

June 27, 2022

The OneAscent Asset Allocation Committee utilizes an objective framework for assessing the health of global markets and evaluates asset classes through four distinct lenses: Valuation, Sentiment, Economy, and Technicals.

**Asset Allocation Updates**

The decision was made by the Asset Allocation Committee to redeploy the capital from the liquidation of the AlphaCentric Income Opportunities Fund (IOFIX) and to reallocate evenly to the four remaining allocations within the Navigator sleeve. We originally held off on the redeployment due to initial concerns of a NAV hit with the fund being placed into a “do not buy” status by several platforms on the day that we were liquidating, as well as the market selling off due to inflation and potential interest rate hikes.



As the market is down about 5% from when we originally planned to redeploy, we have decided to invest the funds today. The 20% cash in the Navigator has been redeployed equally to the other four allocations. The below chart reflects the total portfolio asset allocation changes due to this reallocation. We believe that we are currently in a bottoming process, and although we still see downside risks in the market, there are signs that risk assets may be near a bottom. This reallocation brings the portfolios back to a neutral position, from slightly underweight in equities. The Navigator is now invested equally amongst US Large Cap Core, US SMID Value, Short-Term Treasuries, and Short-Term TIPS.

Allocation	Cash	US Large Cap	US SMID Value	Short-Term Treasuries	Short-Term TIPS
Equity	-2.00%	+0.50%	+0.50%	+0.50%	+0.50%
Growth	-4.00%	+1.00%	+1.00%	+1.00%	+1.00%
Moderate	-4.00%	+1.00%	+1.00%	+1.00%	+1.00%
Conservative	-3.00%	+0.75%	+0.75%	+0.75%	+0.75%
Preservation	-2.00%	+0.50%	+0.50%	+0.50%	+0.50%

**Market Commentary**

Fed Chairman Powell announced a 50-basis point federal funds rate increase in early May, bringing the target rate to 1.00 percent. On May 31, President Biden met with Fed Chairman Powell to discuss inflation, with signs pointing towards inflation possibly hitting a peak. The Fed will likely continue to raise rates as needed to assist in bringing inflation under control. Food and housing prices are still high with supply chain issues continuing. Unemployment is low, and the trade deficit



remains high, but has decreased from record highs the prior month. Economic growth and earnings are moderating from 2021 but remain strong.

Overall, stocks and bonds continue to be expensive relative to their own histories. Stocks continue to be cheaper than bonds, but less so given the rise in bond yields. Investment Grade and High Yield bond spreads are moving down towards historical averages. US equities are still more expensive than international and emerging markets, and large stocks remain far more expensive than small stocks. Growth stocks are still more expensive than value stocks but are becoming more attractive. Increasing inflation expectations, which we expect to moderate, have caused higher P/E stock prices to remain under pressure.

The AAll Sentiment Survey went from extremely bearish at the end of April to almost neutral on the May 1, 2022, survey, with 32.0% bullish, 37.1% bearish, and 30.9% neutral results. The University of Michigan and Conference Board surveys of Consumer Sentiment and Expectations remain extremely low. Historically low consumer sentiment, combined with investor sentiment (a contrarian indicator) recovering from an extremely bearish outlook last month, renders overall sentiment as slightly negative.

Long-term technical indicators still favor risky assets, with commodities at the top, but risk-off assets are starting to look more favorable. Domestic US SMID value and large cap equities remain more attractive than international stocks in the long-term; however, short-term indicators show preference for international, emerging markets, and technology. Bonds are reflecting as favorable in the short-term, although not as favorable long-term.

We greatly appreciate the confidence and trust you have placed in us. As always, if you have questions or would like to speak to an analyst on our team please call (205) 847-1343, or you may reach us by email at [investmentsupport@oneascent.com](mailto:investmentsupport@oneascent.com)!

The OneAscent Investment Committee



## Asset Allocation

The table below includes the complete asset allocation of the OneAscent Peak Solutions as of 6/27/2022.

Asset Class	EQUITY			GROWTH			MODERATE			CONSERVATIVE			PRESERVATION		
	TOTAL	Strategic	Tactical	TOTAL	Strategic	Tactical	TOTAL	Strategic	Tactical	TOTAL	Strategic	Tactical	TOTAL	Strategic	Tactical
Equity	95.0%	90.0%	5.0%	80.0%	70.0%	10.0%	60.0%	50.0%	10.0%	40.0%	32.5%	7.5%	20.0%	15.0%	5.0%
Fixed Income	5.0%	-	5.0%	18.8%	8.8%	10.0%	36.4%	26.4%	10.0%	53.5%	46.0%	7.5%	70.7%	65.7%	5.0%
Cash	-	-	-	1.2%	1.2%	-	3.6%	3.6%	-	6.6%	6.6%	-	9.1%	9.1%	-
<b>US Equity</b>	<b>59.0%</b>	<b>54.0%</b>	<b>5.0%</b>	<b>52.0%</b>	<b>42.0%</b>	<b>10.0%</b>	<b>40.0%</b>	<b>30.0%</b>	<b>10.0%</b>	<b>27.0%</b>	<b>19.5%</b>	<b>7.5%</b>	<b>14.0%</b>	<b>9.0%</b>	<b>5.0%</b>
Large Cap	29.5%	27.0%	2.5%	26.0%	21.0%	5.0%	20.0%	15.0%	5.0%	13.5%	9.8%	3.8%	7.0%	4.5%	2.5%
SMID Growth	13.5%	13.5%	-	10.5%	10.5%	-	7.5%	7.5%	-	4.9%	4.9%	-	2.3%	2.3%	-
SMID Value	16.0%	13.5%	2.5%	15.5%	10.5%	5.0%	12.5%	7.5%	5.0%	8.6%	4.9%	3.8%	4.8%	2.3%	2.5%
<b>Intl Equity</b>	<b>36.0%</b>	<b>36.0%</b>	<b>-</b>	<b>28.0%</b>	<b>28.0%</b>	<b>-</b>	<b>20.0%</b>	<b>20.0%</b>	<b>-</b>	<b>13.0%</b>	<b>13.0%</b>	<b>-</b>	<b>6.0%</b>	<b>6.0%</b>	<b>-</b>
Dev Large Cap	18.0%	18.0%	-	14.0%	14.0%	-	10.0%	10.0%	-	6.5%	6.5%	-	6.0%	6.0%	-
Dev SMID Cap	9.0%	9.0%	-	7.0%	7.0%	-	5.0%	5.0%	-	3.3%	3.3%	-	-	-	-
Emerging Mkts	9.0%	9.0%	-	7.0%	7.0%	-	5.0%	5.0%	-	3.3%	3.3%	-	-	-	-
<b>Fixed Income</b>	<b>5.0%</b>	<b>-</b>	<b>5.0%</b>	<b>18.8%</b>	<b>8.8%</b>	<b>10.0%</b>	<b>36.4%</b>	<b>26.4%</b>	<b>10.0%</b>	<b>53.5%</b>	<b>46.0%</b>	<b>7.5%</b>	<b>70.7%</b>	<b>65.7%</b>	<b>5.0%</b>
Government	5.0%	-	5.0%	12.9%	2.9%	10.0%	18.8%	8.8%	10.0%	22.9%	15.4%	7.5%	27.0%	22.0%	5.0%
Corporate	-	-	-	2.8%	2.8%	-	8.5%	8.5%	-	14.7%	14.7%	-	21.0%	21.0%	-
High Yield	-	-	-	0.4%	0.4%	-	1.2%	1.2%	-	2.1%	2.1%	-	3.0%	3.0%	-
Municipals	-	-	-	0.2%	0.2%	-	0.6%	0.6%	-	1.1%	1.1%	-	1.5%	1.5%	-
Securitized	-	-	-	2.4%	2.4%	-	7.3%	7.3%	-	12.7%	12.7%	-	18.2%	18.2%	-
<b>Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.2%</b>	<b>1.2%</b>	<b>-</b>	<b>3.6%</b>	<b>3.6%</b>	<b>-</b>	<b>6.6%</b>	<b>6.6%</b>	<b>-</b>	<b>9.1%</b>	<b>9.1%</b>	<b>-</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>90.0%</b>	<b>10.0%</b>	<b>100.0%</b>	<b>80.0%</b>	<b>20.0%</b>	<b>100.0%</b>	<b>80.0%</b>	<b>20.0%</b>	<b>100.0%</b>	<b>85.0%</b>	<b>15.0%</b>	<b>100.0%</b>	<b>89.8%</b>	<b>10.0%</b>

Represents target allocations as of 6/27/2022 and may not sum to 100% due to rounding.

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