. Set a long-term strategy; stocks are a prudent long-term strategy, but stick to the more prudent area, whether it's a combination of the S&P value and growth, but don't get caught up in the craziness of the day like the meme stocks or cryptocurrency or things like that.

TWST: Anything we haven't talked about you want to bring up?

Mr. Katz: The biggest thing that we can leave investors with is, don't get caught up in the overly negative environment right now. The key is to invest where you think things are going forward, not where they've been over the last six months. And on that basis, we think now is a time to position your portfolios to play offense rather than defense and turn down the volume of the daily negative news flow. Look out about six to 12 months. And we think if you do that, you're going to be very well rewarded.

TWST: Thank you. (ES)

DAVID A. KATZ, CFA
Chief Investment Officer
Matrix Asset Advisors
212)486-2004
(800) 366-6223 — Toll Free
www.matrixassetadvisors.com
email: matrix@matrixassetadvisors.com

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The S&P500 Index is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. You cannot invest directly in an index.

The Russell 1000® Value Index measures the performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Dividend yield refers to a stock's annual dividend payments to shareholders, expressed as a percentage of the stock's current price.

Price to Earnings Multiple (P/E) the price earnings multiple compares the earnings per share reported by a company to the market price of its common stock. This multiple is used by investors to judge how expensive a share of the company's stock is. During a declining market, the overall price earnings multiples tend to decline for the shares of all companies, with the reverse occurring when the economy is expanding.

Consumer Sentiment is an economic indicator that measures how optimistic consumers feel about their finances and the state of the economy. In the U.S., consumer spending makes up a majority of economic output as measured by GDP.

Return on Equity Return (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets. ROE is considered a gauge of a corporation's profitability and how efficient it is in generating profits. The higher the ROE, the more efficient a company's management is at generating income and growth from its equity financing.

Price to Sales ratio (Price/Sales or P/S) is calculated by taking a company's market capitalization (the number of outstanding shares multiplied by the share price) and divide it by the company's total sales or revenue over the past 12 months. 1 The lower the P/S ratio, the more attractive the investment.

Intrinsic Value measures the value of an investment based on its cash flows. Where market value tells you the price other people are willing to pay for an asset, intrinsic value shows you the asset's value based on an analysis of its actual financial performance.

Earnings are the profit that a company produces in a specific period, usually defined as a quarter or a year. After the end of each quarter, analysts wait for the earnings of the companies they follow to be released. Earnings are studied because they represent a direct link to company performance.

Stock Market Valuation is the method of calculating theoretical values of companies and their stocks.

Recession a period of temporary economic decline during which trade and industrial activity are reduced, generally identified by a fall in GDP in two successive quarters.

Inflation a general increase in prices and fall in the purchasing value of money.

Income Stream The money a company generates on a regular basis.

Fixed Income Stream/Yield the yield that the government pays investors that purchase the specific security. Purchase of the 2/5- or 10-year note is essentially a loan made to the U.S. government.

ETF exchange-traded fund (ETF) is a basket of securities that tracks an underlying index. ETFs can contain investments such as stocks and bonds.

MATRIX ASSET ADVISORS, INC.
LARGE CAP VALUE EQUITY COMPOSITE - ANNUAL DISCLOSURE

		Composite Assets		Annual Performance Results							
									3 Year Annualized Standard Deviation		
Year End	Total Firm Assets (millions)	USD (millions)	Number of Accounts	Composite Gross	Composite Net	S&P 500	Russell 1000 Value	Composite Dispersion	Composite	S&P 500	Russell 1000 Value
2021	994	273	172	33.40%	32.16%	28.68%	25.12%	N/A	20.47%	17.17%	19.06%
2020	791	203	145	14.66%	13.53%	18.39%	2.78%	1.9%	22.08%	18.53%	19.62%
2019	814	202	156	29.55%	28.34%	31.48%	26.52%	0.5%	14.35%	11.93%	11.85%
2018	717	188	173	-10.52%	-11.44%	-4.39%	-8.28%	0.4%	13.30%	10.80%	10.82%
2017	792	235	174	14.99%	13.89%	21.82%	13.64%	0.4%	12.71%	9.92%	10.20%
2016	763	259	182	15.14%	14.04%	11.95%	17.33%	0.5%	13.15%	10.59%	10.77%
2015	679	267	202	-7.59%	-8.53%	1.37%	-3.84%	0.4%	12.75%	10.47%	10.68%
2014	1,044	554	211	13.30%	12.21%	13.68%	13.46%	0.3%	11.73%	8.98%	9.20%
2013	978	537	208	41.19%	39.90%	32.39%	32.54%	0.5%	16.53%	11.94%	12.70%
2012	785	427	218	10.00%	8.93%	16.00%	17.51%	0.2%	19.81%	15.09%	15.51%
2011	874	500	271	-11.61%	-12.52%	2.11%	0.39%	0.6%	23.93%	18.71%	20.69%
2010	1,043	591	308	13.12%	12.02%	15.06%	15.51%	0.5%	N.A.	N.A.	N.A
2009	1,226	837	306	38.88%	37.60%	26.47%	19.69%	1.4%	N.A.	N.A.	N.A.
2008	1,014	668	343	-38.91%	-39.60%	-37.00%	-36.85%	0.7%	N.A.	N.A.	N.A.
2007	1,606	1,161	407	3.17%	2.14%	5.49%	-0.17%	0.5%	N.A.	N.A.	N.A.
2006	1,658	1,166	392	17.38%	16.25%	15.79%	22.25%	0.4%	N.A.	N.A.	N.A.
2005	1,799	881	430	1.42%	0.41%	4.91%	7.05%	0.9%	N.A.	N.A.	N.A.
2004	1,550	1,006	460	4.62%	3.59%	10.88%	16.49%	0.7%	N.A.	N.A.	N.A.
2003	1,077	582	366	44.65%	43.33%	28.68%	30.03%	1.1%	N.A.	N.A.	N.A.
2002	709	287	298	-20.66%	-21.50%	-22.10%	-15.52%	1.2%	N.A.	N.A.	N.A.
2001	761	266	221	11.72%	10.63%	-11.89%	-5.59%	2.9%	N.A.	N.A.	N.A.
2000	671	186	174	7.82%	6.77%	-9.10%	7.01%	3.0%	N.A.	N.A.	N.A.
1999	456	179	179	31.35%	30.12%	21.04%	7.35%	3.7%	N.A.	N.A.	N.A.

The Large Cap Value Equity Composite *contains fully discretionary accounts invested in equity securities of financially strong, U.S. Large Capitalization Companies using a value-oriented strategy. For comparison purposes the Large Cap Value Equity Composite is measured against the S&P 500 Index and Russell 1000 Value Index. The S&P 500 Index measures the performance of 500 publicly traded companies, which are among the largest in the United States. The Russell 1000 Value Index measures the performance of the 1,000 largest companies in the Russell 3000 Index with lower price-to-book ratios and lower forecasted growth values. Composite performance comparisons to the Russell 1000 Index which measures the performance of the 1,000 largest companies in the Russell 3000 Index may be presented for this composite. The minimum account size for this composite is $250 thousand.*

Matrix Asset Advisors, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Matrix Asset Advisors, Inc. has been independently verified for the period January 1, 1999 through December 31, 2020. Verification assesses whether [1] the firm has complied with all the composite construction requirements of the GIPS Standards on a firm-wide basis and [2] the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS Standards. The Large Cap Value Equity Composite has been examined for the periods January 1, 1999 through December 31, 2020. The verification and performance examination reports are available upon request. Matrix Asset Advisors, Inc. is a registered investment adviser that manages equity and fixed income assets for client accounts. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Beginning July 1, 2002, composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of 15% or greater of portfolio assets. Additional information regarding the treatment of significant cash flows is available upon request. Past performance is not indicative of future results. The 3-year annualized standard deviation is calculated using monthly data. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the highest management fee of 1%, applied quarterly. The annual composite dispersion presented is an asset-weighted standard deviation calculated for accounts in the composite the entire year. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The management fee schedule is as follows: 1.00% on accounts below $1,000,000 of assets under management, .90% on the first $1,000,000 to $5,000,000 of assets under management, .80% on the next $5,000,000 of assets under management, .75% on the next $15,000,000 of assets under management, .65% on the next $25,000,000 of assets under management, .55% on the next $50,000,000 of assets under management and .45% on assets under management in excess of $100,000,000. Actual investment advisory fees incurred by clients may vary.

The Large Cap Value Equity Composite was created January 1, 1999.

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MATRIX ASSET ADVISORS, INC.
DIVIDEND INCOME (MDI) COMPOSITE ANNUAL DISCLOSURE

		Composite Assets		Annual Performance Results							
									3 Year Annualized Standard Deviation		
				Composite							
Date	Total Firm Assets (mm)	USD (mm)	# of Accts.	Gross	Net	S&P 500	Russell 1000 Value	Composite Dispersion	Composite	S&P 500	Russell 1000 Value
2021	994	202	277	25.23%	24.47%	28.68%	25.12%	N/A	15.88%	17.17%	19.06%
2020	791	166	252	1.18%	0.52%	18.39%	2.78%	0.5%	17.35%	18.53%	19.62%
2019	814	225	255	28.30%	27.52%	31.48%	26.52%	0.5%	12.04%	11.93%	11.85%
2018	717	172	252	-3.93%	-4.56%	-4.39%	-8.28%	0.3%	11.10%	10.80%	10.82%
2017	792	184	244	14.35%	13.63%	21.82%	13.64%	0.2%	9.78%	9.92%	10.20%
2016	763	109	171	17.68%	16.94%	11.95%	17.33%	0.3%	10.03%	10.59%	10.77%
2015	679	87	144	0.61%	-0.04%	1.37%	-3.84%	0.2%	10.33%	10.47%	10.68%
2014	1,044	69	116	11.85%	11.14%	13.68%	13.46%	0.2%	8.15%	8.98%	9.20%
2013	978	31	82	27.42%	26.64%	32.39%	32.54%	0.2%	8.66%	11.94%	12.70%
2012	785	18	60	10.75%	10.05%	16.00%	17.51%	0.3%	N.A.	N.A.	N.A.
2011	874	11	34	13.79%	13.07%	2.11%	0.39%	0.5%	N.A.	N.A.	N.A.

N.A. 3 year annualized ex post standard deviation is not shown since there were not 3 years worth of data.

The Dividend Income Composite contains fully discretionary dividend income equity accounts that invest in high-quality U.S. large cap value companies that pay high dividends consistently and have raised their dividends historically. For comparison purposes the composite is measured against the S&P 500 Index, an index that measures the performance of 500 publicly traded companies, which are among the largest in the United States. As of January 2018, it is also measured against the Russell 1000 Value Index, an index which measures the performance of the companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 Value Index was added as a benchmark as it reflects the investment style of the strategy. The minimum account size for this composite is $100 thousand. Matrix Asset Advisors, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS

standards. Matrix Asset Advisors, Inc. has been independently verified for the periods 1/1/92 through 12/31/20. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Dividend Income Composite has been examined for the periods January 1, 2011 through December 31, 2020. The verification and performance examination reports are available upon request. Matrix Asset Advisors, Inc. is a registered investment adviser that manages equity and fixed income assets for client accounts. The firm's list of composite descriptions is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Since inception, the composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of 15% or greater of portfolio assets. Past performance is not indicative of future results. The 3 year annualized standard deviation is calculated using monthly data. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the highest management fee of 0.65%, as per our fee schedule and applied quarterly. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The management fee schedule is as follows: 0.65% on the first $5,000,000 of assets under management, 0.55% on the next $5,000,000 of assets under management, 0.50% on the next $15,000,000 of assets under management, 0.45% on the next $25,000,000 of assets under management, 0.35% on the next $50,000,000 of assets under management and 0.30% on assets under management in excess of $100,000,000. Actual investment advisory fees incurred by clients may vary. As of 6/09/16, the S&P High Yield Dividend Aristocrats Index is no longer presented since it is no longer considered representative of the strategy. The benchmark change was applied retroactively. January 1, 2011 is the composite's creation date.

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