MATRIX ADVISORS DIVIDEND FUND

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October 20, 2022

Dear Fellow Shareholder:

The Matrix Advisors Dividend Fund declined -6.49% in the quarter, trailing both the S&P 500's decline of -4.88%, and the Russell 1000 Value Index's decline of -5.62%. For the nine months through September 30, the Fund's decline of -14.80%, outperformed both the S&P 500's -23.87% decline and the Russell 1000 Value Index's decline of -17.75%.

Disclosure Note:
For your information, for the period ended September 30, 2022, the Fund's average annual total returns for the one and five year and for the periods from October 13, 2016, the inception of Matrix Asset Advisors' involvement with the Fund was -7.04%, +6.17% and +7.40%, respectively. For the same periods, the return for the S&P 500 Index was -15.47%, +9.24% and +11.11%. For the same periods, the return for the Russell 1000 Value Index was -11.40%. +5.26% and +7.15%.

Gross Expense Ratio: 1.23%
Net Expense Ratio: 0.90%**

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.matrixadvisorsdividendfund.com.

**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.

The Fund's Net Asset Value on 9/30/22 was $26.00.

As the market sell-off accelerated in the September downdraft, we have become more optimistic about the prospects for the Fund's portfolio in the next 6 to 12 months. The Fund portfolio's embedded appreciation potential[1] on September 30 was well above its historic average, is rare and has been relatively short lived in the past. Historically, extremes in upside potential have generally been bullish for the market and our portfolio.

[1] A proprietary metric that Matrix uses to track the portfolio's appreciation potential.

During the quarter, we re-established a position in Home Depot (HD) sold earlier this year, after the shares declined sharply on big picture concerns about a softer housing market and lower consumer spending. We believe that HD is a very well-managed company, positioned to continue showing good profits even as the economy decelerates.

We sold the entire position in Verizon, which was a disappointing investment, on concerns that the company is losing market share in a very competitive business and because we believed we had better use for the funds elsewhere.

In Q3, 2022, four portfolio holdings raised their dividends by an average of 7.5%. For the first nine months of 2022, 18 portfolio holdings have raised their dividends by an average of 8.1%. Looking forward, we expect further dividend increases in the portfolio in the fourth quarter, and by year-end expect the vast majority of our holdings to have increased their dividends for the year.

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 well-positioned to have good performance in the volatile market we anticipate during a period of slower growth and higher interest rates.

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 Dividend 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.

The Russell 1000® Value Index measures the performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Embedded Appreciation potential for a Matrix stockholding is the percentage difference between a stock's current market price and our estimate of the stock's underlying intrinsic value (target price). We average this for the entire portfolio to calculate the portfolio's embedded appreciation potential, or the percentage upside if all stocks were to reach their target price

Dividend yield refers to a stock's annual dividend payments to shareholders, expressed as a percentage of the stock's current price.

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. Strategies focusing on dividend-paying stocks may fall out of investor favor, which may negatively affect the performance of stocks that pay dividends. In addition, the Advisor may incorrectly judge whether a company will be able to continue paying dividends or the amount of such dividends, which may cause losses for the Fund.

Top Ten Holdings as of September 30, 2022:

Microsoft Corporation	5.1%
Air Products and Chemicals, Inc.	5.0%
Cisco Systems Inc	4.9%
CVS Health Corp.	4.9%
M&T Bank	4.9%
Amgen	4.7%
Medtronic, PLC	4.6%
Bank of New York Mellon Corp.	4.6%
Gilead Sciences Inc.	4.6%
U.S. Bancorp	4.5%

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

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

Matrix Advisors Dividend Fund, Inc.
Capital Markets Commentary and Quarterly Report:
3rd Quarter 2022

Capital Markets Highlights

In Q3, 2022, the U.S. stock market[2] declined for the third consecutive quarter, falling by -4.88%. Year-to-date through September 30, the stock market was down -23.88%. There was considerable volatility during the quarter with the market rallying +17% between mid-June and mid-August, before selling off again after disappointing inflation data and concerns that the Federal Reserve's prescription to reduce inflation by raising interest rates and otherwise tightening monetary policy may cure the disease but put the economy in intensive care.

Most areas of the U.S. stock market were down in the quarter. The two sector exceptions were Energy and Consumer Discretionary. Growth modestly outperformed Value in the quarter but Value has been far more protective year-to-date through September 30.

It was also another tough quarter for fixed income investments with interest rates rising across the yield curve. The Federal Reserve raised interest rates by 1.50% in the third quarter, 0.75% in July and another 0.75% in September. After keeping rates near zero since March 2020, the Fed has raised interest rates five times this year, to the current range of 3.00-3.25%. At their meeting in September, they indicated that they may continue raising rates until they reach 4.60% in early 2023, before pausing[3]. It was a lot for the stock and bond markets to process.

The two-year Treasury yield ended the quarter at 4.28%, up from 2.96% on June 30. At the beginning of the year, its yield was 0.73%. The 10-year Treasury note yield was 3.83% on September 30, 3.02% on June 30, and 1.26% at the beginning of the year. The Bloomberg U.S. Aggregate Bond Index[4] was down -4.75% in the third quarter, bringing its loss to -14.61% year-to-date through September 30.

The price of oil declined in the quarter for the first time since 2020. After running up to over $120 a barrel in early June, it ended the quarter at $79.49, below the pre-invasion of Ukraine price of $91 and close to the price at the start of the year, $75.21.

[2] All references to the U.S. Stock Market are the S&P 500 unless otherwise noted.

[3] FOMC September 2022 forecasts

[4] The Bloomberg U.S. Aggregate Bond Index, or Agg, is a broad-based market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. Investors frequently use the index as a stand-in for measuring the performance of the US bond market.

Market Outlook

As the market sell-off accelerated in the September downdraft, we have become more optimistic about the prospects for stocks in the next 6 to 12 months. Stock and bond prices have come down a lot. The stock market valuation has dropped from 21 times earnings at the beginning of the year to 14.8 times estimated 2023 earnings, below its 25-year average[5]. The Matrix Advisors Dividend Fund (MADFX) portfolio sells at a healthy discount to the market and its embedded appreciation potential[6]was more than 50%, which is well above its historical average and an unusually large upside potential for our high-quality equity income portfolio. The outsized upside potential for our MADFX portfolio is rare and has been relatively short lived in the past. Historically, extremes in upside potential have generally been bullish for the market and our portfolio.

We think the Fed's actions to tighten monetary policy are having the desired effect of lowering inflation by bringing supply and demand into better balance. The economy is slowing, and prices are coming down. While this takes time to show up in the official inflation statistics, the real time data show price declines spreading throughout the economy. It became more obvious this summer with retail sales warnings and price cuts from Target and Walmart to clear excess inventory. A broad list of commodity prices has fallen. Gasoline prices are well off their peak as are used car prices, and now shelter prices (one of the largest components of the Consumer Price Index[7]) are falling as home prices react to higher mortgage rates, which have doubled this year. Apartment rent prices are also flattening or dropping in many geographies.

Two other deflationary forces at work are the ending of Covid stimulus programs and the strength of the dollar, now at a 20-year high[8]. A stronger dollar lowers our import prices (the good side of dollar strength) but too much of a good thing can create a crisis for global economies (already suffering from the war between Russia and Ukraine) as the price of commodities (priced in dollars) and dollar denominated debt increases significantly.

In early October we saw further confirmation that the economy is slowing. U.S. manufacturing activity grew at its slowest pace in 2½ years in September and The Wall Street Journal reported that ocean carriers are canceling sailings on the world's busiest routes in what is normally their peak season, with Trans-Pacific shipping rates down roughly 75% from year ago levels[9]. The Labor Department reported on October 4 that job openings dropped by 10% in August and layoffs rose. The Fed's policies to cool the economy and lower inflation take time but the numbers confirm that they are working.

The consensus view is that the Fed will follow through with its intent to increase rates by 0.75% in November, and then by another 0.50% in December, taking the Fed funds rate up to 4.25% by year-end, near the terminal rate of 4.6% they have projected to reach in 2023 [10]. After that, we hope they will pause to evaluate the impact

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[5] Source: Bloomberg and JP Morgan Asset Management *Guide to the Markets*, September 30, 2022.

[6] A proprietary metric that Matrix uses to track the portfolio's appreciation potential.

[7] The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services

[8] Economic and Market Update, J.P. Morgan Asset Management, September 30, 2022

[9] WSJ October 2, 2022

[10] FOMC forecast September 2022.

of what they have already done. Any signal from the Fed confirming that they are near the end of raising rates could ignite a powerful stock market rally.

Stock market bears argue that the Fed will keep raising rates, even as the economy slows, to cool the labor market and doing so will increase unemployment and push the economy into a deeper recession (a hard landing).

If we are not technically in a recession[11] now it feels like we may be on the precipice of one. But it is important to remember that recessions are a normal part of the business cycle, usually short-lived and followed by long economic expansions and strong market recoveries. Since 1921, the average economic expansion has lasted 47 months while the average recession has lasted 14 months. During the post-World War II period, a typical recession lasts about six to 12 months. Stocks generally sell off 3 to 9 months prior to recessions and start to rally during the recession in anticipation of the eventual recovery[12].

We think the chances are very good that the economic picture may look much sunnier six months from now and the stock market, as it has done historically, will likely rise well before it becomes obvious that inflation is coming down and the worst fears about the economy prove to be exaggerated. The timing of the next advance is unpredictable and being invested in the early stages of a market rally is key to good long-term investment results. Our advice is to stick with your investment plan and not overreact to current events or short-term market moves.

The primary risks we see to our optimistic outlook are: 1) that the war between Russia and Ukraine escalates and 2), the Fed keeps raising interest rates longer than necessary, in part, to push back against criticism that they waited too long to raise them. A convincing argument against doing more than necessary is the risk that higher rates may propel the dollar ever higher and increase the likelihood of triggering a financial crisis outside of the U.S. that becomes a global contagion or push the U.S. economy into an unnecessarily deep downturn.

Below we provide a full discussion of the Fund's portfolio.

3rd Quarter Review

The Matrix Advisors Dividend Fund declined -6.49% in the quarter, trailing both the S&P 500's decline of -4.88%, and the Russell 1000 Value Index's decline of -5.62%. For the nine months through September 30, the Fund's decline of -14.80%, outperformed both the S&P 500's -23.87% decline and the Russell 1000 Value Index's decline of -17.75%.

During the quarter, we re-established a position in Home Depot (HD) sold earlier this year, after the shares declined sharply on big picture concerns about a softer housing market and lower consumer spending. We believe that HD is a very well-managed company, positioned to continue showing good profits even as the economy decelerates. The products it carries in inventory are in year-round demand from contractors and homeowners wanting to maintain and improve their homes. The company has historically been shareholder

[11] Recessions as defined by the National Bureau of Economic Research.
[12] JP Morgan Asset Management *Guide to the Markets*, September 30, 2022

friendly, repurchasing shares and increasing the dividend, most recently by 15% earlier this year. On September 30, HD's current dividend yield was 2.8%.

We sold the entire position in Verizon, which was a disappointing investment, on concerns that the company is losing market share in a very competitive business and because we believed we had better use for the funds elsewhere.

In Q3, 2022, four portfolio holdings raised their dividends by an average of 7.5%. For the first nine months of 2022, 18 portfolio holdings have raised their dividends by an average of 8.1%. Looking forward, we expect further dividend increases in the Fund's portfolio in the fourth quarter, and by year-end expect the vast majority of the Fund's portfolio holdings to have increased their dividends for the year. These increases are all the more impressive in an environment where there are many questions about the strength and outlook for the economy.

At the end of Q3, 2022, the Fund portfolio's largest sector concentrations were in Financials, Health Care, and Technology. In our view, these large sector weightings provide a nice balance of economic sensitivity and stable earnings growth.

On September 30, the Fund portfolio's estimated P/E multiple [13]was 14.3 times and 13.3 times estimated 2022 and 2023 earnings, a discount to the S&P 500's 16.0 times and 14.8 times estimated P/Es for the same time periods[14]. The average embedded appreciation potential for the portfolio was more than 50%, which is well above its historical average and an unusually large upside potential for our high-quality equity income Matrix Dividend Income (MDI) portfolio.

We believe the Fund's strategy is ideal for conservative, income-oriented equity investors. We believe it can be an all-weather portfolio that could defend well in difficult markets while providing an opportunity for a good and growing income stream and should be well-positioned to have good performance in the volatile market we anticipate during a period of slower growth and higher interest rates.

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We thank you for your continued confidence. If you have questions about any part of this commentary, please do not hesitate to call.

Best regards.

[13] P/E Multiple - Price to Earnings Multiple is used to compare a company's market value (price) with its earnings. A company with a price or market value that is high compared to its level of earnings has a high P/E multiple. A company with a low price compared to its level of earnings has a low P/E multiple.

[14] Source: Bloomberg