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MAY 2 2022

Quartz Partners Investment Management's weekly update summarizing key data and highlights from the market week.

QUARTZ PARTNERS INVESTMENT MANAGEMENT

MARKET DATA as of 4/29/22

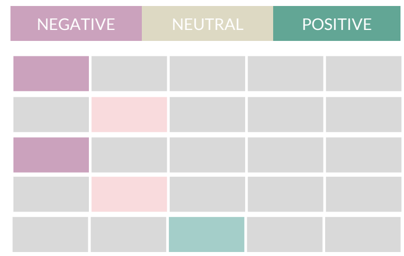
Index	Level	4 week %	YTD %
S&P 500	4269	-8.7	-12.9
Nasdaq Composite	12335	-13.2	-21.0
Dow Jones Industrials	32977	-4.8	-8.7
Russell 2000	1876	-9.9	-16.7
MSCI EAFE	2202	-6.5	-12.0
MSCI EMERGING	1076	-5.6	-12.2
BarCap US Agg Bond TR		-3.8	-9.5
BarCap US High Yield TR		-3.6	-8.2

2.89%	10-year Treasury Yield
5.10%	30-year Fixed Mortgage Rate
$104	Oil Price
$4.21	Gasoline Price (national)
3.30%	5 Year Inflation Expectations
397	High Yield Spread (bps)
$1,909	Gold Price
$38,663	Bitcoin Price

QUARTZ PARTNERS P.R.I.C.E. MATRIX: MACRO OUTLOOK

1-3 MONTH OUTLOOK

POLICY
RISK PERCEPTION
INFLATION & INTEREST RATES
CREDIT & LIQUIDITY
EARNINGS & ECONOMY



P.R.I.C.E. QUICK TAKES

POLICY: Fed is insistent it will be hawkish, although it has yet to back it up with action; balance sheet reduction plan has not been announced; market has been doing Fed's job by front-running hikes and BS reduction....**RISK PERCEPTION**: volatility regime continues; tech underperformance has taken its toll on risk appetite, although inflation has driven flows into non-tech sectors so far in 2022 ....**INFLATION & INTEREST RATES**: central banks have not yet taken decision action to curb inflation and need to act fast; mortgage rates >5% threatens real estate market, although data remains strong; ...**CREDIT & LIQUIDITY**: high yield spreads are on the rise and face duration risk, with potential downgrades as a risk on the default side; bank liquidity robust but dark clouds on the horizon if refinancing activity slows...**EARNINGS & ECONOMY**: the SUPPLY chain, if one includes inflation as a major outcome, is the #1 headwind for the global economy and has yet to be resolved. China lockdowns threaten to worsen the situation. Q1 Advance GDP came in at -1.4 on declines in trade and defense spending.

RISK WATCH: 10-year yield on the rise, inflation as the risk de jour, supply chain disruptions, foreign exchange dislocations with USD surging.

STYLE RETURNS - 4 WEEK

	Value	Core	Growth
Large	-5.6	-8.9	-12.1
Mid	-5.9	-7.7	-11.3
Small	-7.8	-9.9	-12.3

STYLE RETURNS – YEAR TO DATE

	Value	Core	Growth
Large	-6.3	-13.6	-20.0
Mid	-7.7	-12.9	-22.4
Small	-10.0	-16.7	-23.4

FACTOR RETURNS

	4 week %	YTD %
MOMENTUM	-12.6	-19.1
SIZE	-9.9	-16.7
LOW VOL	-5.3	-9.0
DIVIDEND	-3.7	-5.4
QUALITY	-8.9	-17.0

TALKING POINTS

The stock market plunged last last week, with the S&P 500 dropping 3.7% and the Nasdaq 100 Index falling 4.6%. Small cap stocks also fell with the broad stock market, with the Russell 2000 Index falling 3.4%. The Consumer Discretionary (-7.9%) and Real Estate (-5.7%) sectors saw the biggest drops, while value plays Materials (-0.8%) and Information Technology (-1.3%) finished the week with the smallest losses. Treasury yields were subdued last week following the weak Q1 GDP report, with the 10-year benchmark yield falling slightly to 2.89% from 2.91%. High yield bond spreads jumped from 365bps to 397bps.

April was an exceedingly difficult month for stock market investors as the March rally unwound and new fears of an economic slowdown brought stocks down to new 2022 lows. **The S&P fell 8.72% in April, with the Nasdaq Composite fared even worse, falling 13.24%,** the sharpest monthly decline for the index since 2008.

According to an advance release of Q1 GDP by the Bureau of Economic Analysis, **the US economy contracted by 1.4% last quarter**. The two glaring contributors to the weak report came from government expenditures (-2.7%) and Trade (exports down 5.9%). On a positive note, personal consumption expenditures, the traditional foundation of the US economy, rose a strong 2.7% in Q1. Overall, both the financial markets and real economy are in a precarious position, with both relying on retail as cracks emerge: continued retail spending by consumers facing burdensome inflation on necessities and investor flows by the retail public emboldened by the stock mania of 2020-2021 but showing signs of apprehension.

An important earnings week ended in disappointment, notably from Amazon as it reported a net loss of $3.8 billion and conveyed expectations that growth in e-commerce will slow further this year. Google parent Alphabet missed in similar fashion, with EPS coming in at $24.62, lower than expected. The US stock market since the bull market began in earnest in 2013 has relied heavily on big cap tech leaders such as Apple, Alphabet, Amazon, Facebook, Google, and Nvidia. These most recent earnings reports and forward expectations from investors have put a dent in this framework. Insofar, the commodity boom that began with Quantitative Easing in 2020 and accelerated by the Ukraine war have helped smooth out some of the S&P 500's declines as traders switch focus to value names in Energy and Materials. Therefore, it is important to monitor economic developments for signs that the US economy is headed towards a period of slowing growth, which could remove the modest support the major indexes have received via sector rotation.

THE WEEK AHEAD US ISM (Mon) • Federal Reserve Meeting (Wed) • April jobs report (Fri)

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Stock and bond values fluctuate in price so that the value of an investment can go down depending on market conditions. The two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. There may be less information available on the financial condition of issuers of municipal securities than for public corporations.

Data Source: Morningstar, Federal Reserve, coindesk, US Energy Information Administration, Yardeni Research (sector performance).

5-year inflation expectations are calculated as the yield difference between US Treasury Securities and Treasury Inflation-Protected Securities (TIPS) of the same maturity. High Yield Spreads are based on the ICE BofaML US High Yield Bond Index.

BENCHMARK INFORMATION

Large Value: Russell 1000 Value TR USD
Large Blend: Russell 1000 TR USD
Large Growth: Russell 1000 Growth TR USD
Mid Value: Russell Mid Cap Value TR USD
Mid Blend: Russell Mid Cap TR USD
Mid Growth: Russell Mid Cap Growth TR USD
Small Value: Russell 2000 Value TR USD
Small Blend / Size: Russell 2000 TR USD
Small Growth: Russell 2000 Growth TR USD
Momentum: MSCI USA Momentum NR USD
Quality: MSCI USA Quality NR USD
Dividend: MSCI USA High Dividend Yield NR USD
Low Volatility: MSCI USA Minimum Volatility (USD) NR USD

BENCHMARK DEFINITIONS

BBgBarc US Agg Bond TR USD: This index is comprised of approximately 6,000 publicly traded bonds including U.S Government, mortgage-backed, corporate, and Yankee bonds with an approximate average maturity of 10 years.
BBgBarc US Corporate High Yield TR USD: Includes all fixed income securities having a maximum quality rating from Moody's Investor Service of Ba1, a minimum amount outstanding of $100 million, and at least one year to maturity.
DJ Industrial Average TR USD: Computed by summing the prices of the stocks of 30 companies and then dividing that total by a split-adjusted value.
MSCI EAFE NR USD: This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.
MSCI EM NR USD: captures large and mid cap representation across 27 Emerging Markets (EM) countries*. With 1,397 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
MSCI USA High Dividend Yield NR USD: The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.
MSCI USA Minimum Volatility (USD) NR USD: composed of U.S. equities that, in the aggregate, have lower volatility characteristics relative to the broader U.S. equity market.
MSCI USA Momentum NR USD: measures the performance of U.S. large- and mid-capitalization stocks exhibiting relatively higher momentum characteristics.
MSCI USA Quality NR USD: The index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage.
NASDAQ Composite TR USD: The Nasdaq Composite Index is the market capitalization-weighted index of over 2,500 common equities listed on the Nasdaq stock exchange.
Russell 1000 Growth TR USD: Tracks the companies within the Russell 1000 with higher price-to-book ratios and higher forecasted growth values.
Russell 1000 TR USD: Consists of the 1000 largest companies within the Russell 3000 index, which represents approximately 98% of the investable US equity market. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose.
Russell 1000 Value TR USD: Tracks the companies within the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.
Russell 2000 Growth TR USD: Tracks the companies within the Russell 2000 Index that have higher price-to-book ratios and higher forecasted growth values.
Russell 2000 TR USD: Consists of the 2000 smallest companies in the Russell 3000 Index.
Russell 2000 Value TR USD: Tracks the companies within the Russell 2000 Index that have lower price-to-book ratios and lower forecasted growth values.
Russell Mid Cap Growth TR USD: Tracks the companies within the Russell Midcap Index with higher price-to-book ratios and higher forecasted growth values.
Russell Mid Cap TR USD: Measures the performance of the 800 smallest companies in the Russell 1000
Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.
Russell Mid Cap Value TR USD: Tracks the companies within the Russell Midcap Index having lower price-tobook ratios and lower forecasted growth values.
S&P 500 TR USD: A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenues are based in the US; it's often used as a proxy for the U.S. stock market. TR (Total Return) indexes include daily reinvestment of dividends.

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