# MATRIX ADVISORS VALUE FUND

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August 1, 2023

Dear Fellow Shareholder:

In the second quarter of 2023, the Matrix Advisors Value Fund added to its good start to the year, posting a positive mid-single-digit return. For the first six months of the year, the Matrix Advisors Value Fund was up low double digits, a strong six months by most measures but behind the technology-weighted S&P 500® Index. While the Value style has struggled in general this year, our Fund has been helped by its exposure to a number of the mega-cap technology stocks that have benefited from investor enthusiasm over advances in artificial intelligence (AI).

The Matrix Advisors Value Fund was up +5.07% in the second quarter compared to the S&P 500 Index's gain of +8.74%. For the first six months of the year, the Fund was up +13.42% versus a gain of + 16.89% for the S&P 500® Index.

Disclosure Note:

For your information, for the period ended June 30, 2023, the Fund's average annual total returns for the one-year, five-year, ten-years and for the period from July 1, 1996, the inception of Matrix Asset Advisors' involvement with the Fund were +12.99%, +13.95%, +9.08% and +9.14%, respectively. For the same periods, the returns for the S&P 500 Index were +19.59%, +14.60%, +12.31% and +12.86%.

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 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. Please see the Financial Highlights in this report for the most recent expense ratio.*

**The Advisor has contractually agreed to reduce fees through 10/31/23.

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 6/30/23 was $79.03.

For the fiscal year (7/1/22 - 6/30/23), the Fund was up +12.99% versus the S&P 500® Index's gain of +19.59%.

Importantly, while the Fund has nice year-to-date gains, we think it has substantial additional upside. We expect some of 2023's lagging sectors like Financials, Healthcare, and Industrials to make meaningful contributions to the Fund's upside in the back half of the year.

During the quarter, we started a new position in United Health Group. The company is a leader in the healthcare industry and its strong profit and earnings growth record has often been rewarded in the market with a premium multiple. The stock falls out of favor periodically when investors become concerned about political, regulatory, reimbursement, legal, and healthcare inflation risks. We view the stock's recent underperformance as an opportunity to invest in a very high-quality company at an attractive price.

We also added to the position in L3Harris with proceeds from several modest scale-backs.

The largest sector weightings in the Fund's portfolio on June 30 continue to be Technology, Financials, and Healthcare.

We believe the Fund's portfolio is well positioned for the second half of the year as the businesses are operating at a very high level with strong earnings and cash flows, yet it sells at a very attractive valuation. On June 30, the average P/E multiple of the Fund's portfolio was 17.6x and 15.3x on 2023 and 2024 estimated earnings[1], discounts to the S&P 500's 20.3x and 18.1x estimated P/Es. The median P/E is even more compelling at a compelling 15.1x and 12.8x 2023 and 2024 estimated earnings.

Matrix partners and associates are among the Fund's largest shareholders and our interests are directly aligned with yours. 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.**

**Earnings growth is not representative of the Fund's future performance.**

Please refer to the Schedule of Investments in this report for details on Fund holdings. Fund holdings are subject to change at any time and are not recommendations to buy or sell any security.

[1] Source: Bloomberg

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&P 500® Index is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general.

Price to earnings (P/E) ratio is a common tool for comparing the prices of different common stocks and is calculated by dividing the current market price of a stock by the earnings per share.

Value Strategy investment strategy that involves picking stocks that appear to be trading for less than their intrinsic or book value.

Financials a section of the economy made up of firms and institutions that provide financial services to commercial and retail customers.

Health Care all businesses involved in the provision and coordination of medical and related goods and services.

Information Technology businesses that sell goods and services in electronics, software, computers, artificial intelligence, and other industries related to information technology (IT).

Industrial**s** Companies that manufacture machinery, handheld tools, and industrial products. This sector also includes aerospace and defense firms as well as companies engaged in transportation and logistics services.

Mega cap is a designation for the largest companies in the investment universe as measured by market capitalization.

Artificial Intelligence the ability of a digital computer or computer-controlled robot to perform tasks commonly associated with intelligent beings.

It is not possible to 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 June 30, 2023**:

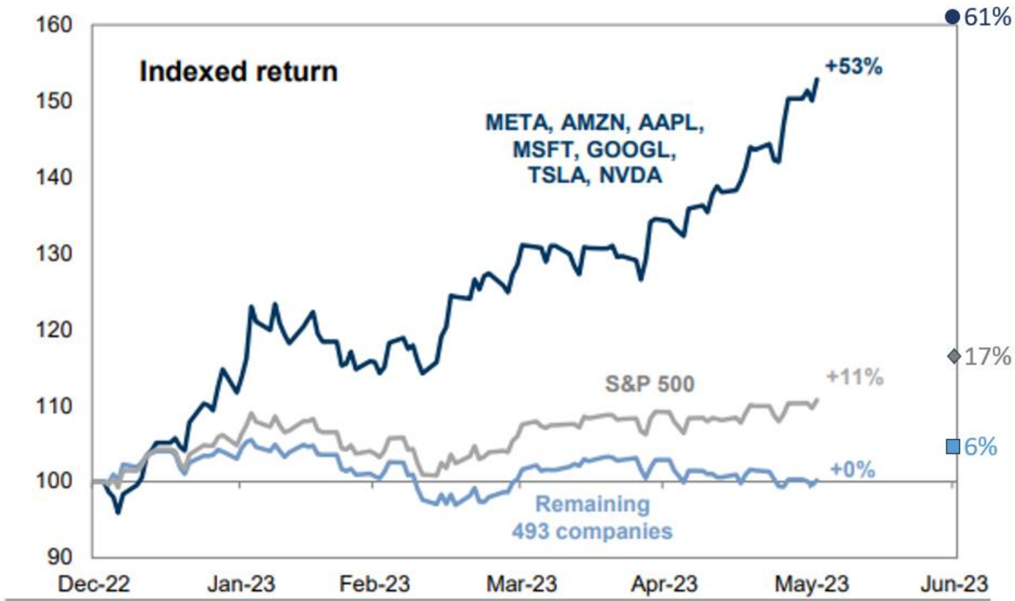
| | |
|---|---|
| Microsoft Corporation | 7.6% |
| Alphabet Inc. Class C. | 6.0% |
| Apple Inc. | 5.5% |
| J.P. Morgan Chase & Co. | 4.3% |
| Booking Holdings Inc. | 4.0% |
| Amazon.com, Inc. | 4.0% |
| FedEx Corp. | 3.9% |
| TE Connectivity Ltd. | 3.8% |
| PayPal Holdings, Inc. | 3.8% |
| Goldman Sachs Group, Inc. | 3.8% |

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

The Matrix Advisors Value Fund is distributed by Quasar Distributors, LLC.

# Matrix Advisors Value Fund, Inc.
# Capital Markets Commentary and Quarterly Report: 2nd Quarter 2023 and Annual Review

The S&P 500[2] continued its 2023 rally in the second quarter, rising by 8.7%. The return for the first six months of the year was up 16.9%. The index's gain in the second quarter and year-to-date through June 30 has been driven by a small number of technology stocks with outsized increases ("the magnificent seven") rebounding from 2022's sharp selloff and boosted by investor enthusiasm for stocks that are expected to benefit from advances in artificial intelligence (AI). The remaining 493 stocks in the S&P 500 were only modestly higher year-to-date, through June 30. Below is a chart that highlights this divergence [3].




**y-axis-** based on hypothetical $100 initial investment

Growth stocks [4]led the market higher in the second quarter and year-to-date through June 30, with the broader market and stocks with higher dividends lagging. Among market sectors, Technology, Consumer Discretionary, and Communications Services stocks have been the best performers while Energy, Utilities, and Healthcare have been the worst-performing sectors. This is the opposite of the leaderboard in 2022.

During the second quarter, the Federal Reserve raised interest rates by another 0.25%, increasing the Fed Funds rate at their May meeting to 5.00%-5.25%. The Fed left the Fed Funds rate unchanged at their June meeting but left open the possibility of one or two more interest rate hikes before year-end.

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[2] All references to the stock market are the S&P 500® unless otherwise noted.
[3] Source Goldman Sachs 12/31/22-6/1/23, updated by Matrix through 6/30/23.
[4] This and future references to Sector or Asset class specific returns are from J.P. Morgan Market Insights "*Guide to the Markets®" US 3Q/2023 as of June 30, 2023*

Fixed Income returns in the second quarter were down slightly but are generally modestly positive for the year-to-date through June 30.

Oil and many other commodities have declined this year, a surprising development for those who expected a rebound following China's post-Covid economic reopening, OPEC's decision to reduce oil production, and the ever-present threat of supply disruption from the war in Ukraine. In the U.S., the crude oil price benchmark ended the quarter at $69.86 per barrel, down from $80.16 on 12/31/22. International oil prices have fallen for four quarters in a row[5], and the S&P GSCI Commodities Index is down about 9% this year[6].

## Market Outlook

We remain optimistic about the stock market's prospects for the balance of the year, even in the face of significant economic and geopolitical uncertainty. Though the economy is showing some signs of deceleration after the Fed's rapid increase in interest rates over the past 15 months, and the resumption of student loan payments later this year is likely to slow consumer spending, the economy has proved to be more resilient than many expected. With the job market remaining strong, government spending elevated, consumer credit in good shape, and consumer confidence at an 18-month high, we believe the economic slowdown will be manageable, and we do not expect a significant recession.

If the economy avoids a significant recession and the Fed completes its interest rate increase cycle this year, we believe the market will quickly shift its focus to the next period of economic growth, which should be bullish for stocks.

Coming into 2023, we believed last year's stock market decline left the overall market and many individual stocks at attractive price levels, as investors overly discounted a significant downside case for stocks and the economy. We also believed many of the weakest-performing sectors in 2022 were poised to bounce back this year in a market rotation. Returns in the first half of 2023 suggest this has likely mostly played out.

Looking forward, however, we expect the stock market rally to broaden. We don't believe that the performance difference between the market's favorite few technology stocks and the rest of the market will continue and expect the performance gap to narrow as the AI mania subsides and investors increasingly focus on the relative attractiveness of many stocks with good business fundamentals that have been left behind. We expect some of the laggards in the first half of 2023, like Financials, Healthcare, and Industrials, to make meaningful contributions to the market's upside in the back half of the year.

One very bullish signal for our Fund's holdings is the level of insider buying. Insider buying activity during 2023 for companies in the Fund's portfolio at 16.7% was at the highest level in many years.

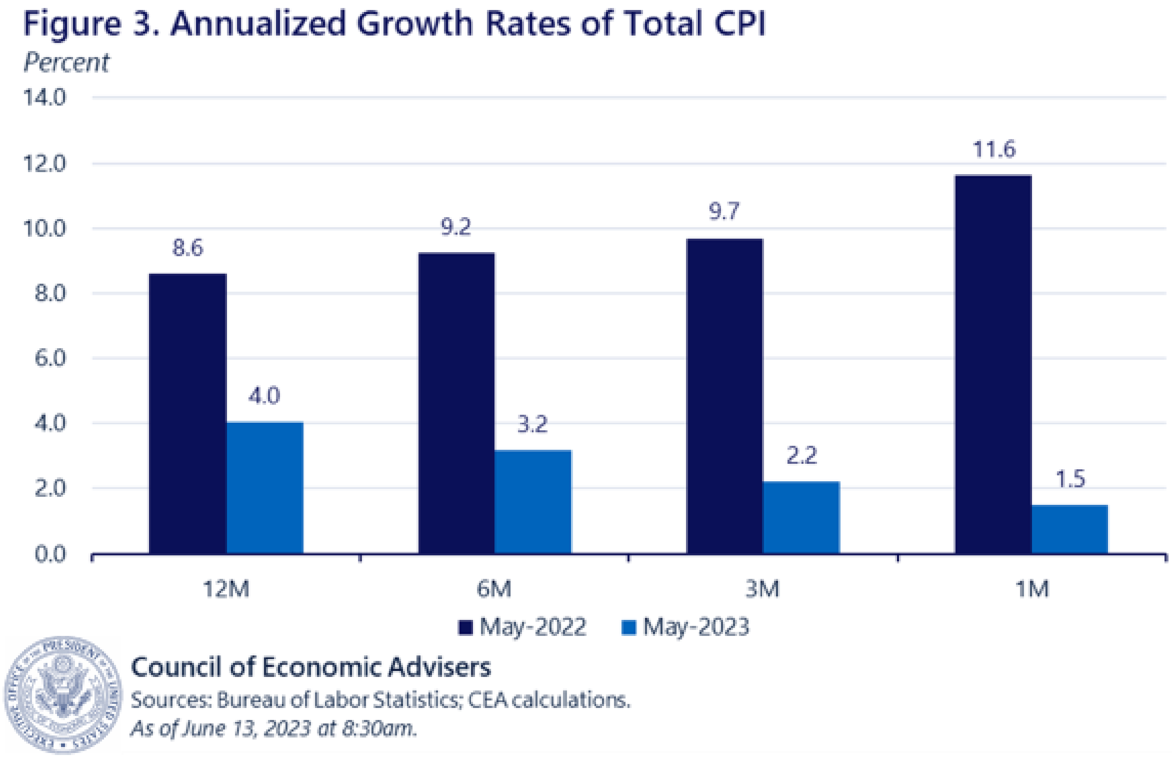
While corporate insiders have many reasons to sell shares they own, they primarily buy based on a belief that the stock is attractively priced with favorable prospects. Insiders generally have the best insight into their company's prospects, and academic studies have highlighted the excess returns that can follow healthy insider buying. We believe this elevated level of insider buying strongly supports our bullish outlook for these stocks and the Fund's portfolio.

Finally, the inflation outlook is showing signs of significant improvement, and we believe that the Fed is nearing the end of its rate hiking this cycle, which should be positive for corporate earnings and stock prices. Reported inflation and inflation expectations data have improved meaningfully, although not in a straight line, with most

[5] Barron's June 30, 2023, Oil is on Track for Record losing Streak.
[6] Barron's July 3, 2023, Stocks are Running Hot. Your Portfolio Needs a Tuneup.

Covid-related manufacturing and distribution logistics issues resolved. The Fed paused its rate increases in June, but its statement on future monetary policy was hawkish and will likely evolve based on additional inflation and employment data. While the Fed may increase the Fed Funds rate one or even two more times for insurance, we believe they are near the end of raising interest rates for this cycle.

Below is a chart showing the decline in the Consumer Price Index over the past 12 months. The May CPI was up +0.1% (annualized up +1.5%), with the 3-month annualized rate at +2.2% and the 6-month annualized rate at +3.2%.




**<u>Fund Annual Fiscal Year Review</u>**

For the fiscal year (7/1/22– 6/30/23), the Fund was up +13.42% versus the S&P 500 Index's gain of +16.89%. Over the 1 year, all portfolio sectors contributed to the Fund's positive double-digit return, led by Technology, Consumer Discretionary, Communications Services, and Financials. The Industrial and Materials sectors provided the smallest contributions to the Fund's return over the period.

The primary reason the Fund's performance lagged the S&P 500's return over the 12 months was the relative underperformance of its Technology holdings versus the benchmark. As noted in the paragraph above, the Fund's Technology holdings were the largest contributors to its performance, just not as strong as the benchmark's.

**Second Quarter and YTD Review and Outlook**

In the second quarter of 2023, Matrix's Large Cap Value Fund (MAVFX) added to its good start to the year, posting a positive mid-single-digit return. For the first six months of the year, the MAVFX Fund is up +13.42%, behind the technology-weighted S&P 500®'s +16.89% gain.

The Fund's results were led by many of last year's fallen angels, like Amazon, Apple, Alphabet, Meta Platforms, and Microsoft.

The Value style has struggled in general this year, but the Fund has done well versus other Value Funds because it has some exposure to the mega-cap Technology stocks caught up in the AI rally.

Importantly, while the Fund has nice year-to-date gains, we think it has substantial additional upside. We expect some of the recent laggards in the Financials, Healthcare, and Industrials sectors to make meaningful contributions to the Fund's upside in the back half of the year.

During the quarter, we started a new position in United Health Group, a healthcare company with two businesses – UnitedHealthcare, the nation's largest health insurer, and Optum, a provider of medical services including primary care, urgent care, outpatient surgical centers, and pharmacy management. The company is a leader in the healthcare industry, and its strong profit and earnings growth record has often been rewarded in the market with a premium multiple. The stock falls out of favor periodically when investors become concerned about political, regulatory, reimbursement, legal, and healthcare inflation risks. We view the stock's recent underperformance as an opportunity to invest in a very high-quality company at an attractive price.

We also added to the position in L3Harris with proceeds from several modest scale-backs.

The largest sector weightings in the Fund's portfolio on June 30 continue to be Technology, Financials, and Healthcare.

Technology stocks have been a key contributor to returns in 2023 after last year's bear market left many of these stocks at compelling prices. We think this performance can continue, but likely at a more measured pace in the second half of 2023. We believe some laggards in the recent melt-up, like Cisco Systems, PayPal, and Qualcomm are poised to excel in upcoming periods.

Our Financials are trading at cyclically low valuations as a result of significant short-term overhangs, and we believe they are due for meaningful multiple expansion. The recent Fed stress test results and subsequent dividend increases highlight the strength of the banking group overall and the stocks the Fund owns. Insider buying in Financials is well above average and is another data point that strongly supports our upbeat outlook for this sector.

After its very strong relative 2022 performance, Healthcare stocks have been one of 2023 weakest sectors. We believe this will likely be a pause that refreshes, and we are very upbeat about their prospects for the balance of the year.

On June 30, the average P/E multiple of the Fund's portfolio was 17.6x and 15.3x on 2023 and 2024 estimated earnings, with discounts to the S&P 500's 20.3x and 18.1x estimated P/Es. The median P/E is at a compelling 15.1x and 12.8x 2023 and 2024 estimated earnings.

After a good start in the first half of 2023, we remain confident that this will be a good year for stocks and that the Fund's portfolio is well-positioned to add to its first half of 2023 gains. Its companies showed solid operating performance vs. expectations in their recent quarterly reports, even as the economic environment becomes more challenging, and they trade at very attractive valuations. We expect stocks that lagged in the first part of the year to lead the Fund's portfolio higher as the year progresses.

If you have any questions about any parts of this commentary, please do not hesitate to call. Thank you for your continued confidence in the Matrix team.

Best regards.