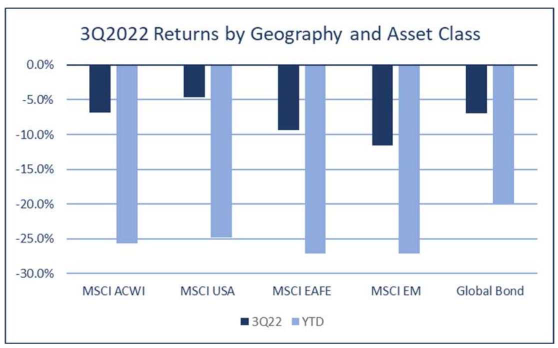
A Look Back…3rd Quarter 2022

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

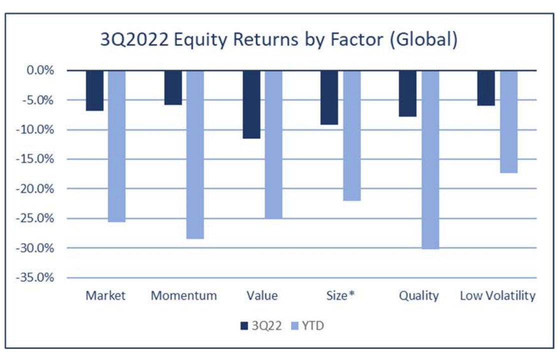
Despite a sharp rebound in the month of July (after global markets hit lows for the year in June), investors resumed their selling in August and that only accelerated in September. For the quarter, the MSCI All Country World Index (ACWI) finished down by 6.8%. The US held up the best and Emerging Markets fared worst. This is to be expected as Emerging Markets tend to be overly sensitive to rate hikes by central banks. And rate hikes were, of course, the story of the quarter as they have been all year. Although inflation showed signs of cooling during the quarter, it remains well above the Federal Reserve's comfort level and, frankly, target rate. Global fixed income, as measured by the Bloomberg Barclays Global Aggregate Index, 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 Value and Size underperformed primarily due to exposure Technology-related stocks, Momentum and Low Volatility outperformed (Quality was about in-line with the market) thanks to exposure to areas like Energy and Health Care. Technology is generally disproportonately affected (negatively) by higher interest rates.



Source: Morningstar

The Metric All-Equity Portfolio

For the third quarter, the Metric All-Equity portfolio again outperformed the benchmark MSCI All Country World Index gross of fees. Net of fees, we were in-line with the market. While the overweight to Emerging Markets was a headwind, our overweight to the US was beneficial to relative returns. Furthermore, as noted above, our allocation to the Momentum and Low Volatility factors also helped portfolios do better than a simple market index.

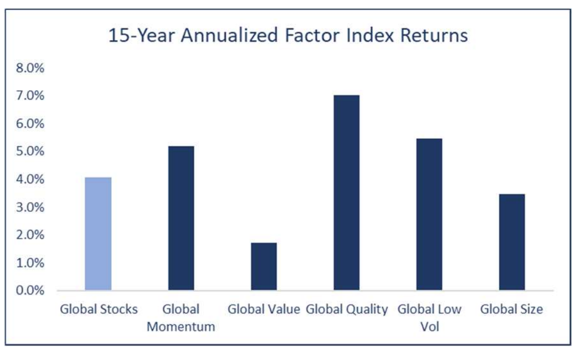
Metric 100-0 Gross Return	3Q22	YTD	1-Year	3-Year	Since Inception
Price Return	-6.81%	-24.41%	-19.67%	2.59%	11.28%
NAV Return	-6.71%	-24.40%	-19.66%	2.65%	11.29%
MSCI ACWI	-6.95%	-25.72%	-20.76%	3.72%	N/A

Metric 100-0 Net Return	3Q22	YTD	1-Year	3-Year	Since Inception
Price Return	-6.99%	-24.99%	-20.28%	1.82%	10.45%
NAV Return	-6.89%	-24.98%	-20.27%	1.89%	10.47%
MSCI ACWI	-6.95%	-25.72%	-20.76%	3.72%	N/A

Source: Morningstar and Metric Financial; As of 9/30/22

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 9/30/22
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)

Disclosures

Model performance may not be indicative of actual client results and is not impacted by cash flows as client accounts are and model portfolio indexes may not be those that underlie the ETFs we use. 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 threshhold 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 model 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.