OneAscent INVESTMENTS

Weekly Update – October 23, 2023

Market Returns Ending 10/20/2023			
Category	**1 Week**	**QTD**	**YTD**
US			
Large Cap	-2.4%	-1.4%	11.5%
Mid Cap Growth	-2.4%	-2.9%	6.7%
Mid Cap Value	-2.7%	-4.1%	-3.6%
Small Cap	-2.2%	-5.8%	-3.4%
International			
Developed	-1.7%	-2.5%	4.9%
Emerging	-2.1%	-2.3%	-0.2%
Bonds			
Aggregate	-2.0%	-2.26%	-3.4%
High Yield	-1.1%	-1.7%	4.0%

US Equity Style Returns

Weekly

	Value	Core	Growth
Large	-1.8	-2.3	-2.8
Mid	-2.7	-2.6	-2.4
Small	-2.1	-2.2	-2.4

YTD

	Value	Core	Growth
Large	-1.1	11.2	24.3
Mid	-3.6	0.0	6.7
Small	-5.8	-3.4	-1.4

Source: Bloomberg

Key Events: Proceeding Carefully

"Proceeding carefully" is the description used by Fed Chair Powell this week, describing the Fed's current approach. The Fed is committed to bringing down inflation and acknowledges that the outlook remains uncertain.

President Biden reiterated the United States' support of Israel, as well Ukraine, Taiwan, and the southern border. Middle East tensions remain high.

Market review: Flight to quality

Most investments lost money this week; US and International stocks and most sectors of the bond market were down.

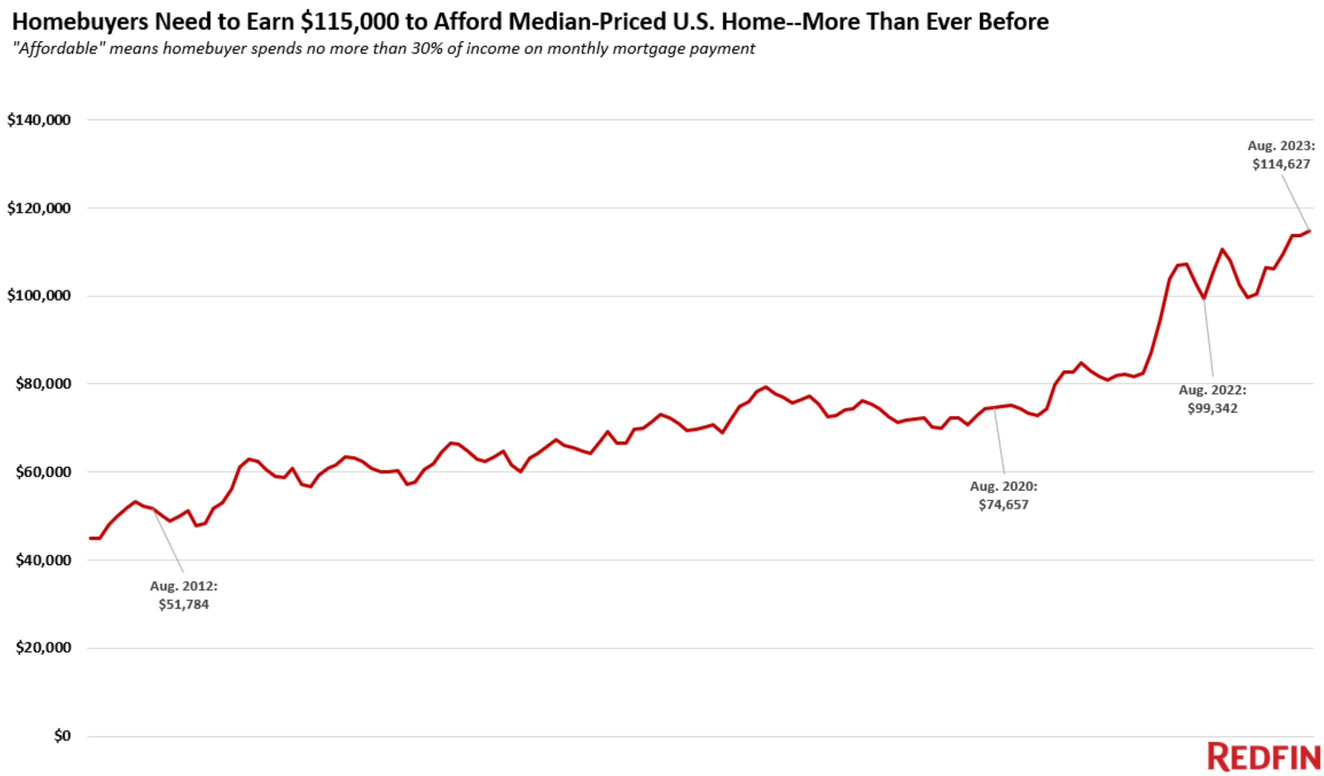
The only S&P 500 sectors with positive returns were consumer staples (a 'risk-off' sector) and energy. The Middle East conflict drove oil and precious metals higher as well.

Outlook: Crosscurrents lead to uncertainty

Earnings and economic data continue to be strong, but indicators that we trust–such as housing affordability, as seen below–indicate that a recession may be coming, and sooner rather than later. The consumer is responsible for more than 2/3 of US economic spending,[i] and reduced mortgage affordability means less money to spend elsewhere.

As we begin to look toward 2024, we believe investors would be well served to follow the Fed's lead by proceeding carefully with their allocations; maintain discipline and stick with your plan. OneAscent continues to be focused on diversification, maintaining exposure to areas of the stock market where valuations give us a greater margin of safety.

Housing becomes less affordable, pressuring consumer finances[ii]



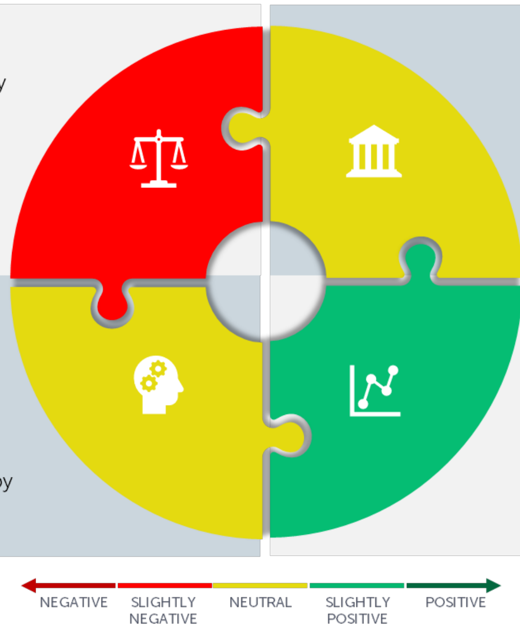
OneAscent Navigator Outlook: October 2023

VALUATION

- Bond interest payments are higher than equity earnings yield for the first time since 2002
- Bond yields continue their across-the-board increases; yields suggest solid returns
- While AI hype has driven technology stock valuations up, the broad market remains in the middle of its long-term range

ECONOMY

- Oil prices – and inflation – may remain high due to OPEC cuts and a depleted SPR.
- Earnings estimates continue their recovery
- Increased interest expense will pressure corporations
- Increased bankruptcy filings indicate stress in the corporate sector.



SENTIMENT

- Investor sentiment has dipped, with bullish % dropping to the lowest level since May.
- Consumer sentiment dropped, with both current situation and expectations failing to follow through on recent strength
- A bullish investor sentiment reading is offset by weakness in the consumer this month

TECHNICAL

- Tech stocks remain above trend but have failed to break through their 2021 high water mark.
- Market breadth broke down in September during the stock market's pullback.
- Stocks often rally during the fourth quarter. 2024 is the 4th year of the presidential cycle, typically a strong year for stock returns.

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[i] Source: Bureau of Economic Analysis gdp2q23_3rd.pdf (bea.gov)

[ii] Source : Redfin A Homebuyer Needs to Earn $115,000 to Afford the Typical U.S. Home, More Than Ever Before (redfin.com)

[iii] Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield