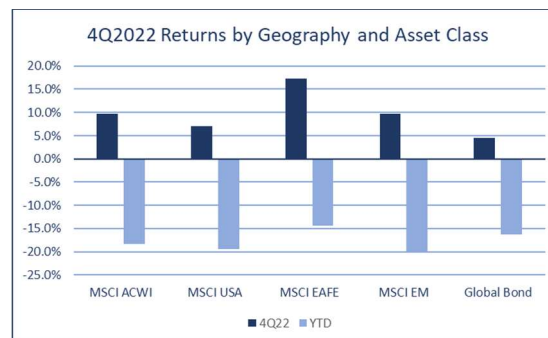


## A Look Back...4<sup>th</sup> Quarter 2022

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**

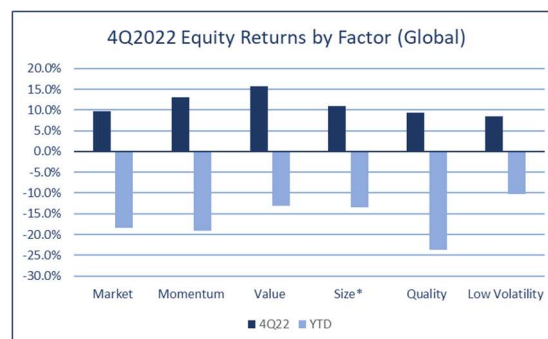
Although December was weak, for the fourth quarter of 2022, stocks rallied around the world. Non-US Developed was by far the strongest region, followed by Emerging Markets. Investors bought up shares globally as inflation showed signs of cooling and the Federal Reserve indicated that it would slow its pace of interest rate hikes. There were some conflicting signals, however, as some central bank officials indicated they would raise rates for longer and signs of slowing economies raised fears of recession. In the end, though, the Fed reigns and investors look forward to an end to higher interest rates. Global fixed income, as measured by the Bloomberg Barclays Global Aggregate Index, was also positive as interest rates eased.



Source: Morningstar

### **The Factors**

On the equity front, it was a mixed bag for factors, as always. Although Low Volatility underperformed, Quality was in-line with the broad market and Momentum, Value, and Size all outperformed. Momentum and Value benefitted from exposure to Energy and Health Care stocks, both of which had an exceptionally strong quarter.



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 outperformed as well. While the overweight to the US was a headwind, our overweight to the Emerging Markets had a neutral effect. Furthermore, as noted above, our allocation to the Momentum, Value, and Quality factors also helped portfolios do better than a simple market index.

Metric 100-0	4Q22	YTD	1-Year	3-Year	Since Inception	Metric 100-0	4Q22	YTD	1-Year	3-Year	Since Inception
Gross Return						Net Return					
Price Return	10.50%	-16.48%	-16.48%	3.44%	11.28%	Price Return	10.30%	-17.11%	-17.11%	2.67%	10.45%
NAV Return	10.55%	-16.42%	-16.42%	3.50%	11.29%	NAV Return	10.35%	-17.05%	-17.05%	2.73%	10.47%
MSCI ACWI	9.76%	-18.47%	-18.47%	3.97%	N/A	MSCI ACWI	9.76%	-18.47%	-18.47%	3.97%	N/A

Source: Morningstar and Metric Financial; As of 12/31/22

### 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 12/31/22

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 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 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 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.