MATRIX ADVISORS VALUE FUND

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May 10, 2017

Dear Fellow Shareholder:

The Matrix Advisors Value Fund posted a gain of +3.27% but lagged the S&P 500's return of +6.07% for the first quarter, 2017. While it was a slow relative start to the year, we believe this should be short lived and that our relative results should bounce back.

Disclosure Note:

For your information, for the period ended March 31, 2017, the Fund's average annual total returns for the one-year, five-years, ten-years and for the period from July 1, 1996, the inception of Matrix Asset Advisors' involvement with the Fund were 19.75%, 10.26%, 4.44% and 7.71%, respectively. For the same periods the returns for the S&P 500 Index were 17.17%, 13.30%, 7.51% and 8.23%.

Gross Expense Ratio: 1.16%
Net Expense Ratio: 0.99%**

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 800-366-6223 or by visiting www.matrixadvisorsvaluefund.com.

**The Advisor has contractually agreed to reduce fees through 10/31/17.

Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced. Matrix Asset Advisors became the sub-advisor on July 1, 1996 and Advisor to the Fund on May 11, 1997. Prior to those dates, the Fund was managed by another advisor.

The Fund's Net Asset Value on 3/31/17 was $66.55.

The attached commentary provides a thorough discussion on what drove our 1st Quarter, 2017 returns and why we think the Fund is well positioned going forward.

As we discuss below, in many areas of the portfolio, the stocks, industries and sectors that were strong performers in the fourth quarter and the full year 2016, took a temporary breather in the first quarter. While this was frustrating, it is a normal part of the investment process, and we believe this should be short lived and expect better things from the portfolio in upcoming periods. The companies we have invested in are delivering business results in line with or better than our expectations and sell at attractive valuations. Much of our relative underperformance last quarter is attributable to shifts in market sentiment rather than a change in business fundamentals.

We believe that the Fund is well positioned as we seek to deliver solid results in the year ahead. First quarter economic data were solid, confirming an acceleration of growth that began last year. The risks we see to the stock market are mostly political as the new administration attempts to implement its agenda. In a positive sign, there is less rhetoric in Washington D.C. about trade wars, although this continues to be one of the market's biggest risks.

Matrix partners and associates are among the Fund's largest shareholders and our interests are directly aligned with yours. We believe the current portfolio should be positioned to return to favorable investment returns in the years to come. We thank you for your continued support and confidence in the Fund.

Sincerely,

David A. Katz, CFA
Fund Manager

Past performance is not a guarantee of future results.

The information provided herein represents the opinion of the Matrix Advisors Value Fund management and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

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.

Must be preceded or accompanied by a prospectus.

Mutual fund investing involves risk. Principal loss is possible. The stock of value companies can continue to be undervalued for long periods of time and not realize its expected value. The value of the Fund may decrease in response to the activities and financial prospects of an individual company. Growth stocks typically are more volatile than value stocks; however, value stocks have a lower expected growth rate in earnings and sales.

Top Ten Holdings as of March 31, 2017

Holding	%
J. P. Morgan Chase & Co…………………	4.65%
Wells Fargo and Company………………..	4.38%
Eaton Corp. PLC F………………………..	3.95%
Microsoft Corporation…………………….	3.94%
Cisco Systems Inc…………………………	3.87%
Zimmer Biomet Holdings, Inc…………….	3.86%
CVS Health Corp………………………….	3.82%
MetLife Inc………………………………..	3.76%
Gilead Sciences Inc……………………….	3.66%
Johnson Controls Intl. PLC……………….	3.42%

Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

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Matrix Advisors Value Fund, Inc.
Capital Markets Commentary and Quarterly Report: 1st Quarter 2017 Review

The stock market continued its post-election rally in Q1 2017, with the S&P 500 rising by 6.07%. There was a brief stumble in late March when the market declined for eight consecutive days on questions about the Trump administration's ability to advance its policy goals, but stocks regained their footing after the release of the strongest consumer confidence data since December 2000. On balance, it was a quarter marked by good economic numbers, both in the U.S. and internationally.

The Matrix Advisors Value Fund showed positive results in the quarter but lagged the S&P 500's return. As we discussed below, in many areas of the portfolio, the stocks, industries and sectors that were strong performers in the fourth quarter and the full year 2016, took a temporary breather in the first quarter. While this was frustrating, it is a normal part of the investment process, and we believe this will be short lived and expect better things from the portfolio in upcoming periods. The companies we have invested in are delivering business results in line with or better than our expectations and sell at attractive valuations. Much of our relative underperformance last quarter is attributable to shifts in market sentiment rather than a change in business fundamentals.

Technology was the best performing sector in Q1 with a handful of names accounting for a disproportionate share of the benchmark's performance. According to data from J.P. Morgan Chase, Amazon, Apple, Facebook and Microsoft make up about 10% of the benchmark and contributed almost 30% of the S&P 500's return[1].

After Technology, the next best performing market sectors were Healthcare and Consumer Discretionary.

The worst performing sectors were Energy and Financials (two of the best performing sectors in 2016). The Energy sector showed a negative return in the quarter following lower oil prices. Financial sector underperformance was attributable to a modest pull back in longer term interest rates and slowing loan growth.

After a lackluster 2016, Growth strategies outperformed Value in the first quarter. The 10-year Treasury yield declined from 2.45% to 2.39%, a surprise to us following the improving economic data and rising inflation numbers reported during the quarter.

The Federal Reserve raised the Federal Funds rate by 0.25% in March; gold rose by 8.6% and crude oil declined by 5.8%, in the quarter.

[1] JP Morgan (data as of 3/31/17).

Market Outlook

As noted earlier, the Fund posted positive returns in the quarter but lagged the benchmark's performance. A large part of the Q1 underperformance was caused by sector rotation, as investors sold the sectors that performed well last year, and moved money to those sectors that had lagged.

We remain focused on the earnings, fundamentals, valuation and dividend-paying potential of the companies in our Fund. We believe that the portfolio holds companies that are well positioned for the economic environment we foresee over the next 12-18 months.

In general, we are confident that first quarter earnings and dividends for our holdings will show improvement and expect that the outlook provided by managements will project continued growth, in line with recent company presentations.

First quarter economic data were solid, confirming an acceleration of growth that began last year. As reported in the *Wall Street Journal* in mid-February, "…the upswing is global: In Europe, Japan, China and elsewhere, business surveys and markets have turned more optimistic." More recently, this month it was reported that growth in Europe is at a six-year high and unemployment at a nine-year low.

The U.S. economic expansion is now the third longest on record and is exhibiting continued strength. Part of the reason we believe that the cycle has been longer than normal and can still have legs is that we started from such a depressed base and the recovery has been among the slowest in the post-war era.

Recent data supporting further economic growth ahead includes:

- An index of manufacturing activity in March reported the seventh consecutive month of industrial expansion.
- The March employment report showed strong job growth, declining unemployment and rising wages.
- The Commerce Department reported on March 30 that fourth quarter 2016 after-tax corporate profit growth registered the highest year-over-year growth in five years.

The strong economic data convinced the Federal Reserve to raise short term interest rates in March (only the third increase since the Great Recession), with at least two more increases expected this year.

The risks to the stock market we see are mostly political. The Trump administration suffered a set-back in failing to pass its heath care bill, and doubts are beginning to surface about

its ability to enact tax reform. There was a lot of optimism about tax reform and a lack of progress in this area might result in more market volatility. In a positive sign, there is less rhetoric in Washington D.C. about trade wars, although this continues to be one of the market's biggest risks.

Fund Performance:

1st Quarter Review

The Fund showed a solid positive return in the quarter but lagged the S&P 500's return. Sector rotation was a large factor in the portfolio's underperformance this quarter. Some of last year's best performing sectors, Energy and Financials, detracted from this quarter's results. We expect both to rebound in the months ahead.

All sectors in the portfolio showed positive returns, except for Energy. Other sectors that negatively impacted relative performance were Technology, Healthcare, Consumer Discretionary and Financials.

Our stocks in the Technology and Healthcare sectors did well, just not as well as the benchmark sector returns.

We did have some strong stocks in the Technology sector including Apple, Cisco and Symantec, all up by double digit percentages. Gains were also aided by continued strength in Microsoft and TE Connectivity. However, the group's increase was slowed by the decline in Qualcomm. After a 35% gain in 2016, the stock price pulled back with the emergence of new legal challenges to its intellectual property. Ultimately, we think that Qualcomm's business model is sound and that they have strong defenses to these challenges. The company's operations are performing well, and it expects to complete a highly accretive acquisition of NXP (NXPI), a semiconductor company, by year end.

Healthcare was a mixed bag this quarter. Zimmer Biomet was up over 18%, and Thermo Fisher Scientific and AbbVie were solid contributors, up high and mid-single digits respectively. On the disappointing side, Gilead Sciences and Teva were poor performers.

We think Gilead has significant appreciation potential. It is rare to find a good biotech company with a strong balance sheet, excellent drugs and a 3% yield selling at 8.1 times earnings. GILD is a victim of its own success, as its best-selling drugs for Hepatitis C cures people and its patient population is declining (for a good reason). The company has also a strong position in the HIV market and has recently announced acquisitions of several promising drugs.

Teva, on the other hand, is a company we decided to exit after another unexplained high level management departure. Teva remains a company with great potential but our confidence in management and the Board has been shaken.

In the Consumer Discretionary sector, our relative results were hurt by both an underweight position in this top performing market sector and specifically the absence of Amazon (a top performing stock) in our portfolio. On the opposite side of the spectrum, media company Viacom was our best performing stock after a change in leadership. We think the company has valuable assets but has been poorly managed for years. In addition to a new CEO, Viacom recently announced a new head of its movie studio subsidiary, Paramount Pictures. We believe the stock is still significantly undervalued and these changes are for the better and should help realize that value.

Low single digit returns from Financials also hurt our comparative results this quarter. Financial stocks were great performers for us last year and we anticipate they should shine again this year, but the flattening yield curve and slowing loan growth weighed on investor's perceptions of their near-term profitability, pressuring their share prices. We believe that good quarterly profit reports, higher interest rates, a resumption in loan growth and a less adversarial regulatory environment will lead to strong stock price performance in the near future. We remain very enthusiastic about the sector's appreciation potential.

Other stocks that performed well in the quarter were Alphabet, American Express, Eaton, PepsiCo, and Procter & Gamble.

During the quarter, we added to positions in Alphabet, CVS Health, Chubb, Devon Energy, Gilead, Johnson Controls, Occidental Petroleum and PepsiCo.

We sold our position in Teva (discussed above) and completed the sale of Schwab at a large profit when it reached our price objective. We also trimmed the position in Symantec and Morgan Stanley as they approached our estimates of fair value and TE Connectivity after it became an outsized position due to strong performance.

In summary, we think the portfolio is well positioned to deliver solid results for the balance of the year and beyond. The global economy has achieved some synchronized momentum, and we believe stocks returns can reach their historic averages, albeit with significant volatility along the way.

The biggest risks we see to the stock market are political, both domestically and abroad. We are encouraged that the election campaign rhetoric suggesting the possibility of trade wars has quieted down. We continue to expect inflation and interest rates to rise in 2017, beginning the long walk back to more normal levels.

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