OneAscent INVESTMENTS

Weekly Update – January 9, 2023

Market Returns Ending 1/6/2023			
Category	1 Week	1 Month	1 Year
US			
Large Cap	1.5%	-0.9%	-15.7%
Mid Cap Growth	1.0%	-1.4%	-21.3%
Mid Cap Value	2.8%	1.1%	-9.6%
Small Cap	1.8%	-0.6%	-17.6%
International			
Developed	0.9%	0.3%	-12.7%
Emerging	2.9%	2.8%	-16.6%
Bonds			
Aggregate	0.8%	-1.4%	-11.2%
Treasuries	0.7%	-1.5%	-10.6%
High Yield	1.1%	0.1%	-9.5%

US Equity Style Returns

Weekly

	Value	Core	Growth
Large	2.5	1.5	0.3
Mid	2.8	2.2	1.0
Small	2.2	1.8	1.4

YTD

	Value	Core	Growth
Large	-5.2	-18.0	-28.9
Mid	-9.6	-15.5	-26.0
Small	-12.6	-19.0	-25.4

Source: Bloomberg

Key Events: Political chaos leads off the year

After the longest stalemate since 1923, the House of Representatives finally elected a Speaker; a fractured GOP is expected to result in increased Washington gridlock.

The minutes of the Federal Reserve's December meeting revealed a couple of key items:

1) The markets are missing the Fed's message: Inflation is here, and they *will* get it under control.

2) Exactly zero officials predicted rate cuts in 2023

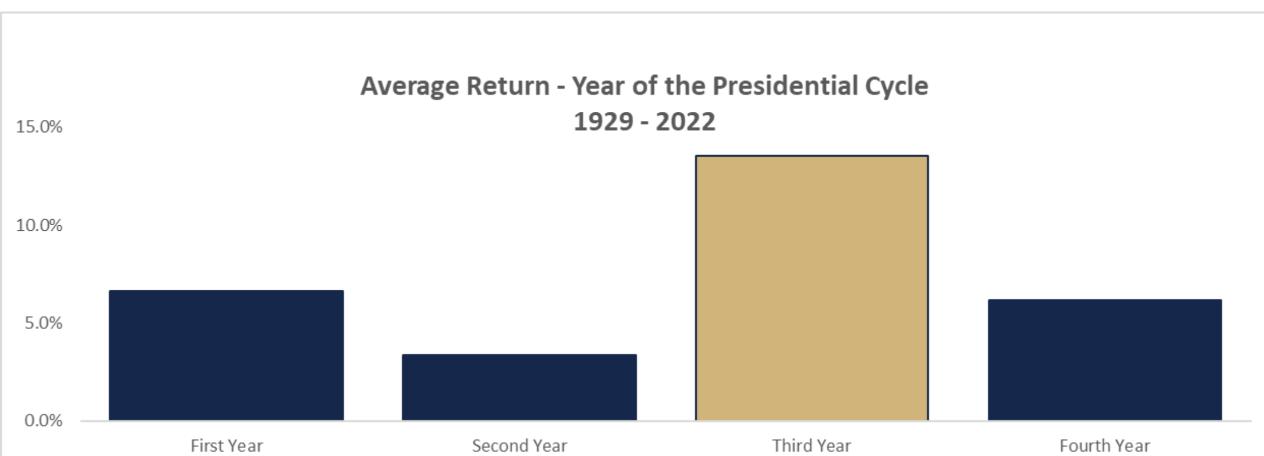
Market Review: Softening data provides relief.

Softening data on Friday gave the markets an excuse to rally. The S&P 500 finished the week up 1.5% and most markets reported positive returns. Bonds and stocks both did well in this, the first week of 2023, in stark contrast to poor returns from both asset classes in 2022 - year we'd all like to forget.

Outlook: Disconnect between the market and the Fed

Stocks rose *unexpectedly* when Hawkish Fed minutes were released and - *as expected* - when more subdued wage growth data was released. As we have discussed recently, day-to-day movements seem random; expect volatility until the path of interest rates becomes clearer.

One source of optimism in light of this week's congressional chaos is that the third year of the presidential cycle is one of the strongest. The below chart shows that, since 1929, the third year has averaged 13.5%, while the average return of the first, second and fourth year is 5.7%[i].



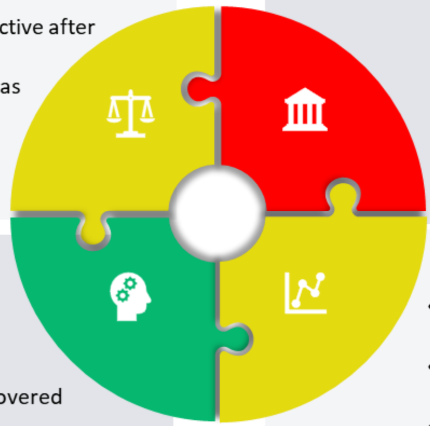
Navigator **Outlook: January 2023**

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.

NEGATIVE | SLIGHTLY NEGATIVE | NEUTRAL | SLIGHTLY POSITIVE | POSITIVE

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[i] Source, Bloomberg, OneAscent Investment Solutions