OneAscent INVESTMENTS

Weekly Update – January 16, 2023

Market Returns Ending 1/13/2023			
Category	**1 Week**	**YTD**	**1 Year**
US			
Large Cap	2.7%	4.2%	-12.8%
Mid Cap Growth	4.3%	5.3%	-15.2%
Mid Cap Value	2.9%	5.8%	-7.0%
Small Cap	5.3%	7.2%	-11.4%
International			
Developed	3.3%	6.1%	-9.6%
Emerging	3.0%	6.5%	-16.9%
Bonds			
Aggregate	1.2%	3.1%	-9.1%
Treasuries	1.0%	2.6%	-9.0%
High Yield	1.5%	3.7%	-7.3%

US Equity Style Returns

Weekly

	Value	Core	Growth
Large	1.9	2.9	4.0
Mid	2.9	3.4	4.3
Small	4.5	5.3	6.0

YTD

	Value	Core	Growth
Large	-3.4	-15.6	-26.0
Mid	-6.9	-12.7	-22.8
Small	-8.6	-14.8	-20.9

Source: Bloomberg

Key Events: Banks are worried, but the stock market isn't

Several large banks reported earnings this week; modest revenue growth and a subdued economic outlook, along with increased reserves for loan losses were all worse than analysts expected.

Meanwhile, the consumer got good news - prices rose at their slowest pace of 2022, although Fed officials stuck to their guns, reaffirming continued rate hikes.

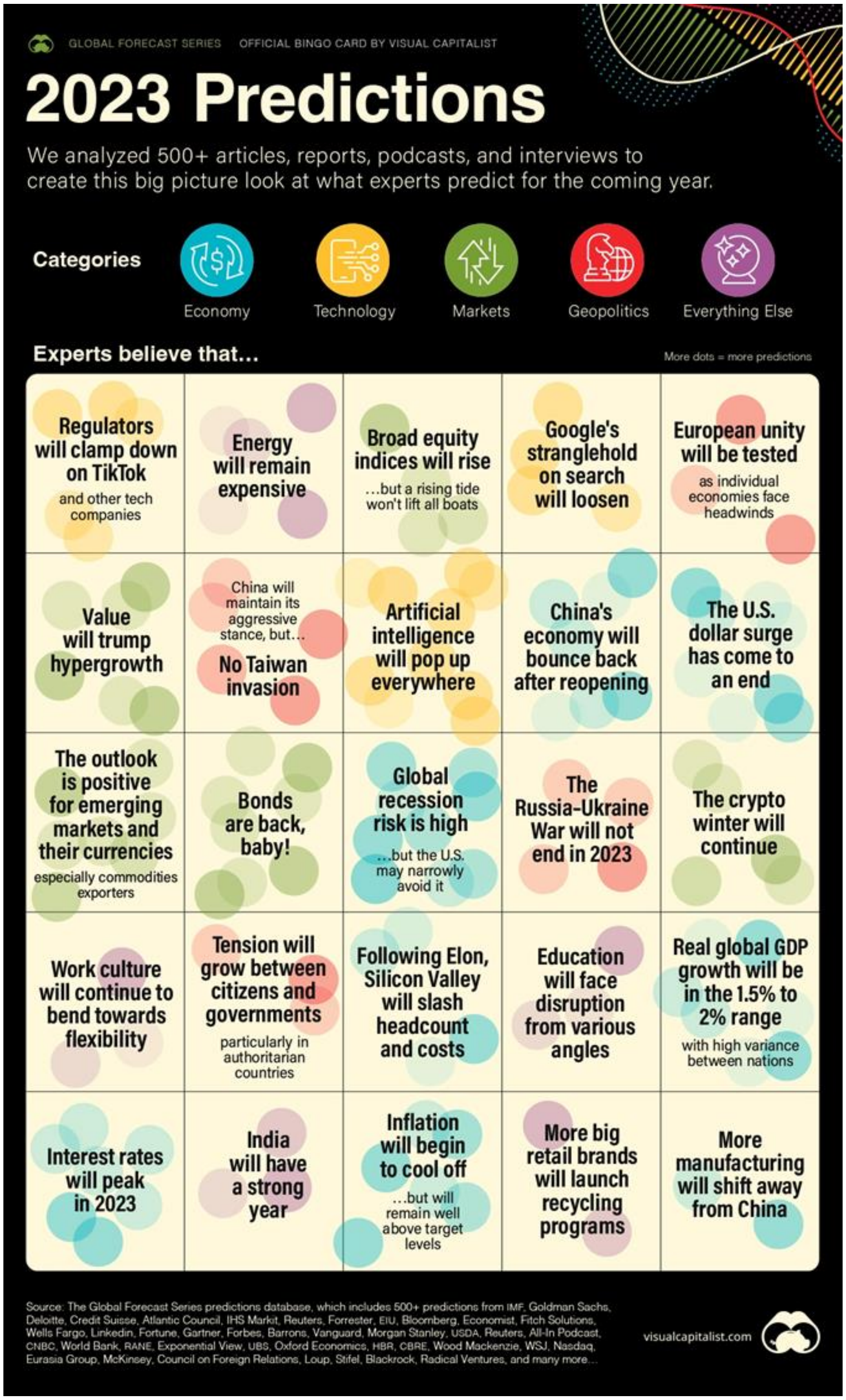
Market Review: A strong start to the year.

The new year has brought strong returns for the first couple of weeks. The S&P 500 finished the week up 2.7%, bringing it to 4.2% YTD. Most markets joined the new year's party; small caps and international stocks outperformed the US again, and bonds turned in positive returns as well.

Outlook: Disconnect between the market and the Fed remains

While there remains a disconnect between investors and the Fed regarding the path of interest rates, it is more in terms of timing than anything else. The Fed anticipates lowering rates in 2024 but the market thinks it will happen in 2023. This potential disappointment may bring about more volatility as the market reacts to every piece of data and Federal Reserve Governor speech.

We thought we would give you a game of "2023 outlook bingo"[i]. Visual Capitalist scoured articles, reports, podcasts, and interviews for 2023 predictions and have provided the below chart. Note the center prediction: "Global recession risk is high". We won't make any predictions except to say that when everyone thinks something will happen (the 'for certain' 2023 recession), its already priced in.



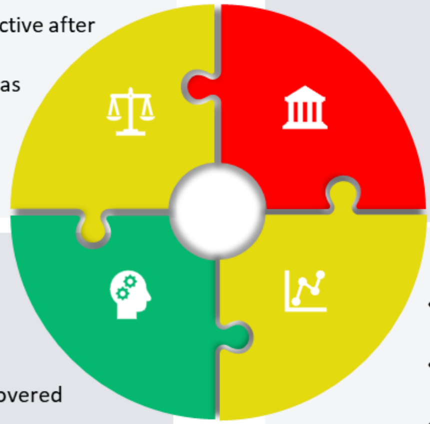
Navigator **Outlook: January 2023**

VALUATION

- Stocks and bonds both appear moderately attractive after December's sluggish returns.
- Bonds - particularly high-quality bonds - appear as attractive as they have been since the GFC
- US large cap stocks are slightly more expensive than their long-term averages.

ECONOMY

- The Federal Reserve indicated rate hikes may slow, but the terminal (ending) rate, is likely to be higher and stay high for longer.
- Manufacturing indicators have dipped to levels indicating an economic contraction.
- Margin pressures are causing analysts to cut earnings estimates for 2023.



SENTIMENT

- Bearish investor sentiment was above average for almost all 2022 and remains high.
- The University of Michigan and Conference Board surveys of Consumer Sentiment have recovered from their recent lows.
- Negative investor sentiment paired with low but recovering consumer sentiment measures render overall view of Sentiment as positive.

TECHNICAL

- Most short-term technical indicators are not giving strong signals one way or another
- The extremely bearish level of Put-Call ratio suggesting potential short-covering gains.
- Some long-term measures are positive, such as the strong bounce off the long- term moving average that was tested in October.
- Near-term volatility is likely to continue.

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[i] Source: Prediction Consensus: What the Experts See Coming in 2023 (visualcapitalist.com)