

**Weekly Update – November 28, 2022**

| Market Returns Ending 11/25/2022 |        |       |        |
|----------------------------------|--------|-------|--------|
| Category                         | 1 Week | MTD   | YTD    |
| <b>US</b>                        |        |       |        |
| Large Cap                        | 1.6%   | 4.2%  | -14.3% |
| Mid Cap Growth                   | 1.7%   | 3.9%  | -23.2% |
| Mid Cap Value                    | 2.1%   | 5.4%  | -8.2%  |
| Small Cap                        | 1.1%   | 1.3%  | -15.8% |
| <b>International</b>             |        |       |        |
| Developed                        | 2.2%   | 12.4% | -13.2% |
| Emerging                         | -0.1%  | 11.1% | -21.3% |
| <b>Bonds</b>                     |        |       |        |
| Aggregate                        | 1.1%   | 3.5%  | -12.8% |
| Treasuries                       | 0.9%   | 2.4%  | -12.3% |
| High Yield                       | 1.1%   | 2.2%  | -10.6% |

| US Equity Style Returns |        |       |        |
|-------------------------|--------|-------|--------|
|                         | Weekly |       |        |
|                         | Value  | Core  | Growth |
| Large                   | 1.9    | 1.6   | 1.2    |
| Mid                     | 2.1    | 2.0   | 1.7    |
| Small                   | 1.2    | 1.1   | 0.9    |
|                         | YTD    |       |        |
|                         | Value  | Core  | Growth |
| Large                   | -4.5   | -15.3 | -24.7  |
| Mid                     | -8.2   | -13.6 | -23.2  |
| Small                   | -9.3   | -15.8 | -22.1  |

*Source: Bloomberg*

**Key Events: The World Cup, Crypto and Turkey teach us about risk**

The release of the minutes from early November’s meeting was the key economic news of the week; several officials concluded that rate hikes might soon slow down. The cryptocurrency crisis continued as the FTX bankruptcy unfolded and crypto lending company Genesis suspended withdrawals.

On Tuesday, Saudi Arabia, the world’s 51<sup>st</sup> ranked soccer team, beat Argentina, who was ranked #3 in the world and was on a 36-game unbeaten streak.

Finally, Thanksgiving feasts were enjoyed by many.

**Market Review: Federal Reserve minutes are received well by the markets**

The Fed minutes gave a bit of positive momentum to an otherwise lackluster week. The S&P 500 finished the week up 1.6%, while bonds gained slightly across the board.

**Outlook: Thinking about risk**

You may wonder why I mentioned Thanksgiving dinner as a key event. There are many ways to keep a turkey moist, but you need to stick with your plan to cook your bird correctly. Staying with your skillset is also part of sound financial risk management; we make sure managers stick with their tried-and-true recipes.

While we’re thankful not to have crypto exposure, fraud happens, and sometimes smart people get fooled. A second risk-management principle is to avoid over-allocating to any investment; keeping positions from becoming too large is key.

As the Saudi Arabian win shows us, unlikely things happen. The third risk-management principle is to remain diversified rather than trying to time the market. It is important to be positioned to capture gains even if, as in today’s environment, they don’t seem incredibly likely. As you can see in the chart below, a balanced approach usually serves you well.

The World Cup, crypto, and turkey can all teach us about risk management. The most important aspect, though, is to stick with your long-term plan.



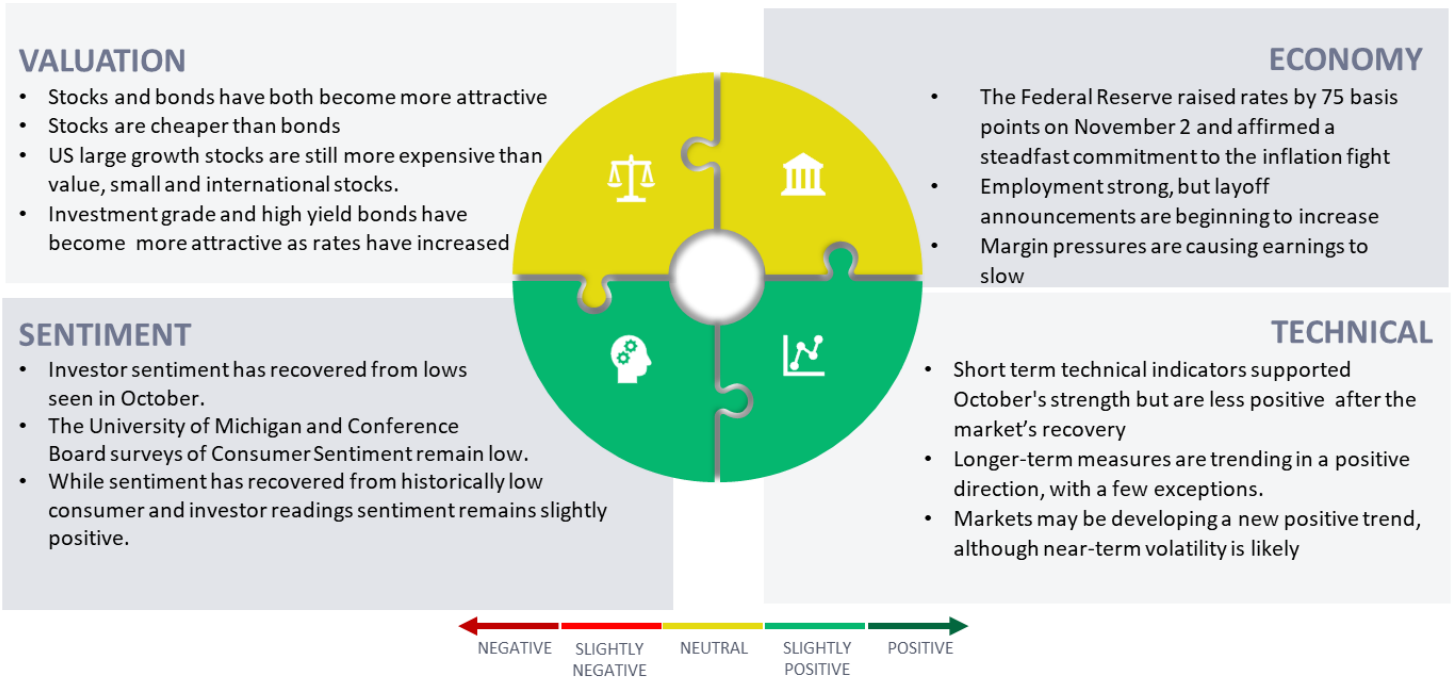
| 2012                       | 2013                       | 2014                       | 2015                       | 2016                      | 2017                       | 2018                       | 2019                       | 2020                       | 2021                       | 2022 YTD                    |
|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| USM Hi Cap Value<br>18.5%  | USM Hi Cap Growth<br>35.7% | USM Hi Cap Value<br>14.7%  | Treasuries<br>1.9%         | USM Hi Cap Value<br>20.0% | Em erjng Markets<br>37.3%  | Cash<br>2.0%               | USM Hi Cap Growth<br>35.5% | USM Hi Cap Growth<br>35.6% | US Large Cap<br>28.7%      | Cash<br>1.4%                |
| Em erjng Markets<br>18.2%  | USM Hi Cap Value<br>33.5%  | US Large Cap<br>13.7%      | MBS<br>1.5%                | US Large Cap<br>12.0%     | USM Hi Cap Growth<br>25.3% | Treasuries<br>1.2%         | US Large Cap<br>31.5%      | US Large Cap<br>19.4%      | USM Hi Cap Value<br>28.3%  | USM Hi Cap Value<br>-12.8%  |
| International<br>17.3%     | US Large Cap<br>32.4%      | USM Hi Cap Growth<br>11.9% | US Large Cap<br>1.4%       | Em erjng Markets<br>11.2% | International<br>25.0%     | MBS<br>1.0%                | USM Hi Cap Value<br>27.1%  | Em erjng Markets<br>18.3%  | 60/40 Portfblb<br>14.1%    | Treasuries<br>-14.5%        |
| US Large Cap<br>16.0%      | International<br>22.8%     | 60/40 Portfblb<br>9.8%     | 60/40 Portfblb<br>0.4%     | 60/40 Portfblb<br>8.6%    | US Large Cap<br>21.8%      | 60/40 Portfblb<br>-3.0%    | International<br>22.0%     | 60/40 Portfblb<br>16.3%    | USM Hi Cap Growth<br>12.7% | MBS<br>-14.9%               |
| USM Hi Cap Growth<br>15.8% | 60/40 Portfblb<br>17.9%    | Treasuries<br>6.4%         | Cash<br>0.1%               | High-Yield<br>8.3%        | 60/40 Portfblb<br>13.8%    | US Large Cap<br>-4.4%      | 60/40 Portfblb<br>21.7%    | Treasuries<br>9.1%         | International<br>11.3%     | High-Yield<br>-16.2%        |
| 60/40 Portfblb<br>11.3%    | Cash<br>0.1%               | MBS<br>6.1%                | USM Hi Cap Growth<br>-0.2% | USM Hi Cap Growth<br>7.3% | USM Hi Cap Value<br>13.3%  | USM Hi Cap Growth<br>-4.8% | Em erjng Markets<br>18.4%  | International<br>7.8%      | Cash<br>0.0%               | 60/40 Portfblb<br>-17.5%    |
| Corporates<br>6.9%         | High-Yield<br>-1.1%        | Corporates<br>4.3%         | International<br>-0.8%     | Corporates<br>2.4%        | Corporates<br>3.4%         | High-Yield<br>-7.5%        | Corporates<br>13.0%        | Corporates<br>7.6%         | High-Yield<br>-0.9%        | US Large Cap<br>-17.7%      |
| High-Yield<br>6.1%         | MBS<br>-1.4%               | Cash<br>0.0%               | Corporates<br>-4.7%        | MBS<br>1.7%               | MBS<br>2.5%                | Corporates<br>-7.5%        | High-Yield<br>8.1%         | USM Hi Cap Value<br>5.0%   | MBS<br>-1.0%               | International<br>-23.2%     |
| Treasuries<br>3.7%         | Em erjng Markets<br>-2.6%  | Em erjng Markets<br>-2.2%  | USM Hi Cap Value<br>-4.8%  | Treasuries<br>1.2%        | Treasuries<br>2.2%         | USM Hi Cap Value<br>-12.3% | Treasuries<br>7.5%         | MBS<br>3.9%                | Em erjng Markets<br>-2.5%  | Corporates<br>-24.7%        |
| MBS<br>2.6%                | Treasuries<br>-4.6%        | High-Yield<br>-4.2%        | High-Yield<br>-11.1%       | International<br>1.0%     | Cash<br>1.0%               | International<br>-13.8%    | MBS<br>6.4%                | Cash<br>0.4%               | Treasuries<br>-3.0%        | USM Hi Cap Growth<br>-26.1% |
| Cash<br>0.1%               | Corporates<br>-6.6%        | International<br>-4.9%     | Em erjng Markets<br>-14.9% | Cash<br>0.3%              | High-Yield<br>0.2%         | Em erjng Markets<br>-14.6% | Cash<br>2.1%               | High-Yield<br>-1.2%        | Corporates<br>-4.7%        | Em erjng Markets<br>-29.4%  |

Source: Morningstar Direct

## Diversification between asset classes

The chart below demonstrates how drastically different asset classes can perform over time. This volatility is due to a wide array of factors that affect market pressures. Geopolitical relations, central banking decisions, consuming patterns and intensity, supply chain logistics, social influences, earnings reports, real estate values, technological revolutions, and more play a part in how stocks and bonds rise or fall. Diversifying between multiple asset classes within equity and fixed income allocations may help prevent volatility and keep you on track in the long-run.

# Navigator Outlook: November 2022



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