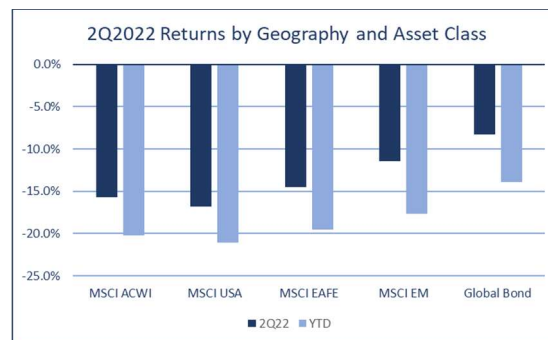


## A Look Back...2<sup>nd</sup> Quarter 2022

We call our quarterly review “A Look Back” to remind our readers that is all it is – backward looking. While it is important to keep tabs on what your portfolio is doing, it is equally important to ignore short-term results. Keep focused on the long-term goals of your portfolio and whether it is achieving them.

### **The Markets**

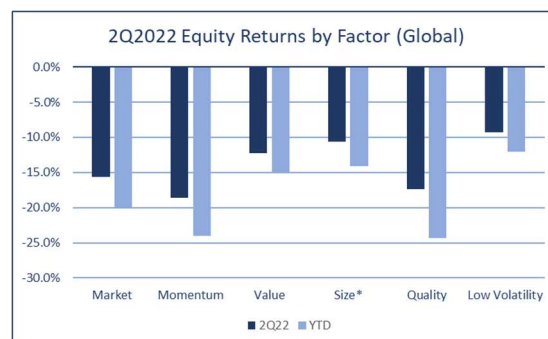
While May was a relatively tame month, April and June made the second quarter of 2022 even more difficult than the first. All of the focus was on inflation and the Federal Reserve. Monthly inflation readings, by all measures, continued to come in at multi-decade highs in the US. As a result, the Federal Reserve Bank raised its key interest rate twice during the quarter – once by 0.5% and again by 0.75% as it tried to get price increases under control. The knock-on effect of all of this is fears that the central bank will push the world’s largest economy into a recession and that weighed on all asset prices. Global fixed income, as measured by the Bloomberg Barclays Global Aggregate Index, held up better than stocks, but was again negative due to a continued rise in interest rates.



Source: Morningstar

### **The Factors**

On the equity front, it was a mixed bag for factors, as always. Although Momentum and Quality underperformed due to exposure to Financials and Technology-related stocks respectively, Value, Size, and Low Volatility all outperformed as more traditional industrial stocks held up better. Technology is generally disproportionately affected (negatively) by higher interest rates.



Source: Morningstar

### The Metric All-Equity Portfolio

For the first quarter, the Metric All-Equity portfolio again outperformed the benchmark MSCI All Country World Index on a gross and net-of-fee basis. While the overweight to the US had little impact, our overweight to Emerging Markets was beneficial to relative returns. Furthermore, as noted above, our allocation to the Value, Size, and Low Volatility factors also helped portfolios do better than a simple market index.

Metric 100-0	2Q22	YTD	1-Year	3-Year	Since Inception	Metric 100-0	2Q22	YTD	1-Year	3-Year	Since Inception
Gross Return						Net Return					
Price Return	-14.43%	-18.89%	-14.80%	4.95%	11.28%	Price Return	-14.60%	-19.51%	-15.45%	4.17%	10.45%
NAV Return	-14.48%	-18.96%	-14.84%	5.00%	11.29%	NAV Return	-14.65%	-19.58%	-15.48%	4.22%	10.47%
MSCI ACWI	-15.65%	-20.17%	-15.74%	6.23%	N/A	MSCI ACWI	-15.65%	-20.17%	-15.74%	6.23%	N/A

Source: Morningstar and Metric Financial; As of 6/30/22

### The Long-Term Record

While factors can be cyclical in that they will go through periods of doing better and worse than a simple market index like the MSCI ACWI, the long-term track record is clear as shown below. Although some of the record includes back-tested returns (i.e. before the indexes were actually created), the methodologies (how they screen for stocks) remain consistent. We include for full disclosure the inception dates of all indexes.



Source: Morningstar; As of 6/30/22

Global Stocks = MSCI ACWI NR USD Index (Inception: 1/1/01)

Global Momentum= MSCI ACWI Momentum NR USD Index (Inception: 11/30/95)

Global Value = MSCI ACWI Enhanced Value NR USD Index (Inception: 5/29/15)

Global Quality = MSCI ACWI Quality NR USD Index (Inception: 5/29/92)

Global Low Vol = MSCI ACWI Minimum Volatility (USD) NR USD Index (Inception: 5/28/93)

Global Size = MSCI ACWI Risk Weighted NR USD Index (Inception: 4/6/11)



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## Disclosures

Model performance may not be indicative of actual client results and is not impacted by cash flows as client accounts are. Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal the corresponding indicated performance level(s). Moreover, you should not assume that any of the above content serves as the receipt of, or as a substitute for, personalized investment advice from Metric Financial. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and, unless otherwise noted, do not reflect the deduction of transaction, custodial, or investment management fees, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings do or will correspond directly to any comparative indices. Investing involves risk, including loss of principal.

Price return is the return of an ETF (Exchange Traded Fund) calculated using the midpoint of bid/ask spreads at 4:00 pm EST. NAV (Net Asset Value of fund holdings) return is the return of an ETF calculated using daily closing NAVs. Price and NAV can vary by a lot or a little depending on many factors including the liquidity of the ETF and the liquidity of the underlying securities. NAV returns account for dividend reinvestment, while price returns do not.

Since Inception refers to the earliest date for which performance is available for all funds in the portfolio, January 1, 2016.

Metric Portfolios are live effective 9/1/2018. Prior to 9/1/2018, results are backtested. Models were created and then weighted performance of each fund was calculated back to the earliest date that all funds were available (1/1/16). This model is based on non-taxable accounts \$50,000 and larger. Taxable accounts and those below that threshold will be managed differently and achieve different results.

Net returns are calculated by subtracting 1/12 of 0.75% from monthly returns to reflect Metric's maximum advisory fee. For our full fee schedule, please visit <https://metricfin.com/our-fees>.

Effective September, 2019, the Size factor in portfolios was changed from the MSCI ACWI Small Value index to the MSCI ACWI Risk Weighted Index.

## The Factors

**Momentum:** Data suggests that stocks that have outperformed recently may continue to do so in the near-term.

**Value:** Data suggests that relatively cheap stocks may outperform more expensive ones over time.

**Size:** Data suggests that smaller company stocks may outperform those of larger ones over time.

**Quality:** Data suggests that stocks of high quality companies may outperform those of lesser quality over time.

**Low Volatility:** Data suggests that low volatility stocks may outperform on a risk-adjusted basis over time.