

Weekly Update – February 17, 2025

Market Returns Ending 2/14/2025			
Category	1 Week	YTD	1 Year
US			
Large Cap	1.5%	4.1%	23.2%
Mid Cap	0.2%	3.2%	13.2%
Small Cap	0.0%	2.3%	12.1%
International			
Developed	2.7%	8.3%	12.9%
Emerging	1.5%	4.8%	14.9%
Bonds			
Aggregate	0.2%	1.1%	4.1%
High Yield	0.3%	1.6%	10.0%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	0.7	1.4	2.0
Mid	0.0	0.2	0.8
Small	0.3	0.0	-0.2
	YTD		
	Value	Core	Growth
Large	5.1	4.4	3.8
Mid	2.8	4.5	9.5
Small	2.0	2.3	2.6

Source: Bloomberg

Key Events: Breaking eggs to make a trade omelet

Trump continued his tariff rampage with reciprocal tariffs as well as 25% tariffs on aluminum and steel.

Inflation data surprised to the upside; both producer and consumer inflation surprised to the upside (see chart of egg prices below for example). Meanwhile, inflation expectations – which affect behavior - remain above the Fed’s target, limiting the likelihood of further rate cuts.

Market review: Stocks shake off inflation

Stocks took their cue from earnings rather than inflation this week: The S&P 500 gained ground while international stocks had even stronger gains.

Bonds gained slightly despite the inflation surprises as markets seem to have priced in fewer rate cuts.

Outlook: Anchoring to long-term expectations

Stock valuations remain stretched, creating uncertainty that is exacerbated by the stubborn inflation data. When high valuations, narrow market performance or the uncertain outlook for inflation cloud our vision we must coach ourselves to act in our own best interest.

We minimize our cognitive errors such as recency bias, the tendency to focus on recent experiences – such as technology stock gains – rather than the fundamentals. Valuations and earnings growth suggest a broader opportunity set going forward. For instance, mid cap stocks have begun to perform; they present compelling opportunities.

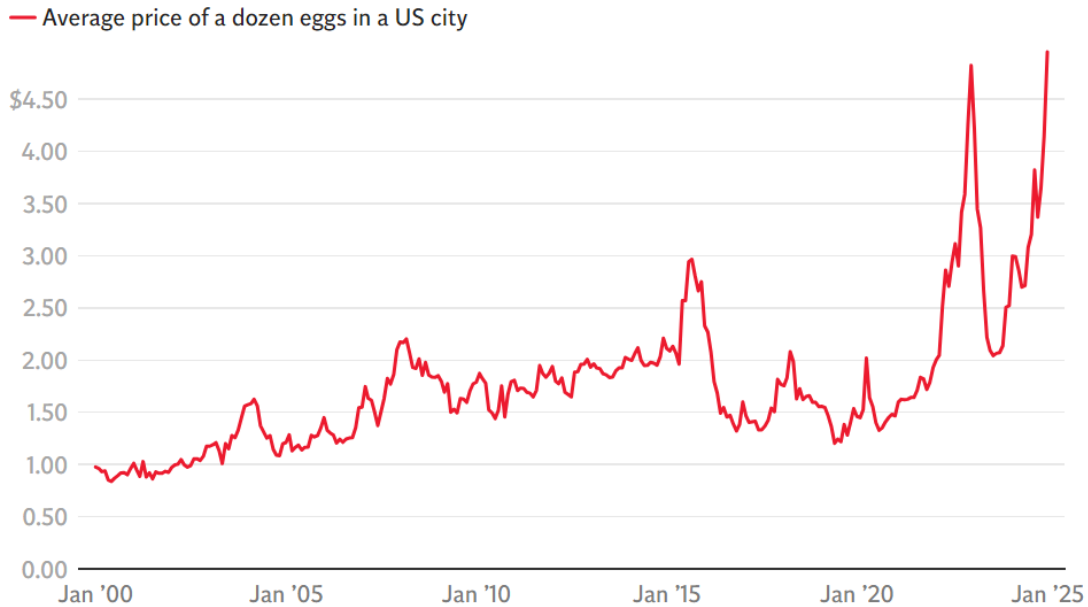
In times of uncertainty and change, we counsel investors to remain focused on building strong, diversified portfolios anchored to the long-term fundamental opportunities the market presents.



Avg. price of eggs has hit a new high

The average price of a dozen eggs in a US city hit \$4.95 in January 2025; jumping by 19.5% in just one month, from \$4.15 in December.

The price of eggs is higher than ever before, with the previous peak at \$4.82 in January 2023, and has nearly doubled since the same time last year.



U.S. Bureau of Labor Statistics, Average Price: Eggs, Grade A, Large (Cost per Dozen) in U.S. City Average, monthly.

Source: U.S. Bureau of Labour Statistics



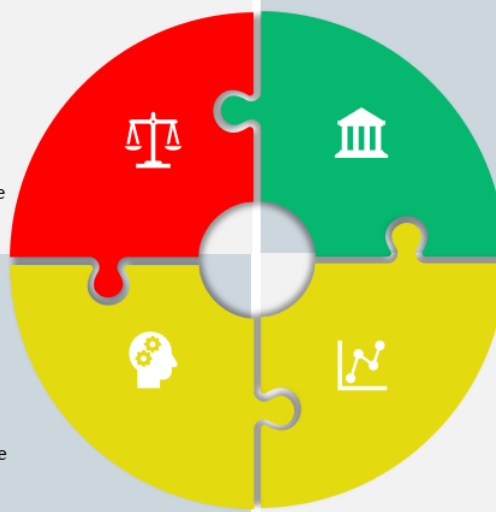
OneAscent Navigator Outlook: February 2025

VALUATION

- Valuation levels remain historically expensive; P/E's and dividend yields at extremes.
- Tech share of market cap versus share of net income is high; the spread should narrow with improved earnings breadth in 2025.
- Mortgage bonds offer attractive risk/reward relative to corporate bonds.

SENTIMENT

- Investor sentiment remains positive after a temporary drop during January.
- The labor market softened in January after a fourth quarter rebound; this contributed to a drop in consumer sentiment in January.
- Despite a drop in January, investor confidence in the coming year's stock market performance is near its all-time high.



ECONOMY

- While GDP growth slowed in Q4, consumer spending remained strong.
- Three key inflation measures reaccelerated in the fourth quarter.
- A positive inflection for small and mid-cap earnings is expected in 2025.

TECHNICAL

- Stock market breadth improved in January as the advance/decline line turned positive.
- In a sign of instability, Nvidia dropped 17% on January 27; this was the largest drop for the largest S&P 500 company since 1990.
- Bond market volatility remains elevated in the face of economic uncertainty.



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ⁱ Source: Factset – analysts expect S&P 500 earnings to grow 12.7% in 2025

ⁱⁱ 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