

OneAscent Market Update: Q1 2025

January 21st, 2025

Today's Speakers



**Cole
Pearson**

- President, Investment Solutions
- CFA Level III Candidate
- Previously a Senior Investment Associate for Eventide Asset Management
- B.A., International Finance, University of Alabama



**Nathan
Willis**
CFA®, CAIA

- Director of Portfolio Strategy, Senior Portfolio Manager
- Previously CIO of Greenhawk Corporation, a family investment office
- 25+ years of investing experience
- B.S., Taylor University



**Peter
Klingelhofer**
CFA®, CKA®

- Director of Research, Senior Portfolio Manager
- Previously CIO of Wealthstone Investments and managing director at Hamilton Capital
- 27+ years of investing experience
- BA, Washington and Lee University

Please submit your questions to:
info@oneascent.com

Upcoming Events

Q2 – April 15th, 2025

Values-Based Investing noun

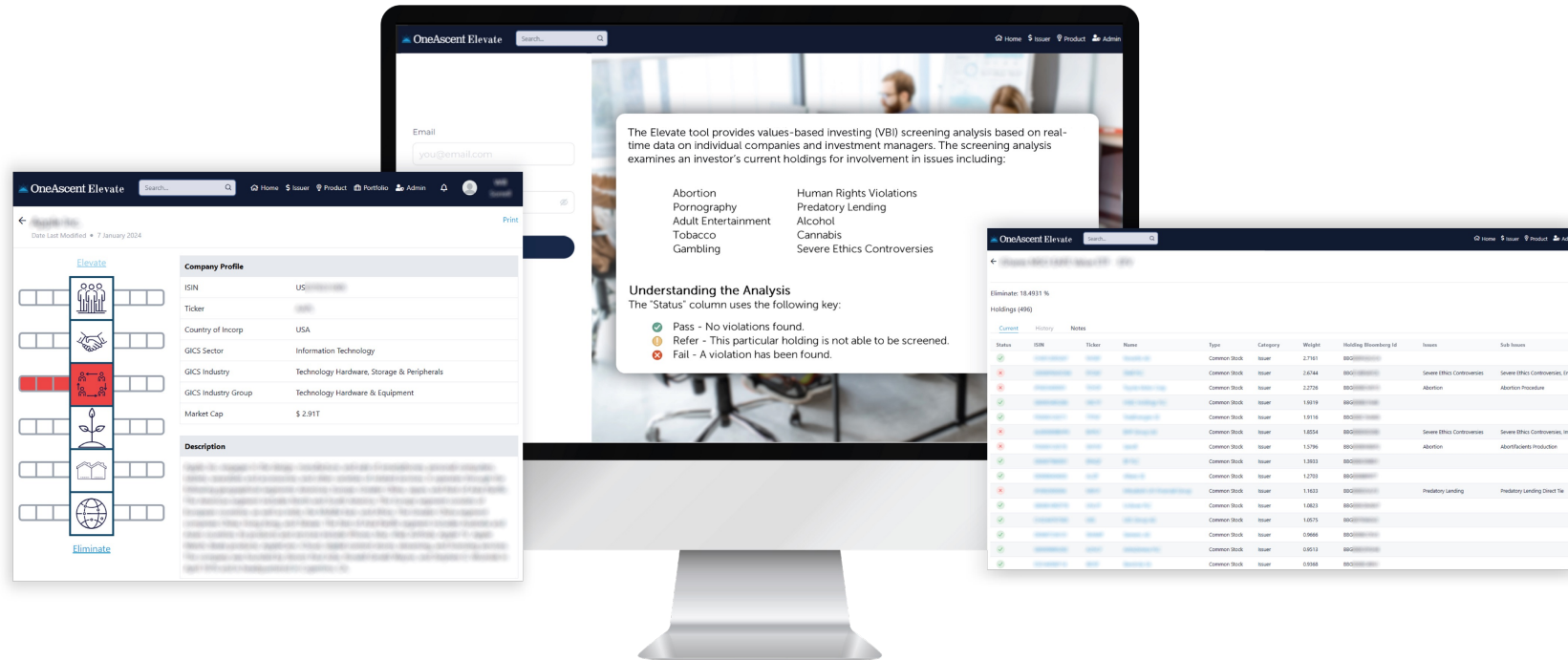
val·ues-based in·vest·ing ('valyoōs bāst in'vesting)

**deploying financial resources, in a manner that aligns
with a set of values or convictions, to accomplish
a financial return**

Our Approach to Values-Based Investing



Elevate, our proprietary values-based screening platform, incorporates real-time data to analyze individual companies and investment managers for portfolio eligibility.



*3.9 million
unique data points*

*70,000
issuers screened*

*47
Eliminate sub-issues*

*10
Eliminate issues*

Policy for Manager/Product Screening:

There is a 0% Eliminate Threshold for products managed internally by OneAscent. This includes ETFs and sleeves managed by OneAscent as well as sleeves that may use a sub-adviser. If a violation is discovered, the target window for remediation is 5 business days from date of discovery.

There is a 5% Eliminate Threshold for third-party managed products. This includes ETFs, mutual funds, or sleeves managed by third-party investment advisers. If a violation is discovered, the target window for remediation is 3 months from date of discovery.

Your Partner in Values-Alignment

SOLUTIONS

We offer a comprehensive suite of solutions to help you **align your investments with your values** – whether that be in public markets, private markets, or through strategic giving.

TOOLS

Align Platform

INSIGHTS

Screening Summaries Booklets Navigator Outlooks

Fact Sheets Elevate Stories Strategy Overviews

Market Commentary Whitepapers Webinars

Allocation Committee Update & Outlook

Peter Klingelhofer, CFA[®], CKA[®]

Director of Research, Senior Portfolio Manager
OneAscent Investments

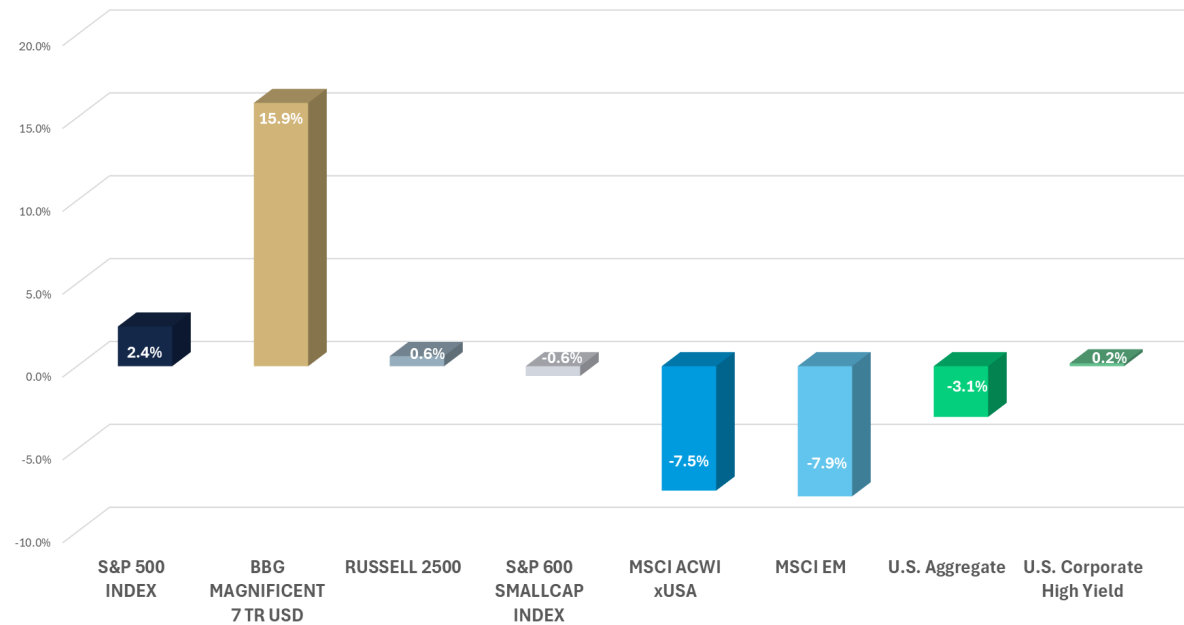
Nathan Willis, CFA[®], CAIA

Director of Portfolio Strategy, Senior Portfolio Manager
OneAscent Investments

First Quarter 2025 Portfolio Discussion

- **Review** of markets in Q4
- Navigator **process** and investment **outlook**
- “What **actions** should I take in my portfolio?”

Fourth Quarter Investment Returns



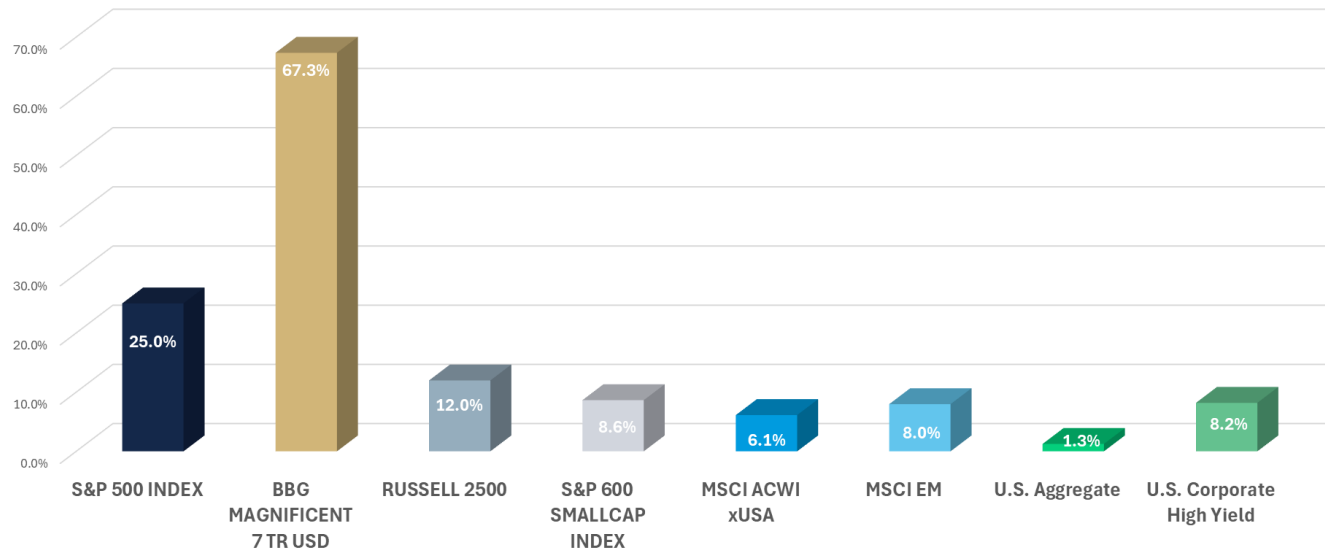
Fourth quarter returns were driven by the election results:

- Large Cap stocks outperformed
- International equities underperformed on tariff fears
- Bonds posted weak returns due to inflation fears
- Magnificent 7 dominated stock market returns

Source: Bloomberg.

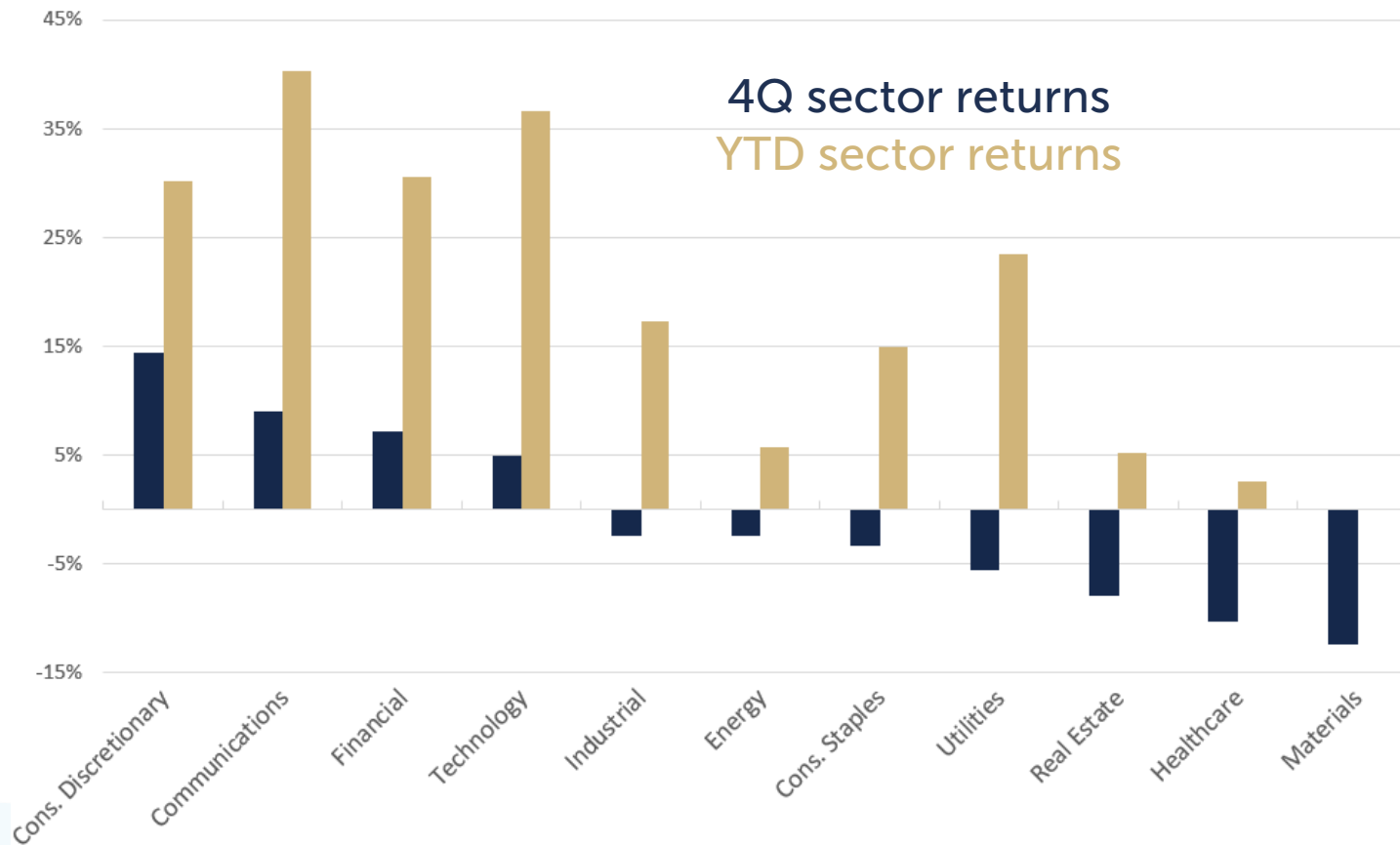
2024 Investment Returns

- Equity performance was heavily impacted by concentration amongst the Mag-7
- Mid, small and international stocks lagged by wide margins
- Rising bond yields resulted in modest returns



Source: Bloomberg

2024 sector performance: narrow and momentum driven

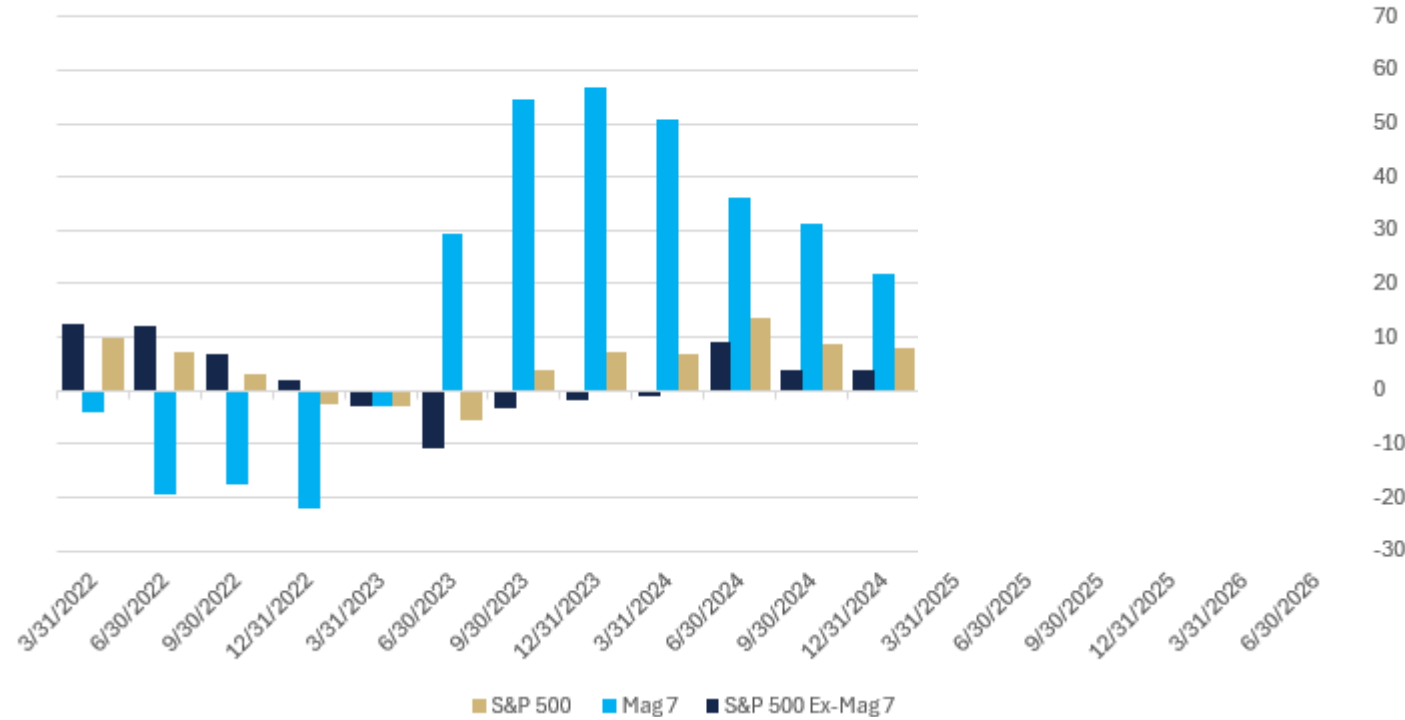


- Narrow performance in Q4 aligned with momentum for 2024
- Tech sectors and financials led in Q4
- Most value sectors lagged in Q4 and the full year

Source: Bloomberg.

Earnings improving for the broad market in 2025

Equities' Quarterly Earnings Growth: Recent History and Projections

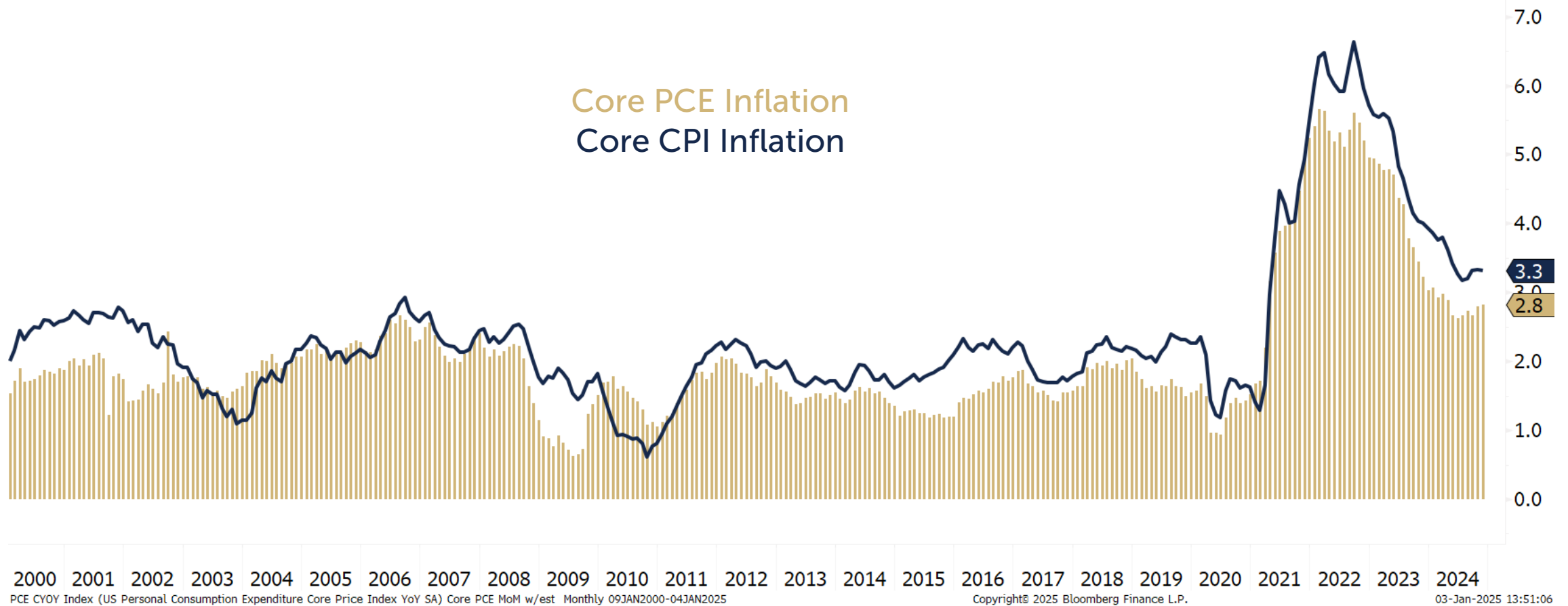


³ The other 493 companies are expected to contribute 29% of earnings growth in 2024, compared to 73% next year.

- AI driven technology names supported large cap earnings in '23 & '24
- Earnings breadth is expected to increase throughout 2025
- Theme of broadening extends to small and mid-caps as well

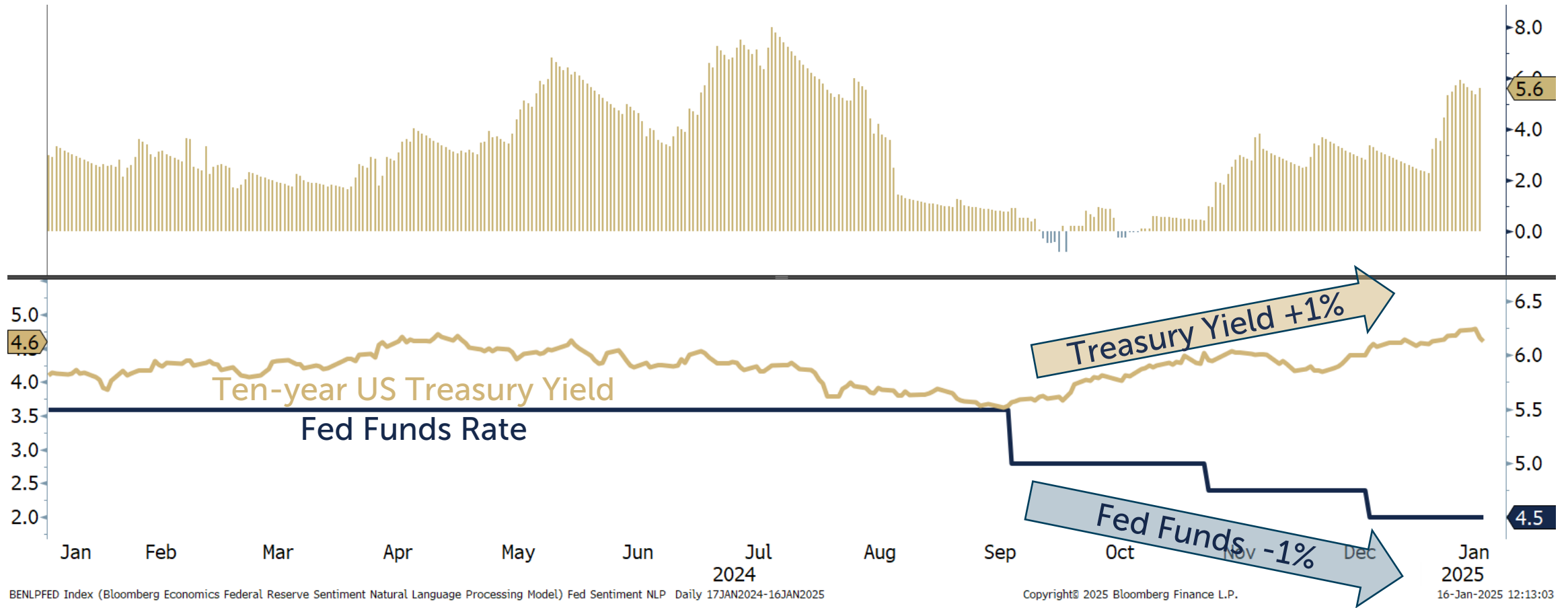
Sources: Bloomberg Intelligence. Mag-7 equities: Apple, Meta, Google, Microsoft, Nvidia, Tesla, and Amazon. JP Morgan Asset Management (for earnings contribution comment.)

Inflation data hit a bump in the road



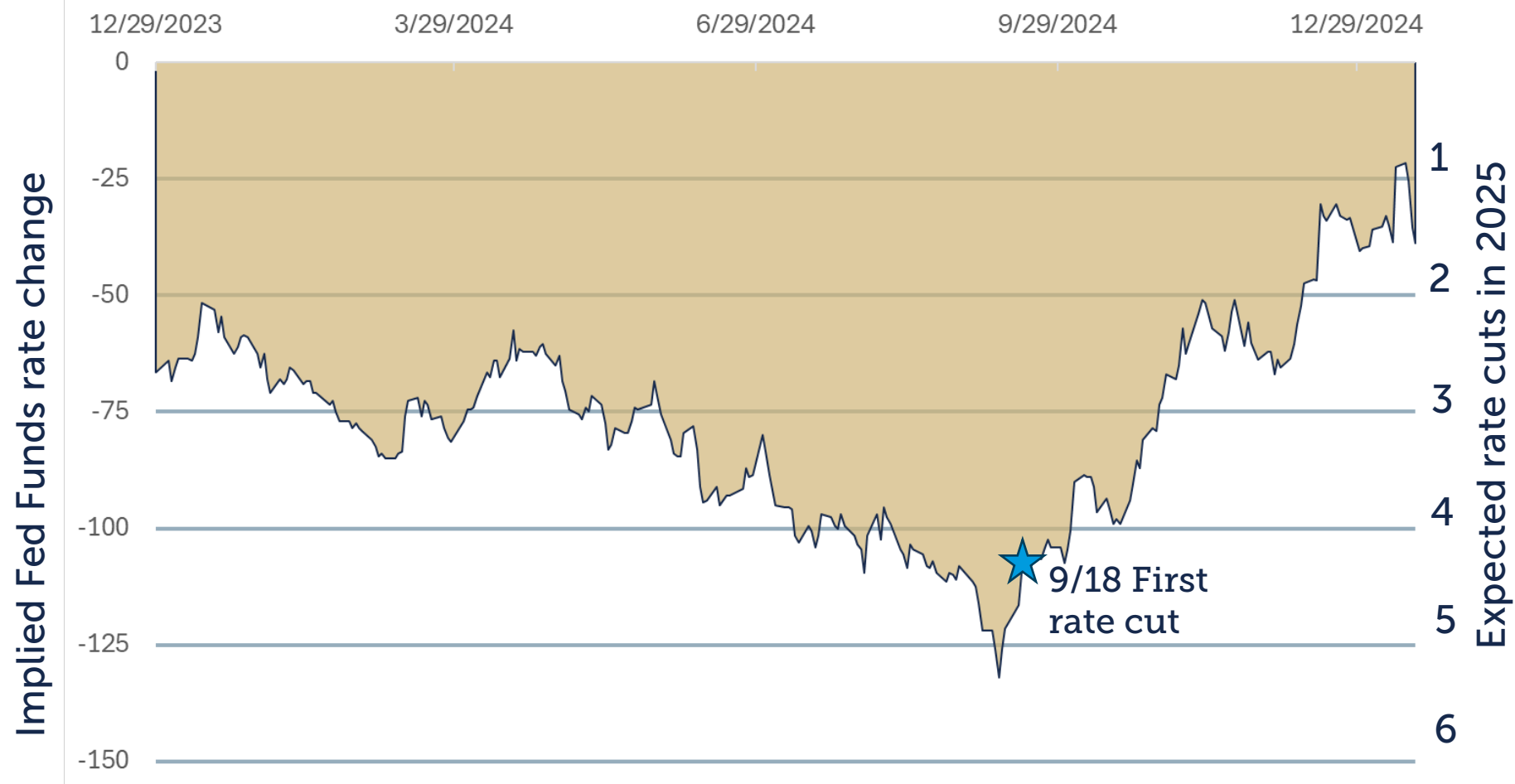
Source: Bloomberg, OneAscent Investment Solutions

Federal Reserve Board member sentiment explains bond market losses



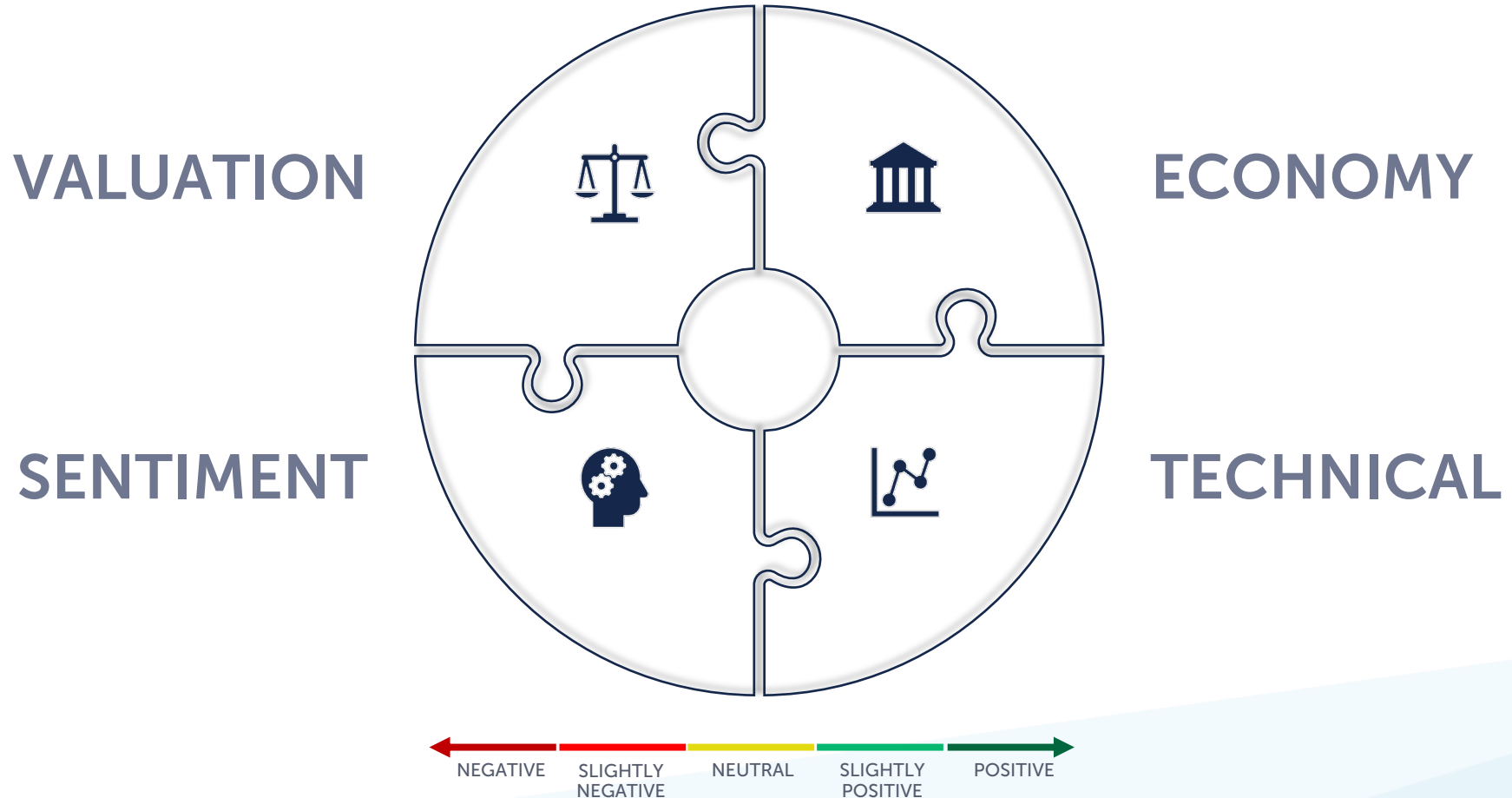
Source: Bloomberg, OneAscent Investment Solutions

Expectations for 2025 rate cuts have declined since the Fed started cutting



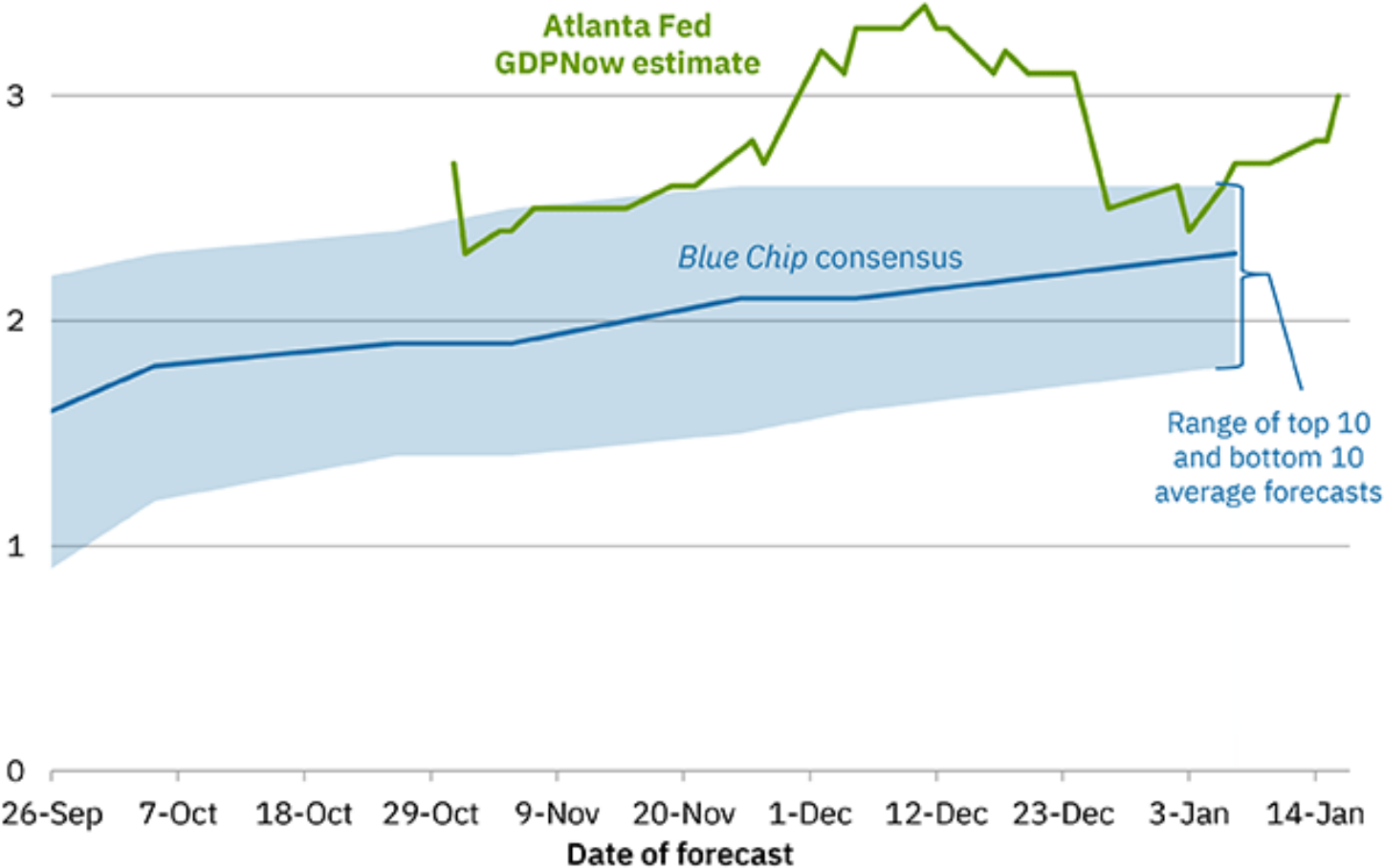
Source: Bloomberg, OneAscent Investment Solutions

Navigator Outlook: January 2025

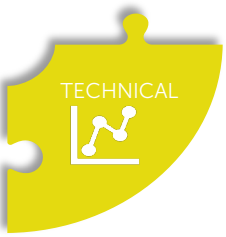


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4Q 2024 growth estimates remain strong



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey

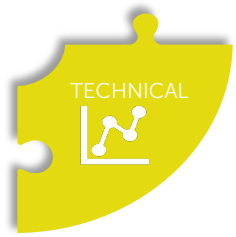


More stocks are beginning to decline, limiting upside potential



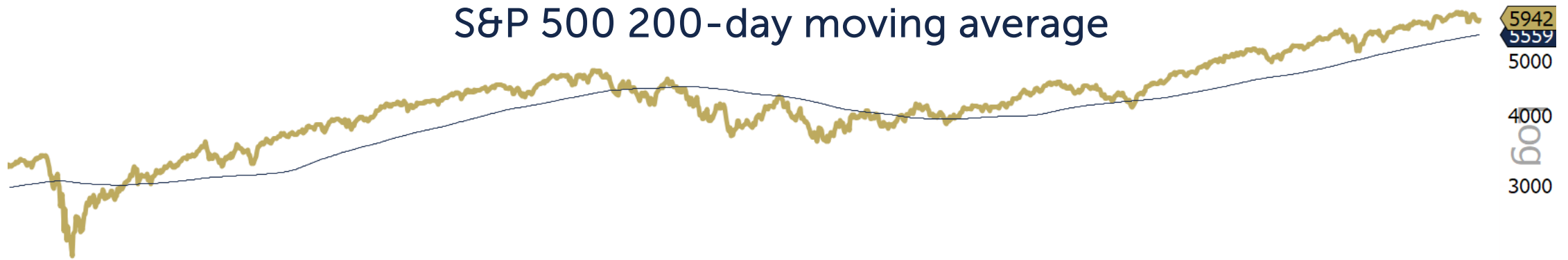
Source: Bloomberg

Fewer US large cap stocks are supporting the market's positive trend



S&P 500

S&P 500 200-day moving average



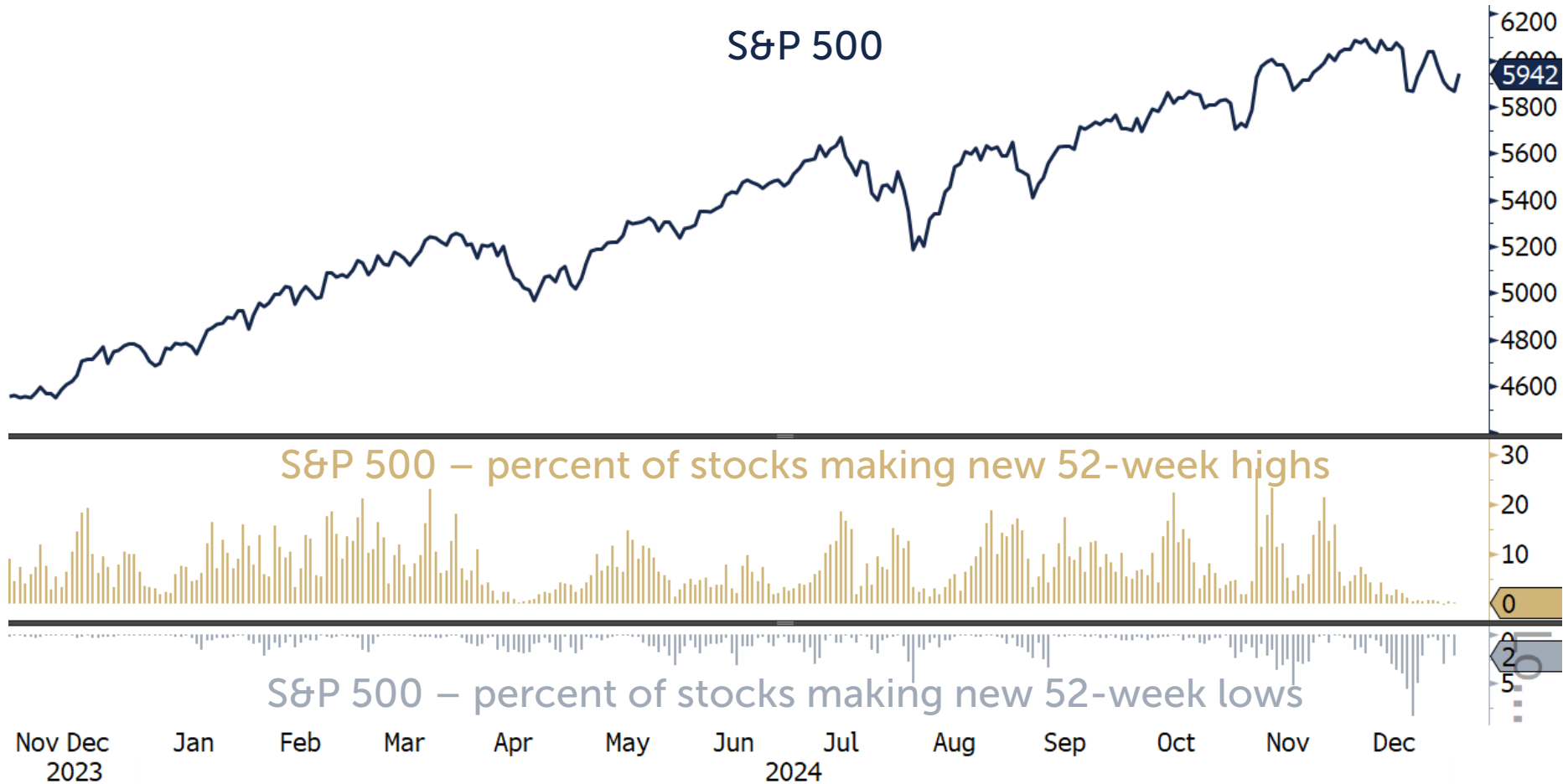
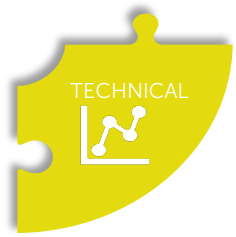
S&P 500 - percent of stocks above 200 day moving average



2020 2021 2022 2023 2024
SPX Index (S&P 500 INDEX) % above 200Day MA Daily 05JAN2020-03JAN2025
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Source: Bloomberg

Fewer stocks are achieving new highs



SPX Index (S&P 500 INDEX) new highs-lows Daily 22NOV2023-04JAN2025

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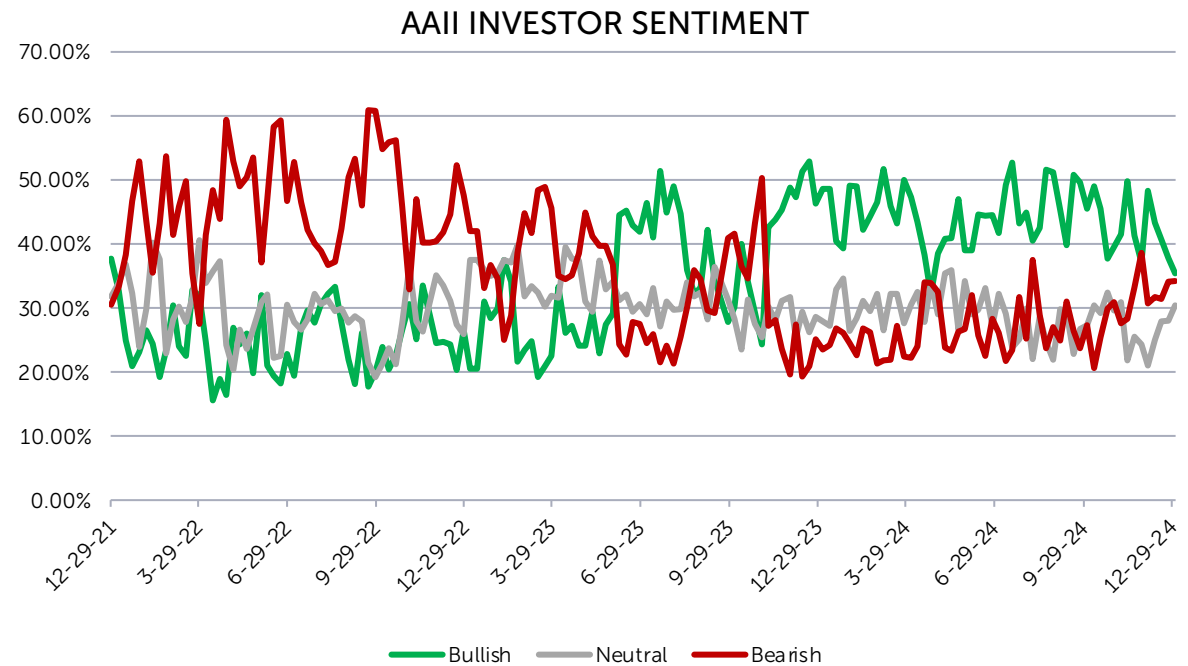
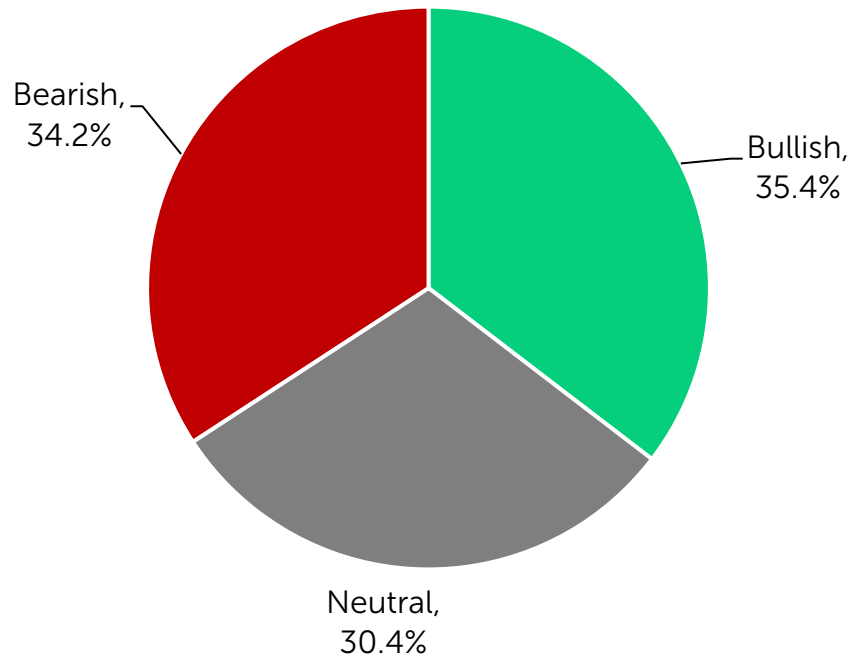
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Source: Bloomberg,

Investor sentiment readings are moving towards neutral territory

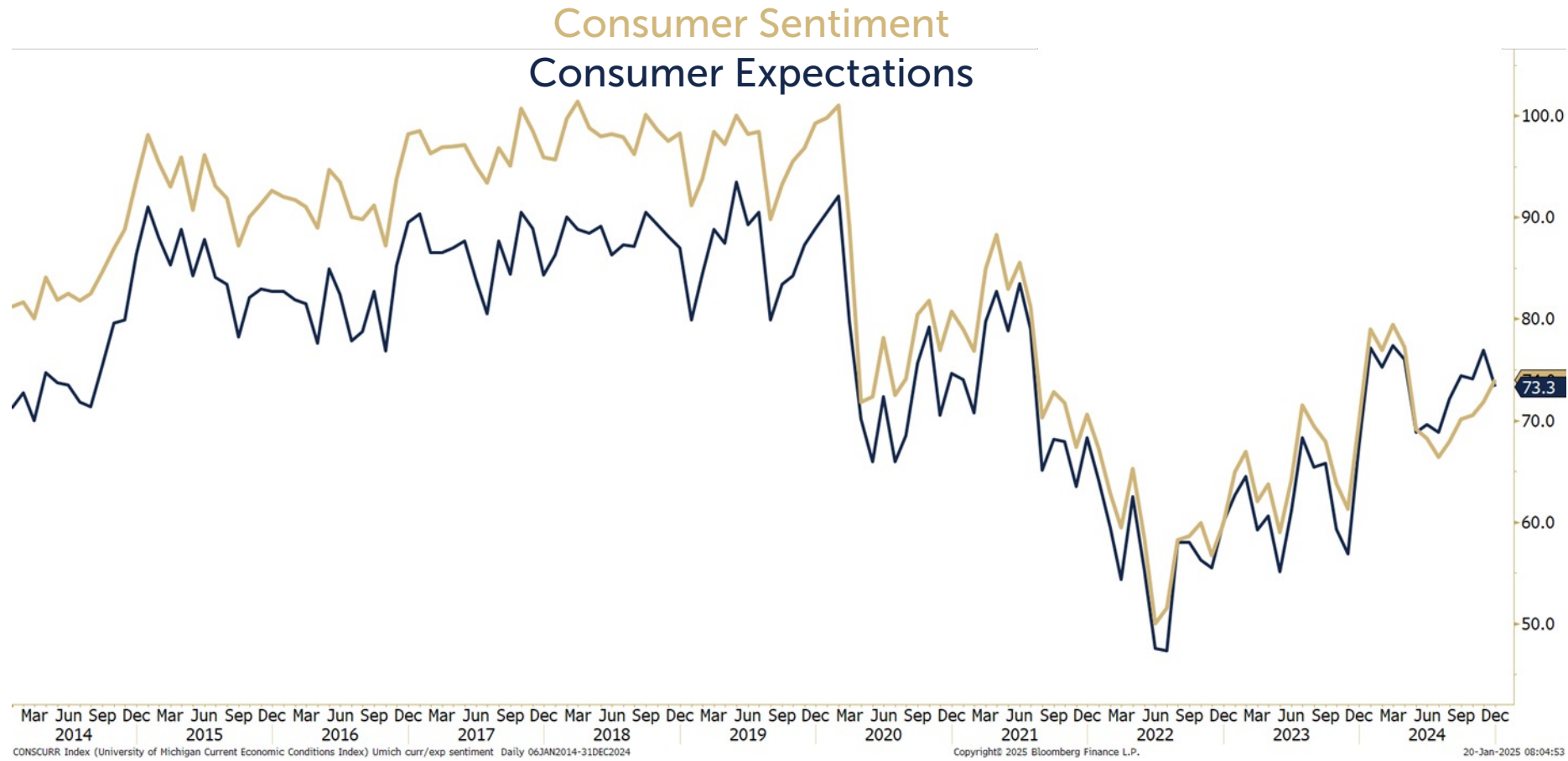


AII Sentiment Survey
1/1/2025



Source: AII Sentiment Survey

Consumers sentiment has risen for 5 months in a recovery from 2022 lows

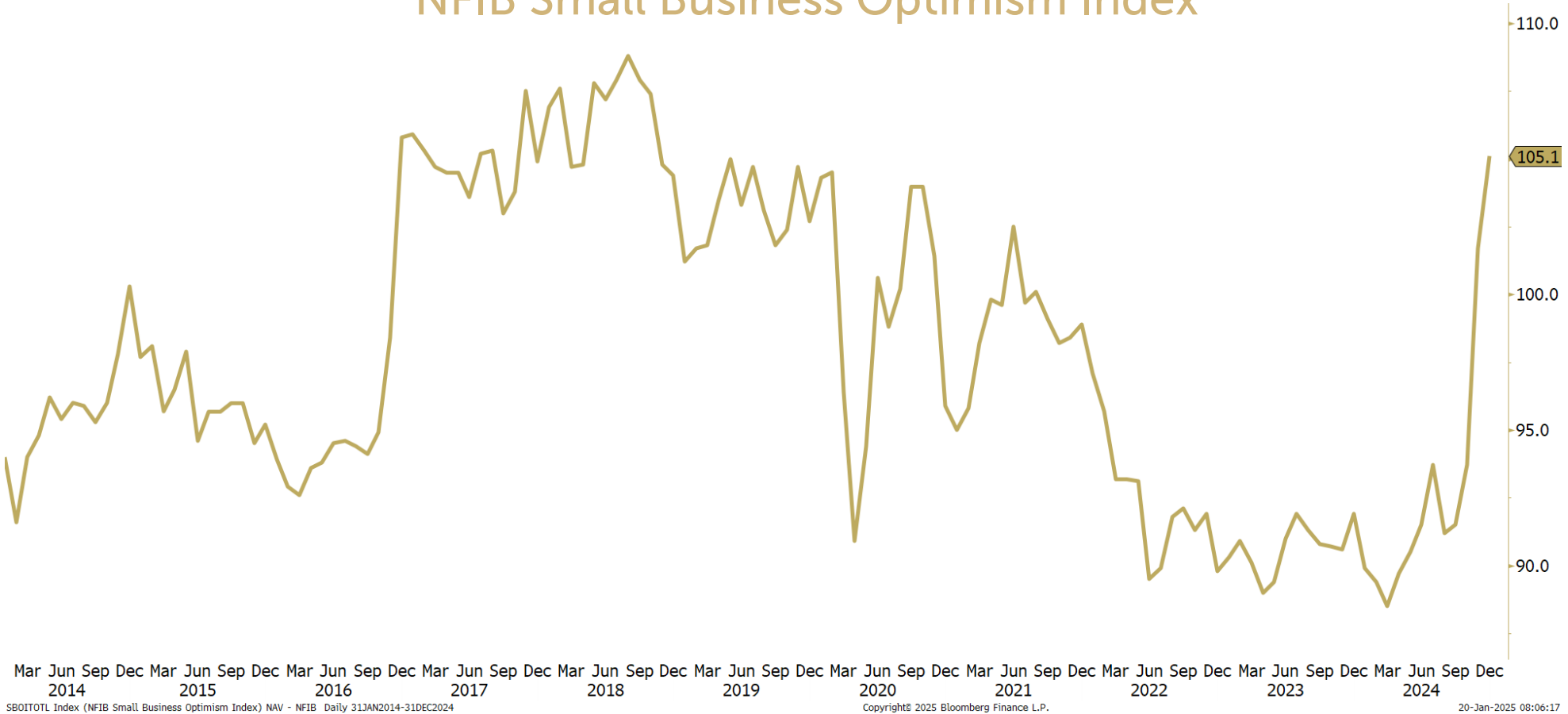


Source: University of Michigan Consumer Confidence Survey



Small business optimism increased significantly in November and December

NFIB Small Business Optimism Index



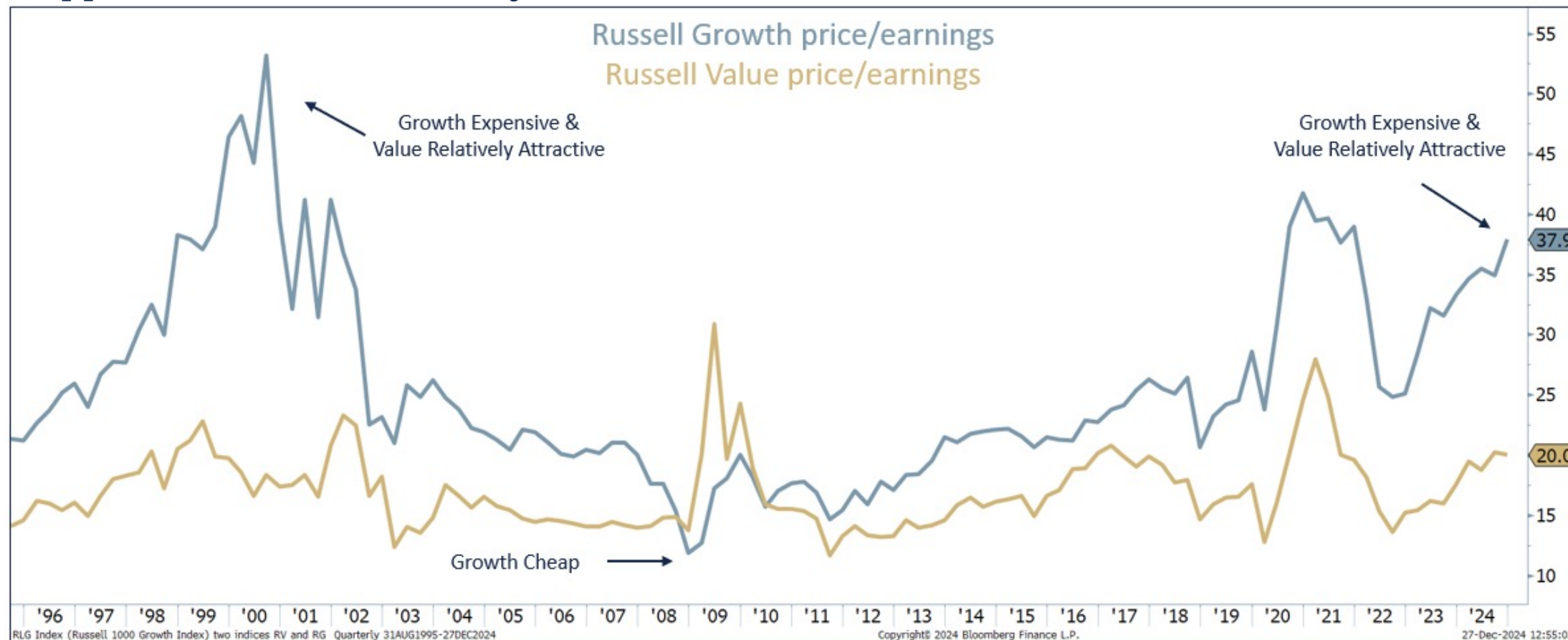
Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec Mar Jun Sep Dec
2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024
SBOITOTL Index (NFIB Small Business Optimism Index) NAV - NFIB Daily 31JAN2014-31DEC2024
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Source: Bloomberg

The valuation difference between growth and value stocks is extreme



Supports Diversification *Away* from Growth



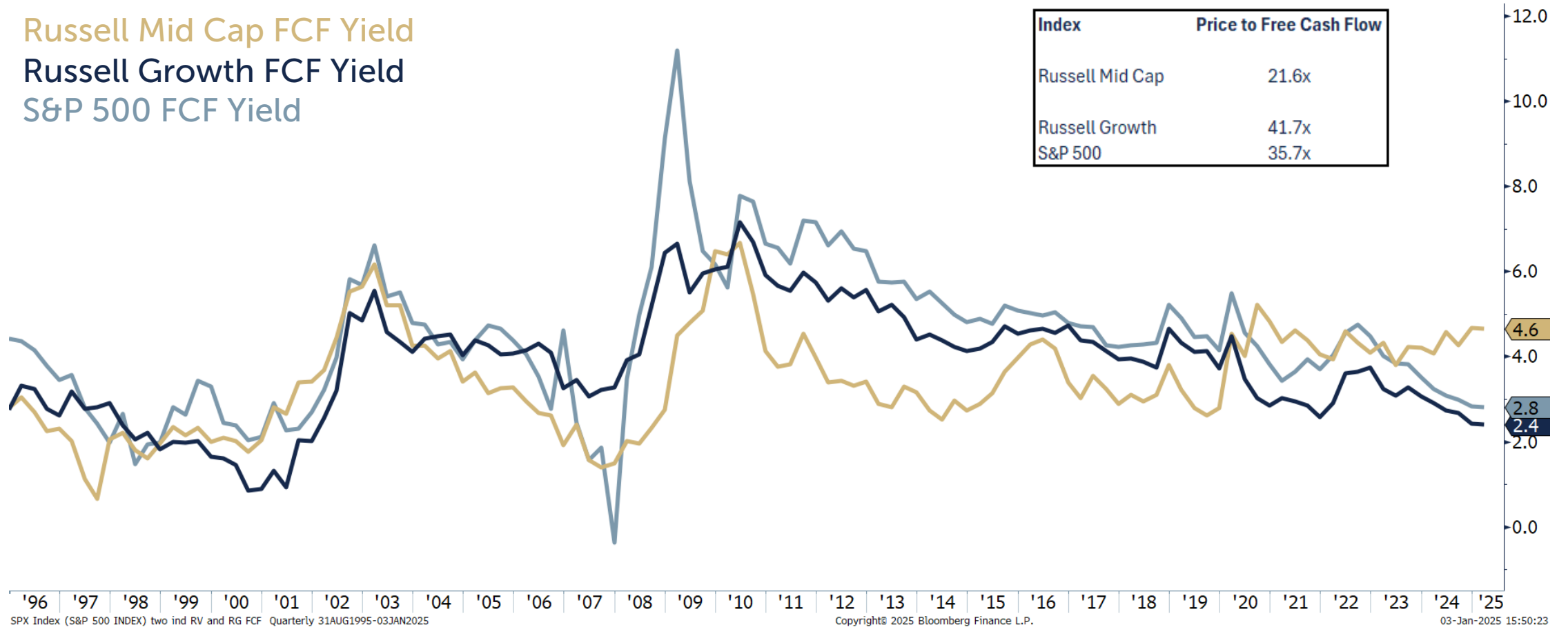
Source: Bloomberg. Russell growth represents the Russell 1000 growth index, Russell Value represents the Russell 1000 Value index

Free Cash Flow Yield - Mid caps attractive in a relatively expensive world



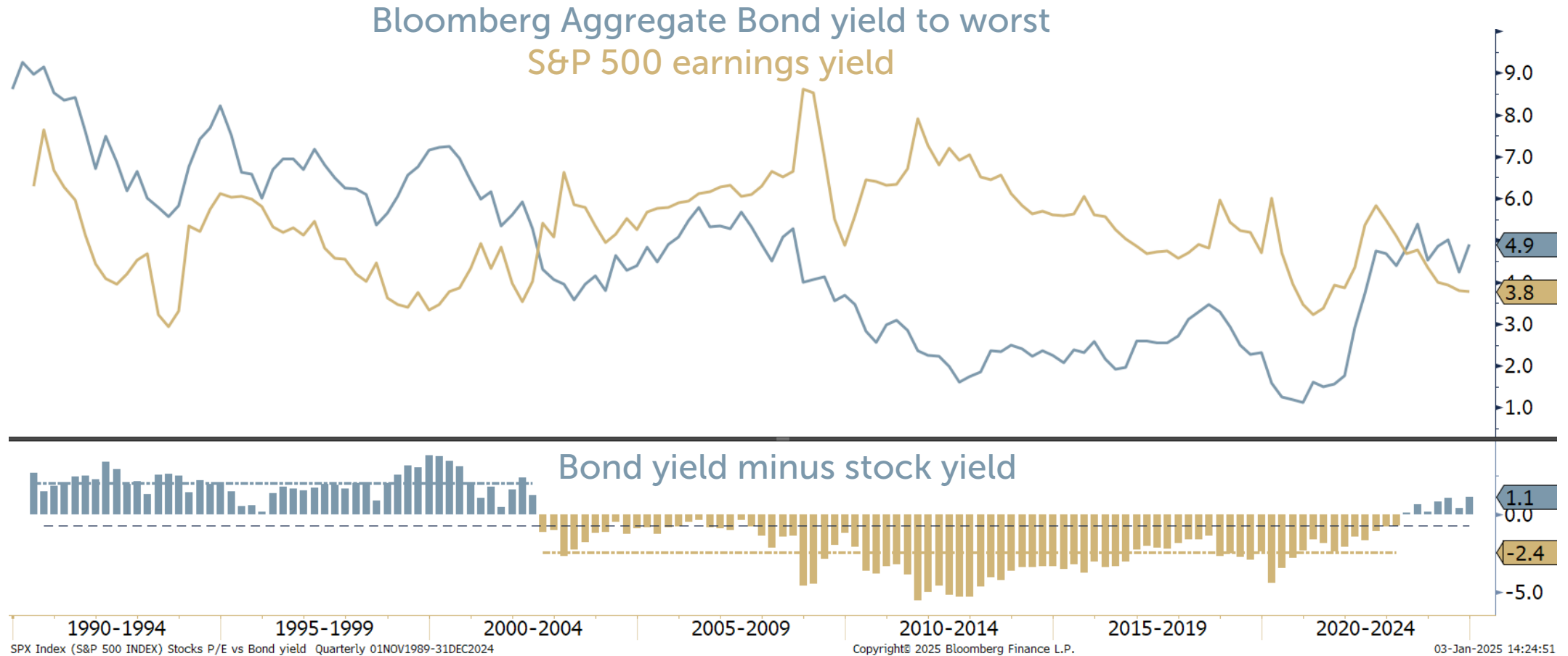
Russell Mid Cap FCF Yield
 Russell Growth FCF Yield
 S&P 500 FCF Yield

Index	Price to Free Cash Flow
Russell Mid Cap	21.6x
Russell Growth	41.7x
S&P 500	35.7x



Source: Bloomberg

Bond yields are attractive relative to large cap stocks' earnings yield



Source: Bloomberg

Navigator Outlook: January 2025

VALUATION

- Valuation spreads between growth and value are stocks near historic extremes
- Large cap equities have become more expensive measured by free cash flow yield, while mid caps have remained cheaper
- The equity risk premium is near 20-year lows; bonds have become relatively attractive.

SENTIMENT

- Investor sentiment readings are shifting towards more neutral, healthier readings.
- Consumer sentiment has risen in recent months but remains below pre-COVID levels
- Small business optimism shot up during November, as the election results signaled a major shift in economic policy.



ECONOMY

- 4Q GDP estimates remains strong despite slowing from strong 2Q and 3Q growth
- Inflation has crept up in the fourth quarter, remaining above the Fed's target level
- Stock earnings are expected to grow in 2025, with participation broadening beyond the Magnificent 7

TECHNICAL

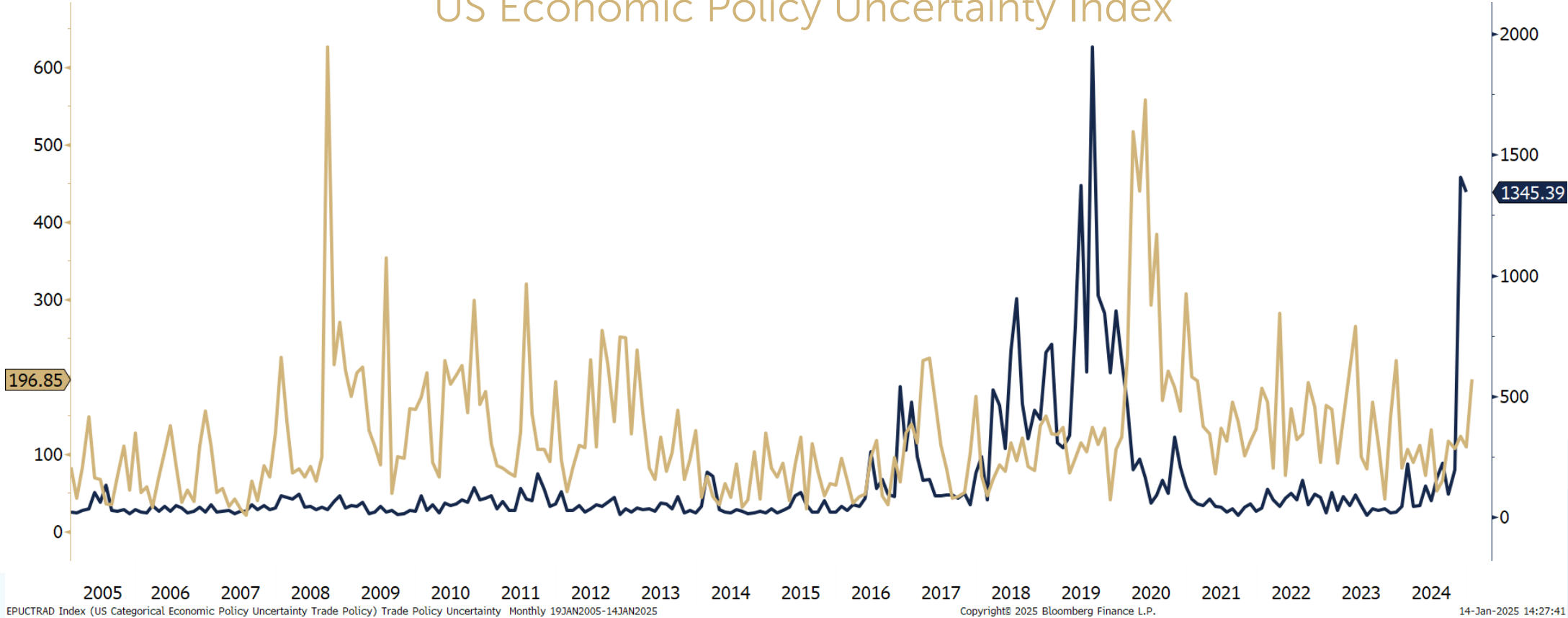
- The advance/decline line is beginning to stall, limiting upside potential.
- While the S&P 500 remains well above its 200-day moving average, fewer stocks are participating in the upside.
- Almost no stocks in the S&P 500 have made new 52-week highs recently, highlighting the lack of breadth.



Policy uncertainty heightened due to tariff concerns

US Categorical Economic Policy Uncertainty: Trade Policy

US Economic Policy Uncertainty Index



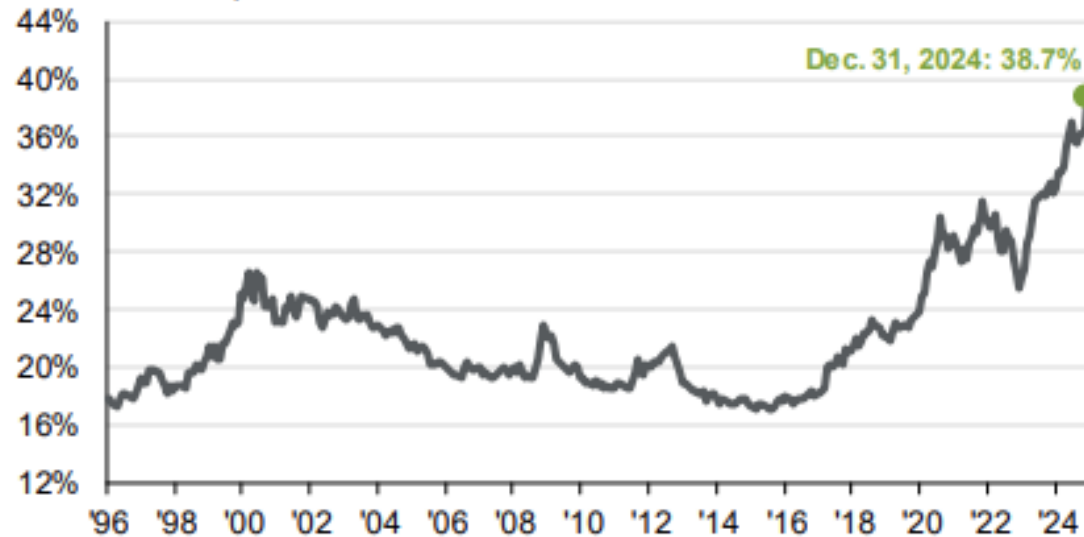
Policy drivers to consider in 2025

Policy Issue	Outlook
Tariffs/Trade	Multiple impacts: 1) Global growth (weaker China); 2) inflation; 3) rates; 4) volatility Second level impacts unknown: trade response, supply chain disruption, etc.

Concentrated performance drove markets in 2024

Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Source: JP Morgan Asset Management (Guide to the Markets)

- The degree of concentration and the rate of change over the last 8 years has been unprecedented
- Many investors now have migrated to 'unbalanced' portfolios
- Diversification proves to be extremely beneficial when concentrated performance unwinds

Asset Class Returns

Mag 7
111%

Mag 7
60%

2010-2024		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Large Cap	Sm all Cap	REITs	REITs	REITs	Sm all Cap	REITs	REITs	Small Cap	EM Equity	Cash	Large Cap	Sm all Cap	REITs	Com dty.	Large Cap	Large Cap
13.9%	20.6%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	25.0%
Small Cap	EM Equity	Sm all Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	EM Equity	Large Cap	Cash	DM Equity	Sm all Cap
10.3%	17.9%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	11.5%
REITs	REITs	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	REITs	Small Cap	Large Cap	Com dty.	High Yield	Sm all Cap	Asset Alloc.
9.4%	16.8%	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	10.0%
Asset Alloc.	DM Equity	Com dty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Com dty.	Sm all Cap	High Yield	DM Equity	Asset Alloc.	Sm all Cap	Fixed Income	Asset Alloc.	High Yield
7.2%	16.5%	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	9.2%
High Yield	Com dty.	Large Cap	Cash	Sm all Cap	High Yield	Sm all Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	EM Equity
5.9%	16.1%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	8.1%
DM Equity	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	REITs	Com dty.
5.7%	15.1%	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	5.4%
EM Equity	Asset Alloc.	Asset Alloc.	Sm all Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Sm all Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	Cash
3.4%	10.4%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	5.3%
Fixed Income	High Yield	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Sm all Cap	Fixed Income	Fixed Income	Com dty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	REITs
2.4%	9.4%	8.2%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	4.9%
Cash	Fixed Income	Fixed Income	Com dty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Com dty.	DM Equity	Com dty.	Com dty.	Fixed Income	Sm all Cap	Cash	DM Equity
1.2%	4.7%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	4.3%
Com dty.	Cash	Cash	EM Equity	Com dty.	Com dty.	Com dty.	Com dty.	Cash	Cash	EM Equity	Cash	REITs	EM Equity	REITs	Com dty.	Fixed Income
-1.0%	0.9%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	1.3%

Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg U.S. Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg U.S. Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/2009 to 12/31/2024. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns.

Guide to the Markets – U.S. Data are as of December 31, 2024.

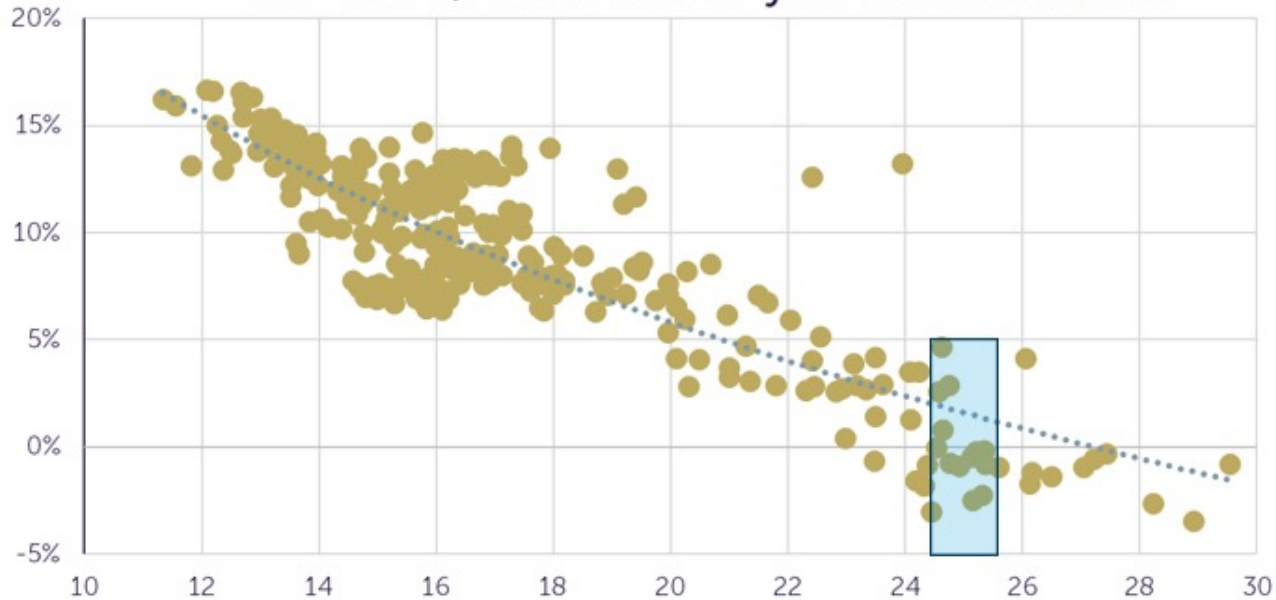
Source: Morningstar.

Mag 7 includes Apple, Nvidia, Microsoft, Alphabet, Amazon.com, Meta Platforms, and Tesla. Returns represent simple average for the group.

High starting valuations influence return assumptions

High trailing PE implies below average historical S&P 500 returns

S&P 500 P/E ratio and 10-year forward returns



Source: Bloomberg

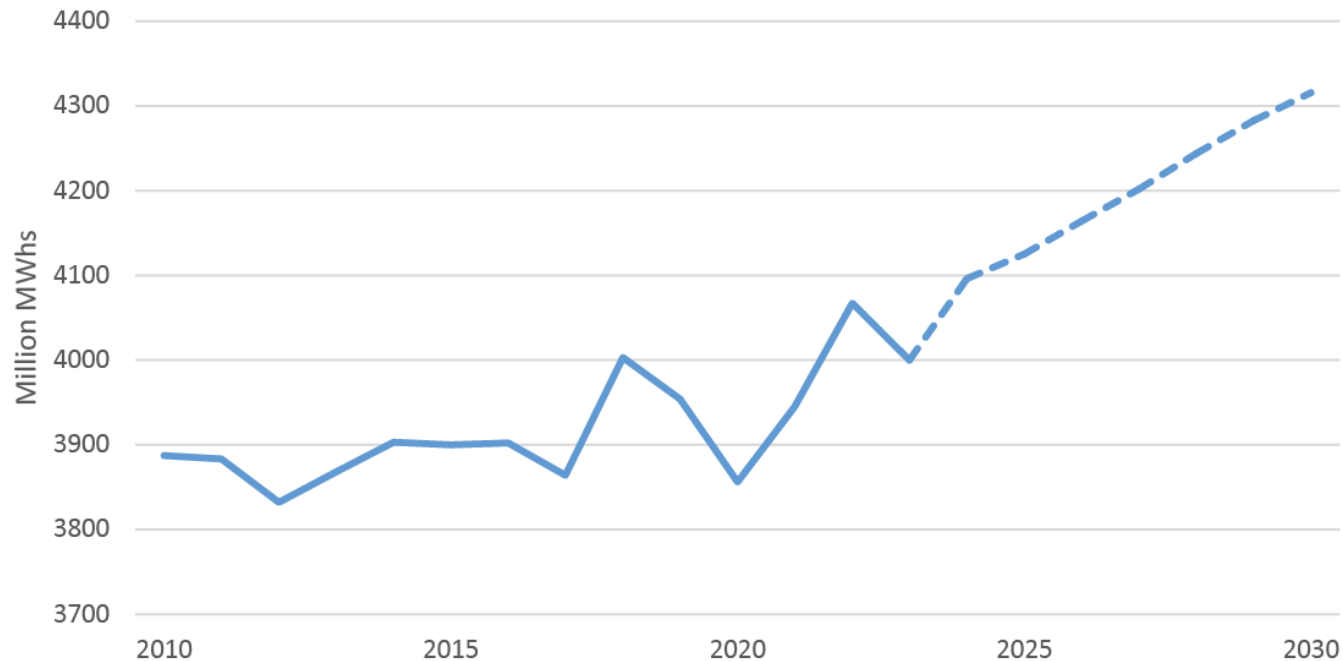
Asset Class	2025 CMA Return Assumption	2024 CMA Return Assumption
Treasury Bonds	4.5%	4.5%
Corporate Bonds	5.15%	5.5%
High Yield Bonds	6.25%	7.3%
US Large Cap Equity	5.9%	7.0%
US Small/Mid Cap Equity	7.5%	8.8%
International Equity	7.0%	7.5%
Emerging Markets Equity	7.8%	9.5%
Hedged Alternatives	6%	5%
Private Equity	10%	10%
Venture Capital	11.5%	
Private Real Estate	8%	
Private Credit	9.5%	

Investment drivers looking towards 2025

Issue	Outlook
Employment	Should hold reasonably steady in the low 4% range

Investment opportunities on the horizon

New Power Demand Growth Requires More Capacity



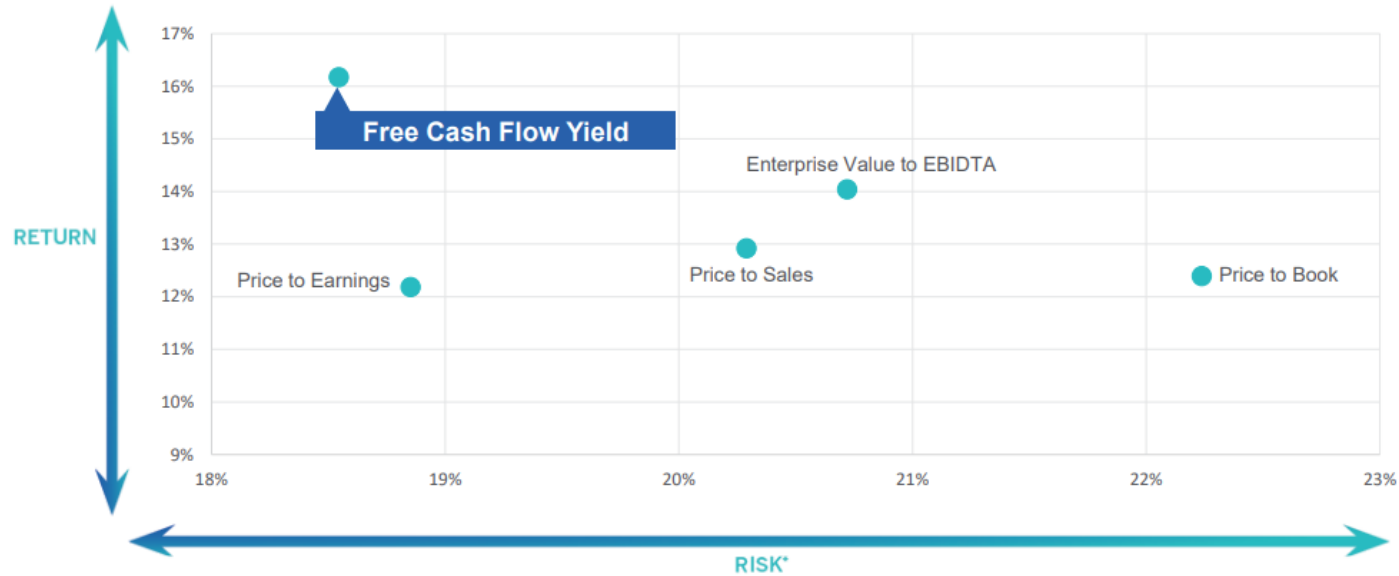
- New position targeting opportunities in energy infrastructure
- Concentrated exposure in Pipelines, Utilities, Real Estate and Oil & Gas
- Future for the Mag-7 relies on the availability of power (Microsoft – Three-Mile Island Nuclear facility restart with Constellation - CEG)

Sources: EIA and JP Morgan

Constellation Energy to buy Calpine in \$27bn deal as AI fuels power demand

Strategic opportunities focusing on FCF Yield

FCF Yield: highest risk-adjusted returns compared to other valuation metrics



- New position targeting most profitable companies and high FCF yields (with growth overlay)
- Portfolio has FCF yield more than double the S&P 500 and a PE multiple that is at nearly a 50% discount to the market

Past performance does not guarantee future results.

Source: FactSet; Analysis period 12/31/1991-6/30/2024. Universe utilized for analysis is the S&P 500 Index with equal weighted constituents (excluding Financials and Real Estate).
*Standard Deviation measures an investment's historical volatility or risk. The case study shown above is updated on an annual basis.

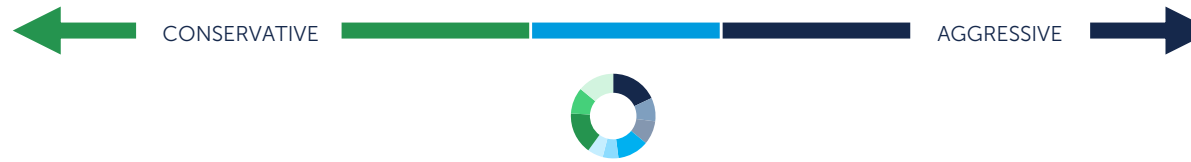
Source: Victory Capital Management

Asset Class Positioning: January 2025

	Asset Class	Positioning	Comment
STOCKS	US Large Cap	Cautious	Overall fundamentals remain solid; however, valuations are at the high end of historical ranges and the multiple expansion phase since the 2022 lows may have run its course
	US Mid and Small Cap	Neutral	↓ Recent earnings revisions for Russell 2000 have been poor. Higher quality Small Caps and Mid-caps have fared much better. Significant valuation discounts remain in place
	International	Neutral	Relative valuation remains attractive, but policy impacts heading into 2025 pose risks to the outlook
	Emerging Markets	Neutral	Relative valuation remains attractive, but policy impacts heading into 2025 pose risks to the outlook
BONDS	Core	Positive	Yields have risen since the Fed began cutting rates and are now pricing fewer rate cuts over the coming year, offering attractive yields with balanced near-term risks.
	Treasuries	Positive	Treasury yields rose again in December as rate cut expectations declined. yields continue to remain attractive on a long-term basis.
	Corporates	Neutral	The yield premium of risky bonds over investment grade bonds remains narrow relative to history; corporate default expectations remain low, offsetting the lower yield premium.
	Mortgages	Positive	Mortgage yields have recovered over the last couple of months. Spreads remain attractive relative to corporate bonds.

Source: Bloomberg, OneAscent Investment Solutions

Asset Allocation – January 2025



Equity	59%
US Large Cap	20.5%
US SMID	18.5%
Developed	15.0%
Emerging Markets	5.0%
Fixed Income	41%
Core Bonds	22.5%
Government Bonds	7.0%
Securitized Bonds	3.0%
Corporate Bonds	4.0%
High Yield Bonds	4.5%
Strategic [†]	80.0%
Tactical [‡]	20.0%

Source: OneAscent Investment Solutions. Represents target allocations as of 12/31/2024 and may not sum to 100% due to rounding.

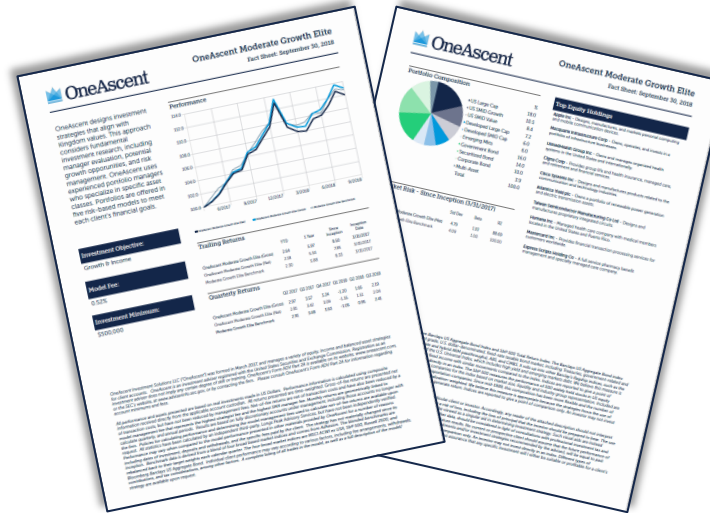
[†] Strategic allocations represent a majority of the portfolio and are updated annually based on capital market assumptions. The strategic component of a portfolio is intended to provide the appropriate level of market exposure to stocks and bonds based on the intended risk-tolerance.

[‡] Tactical allocations represent a smaller portion of the portfolio and are updated quarterly based on an assessment of relative strength. The tactical component of a portfolio is intended to capitalize on near-term opportunities as the market environment changes.

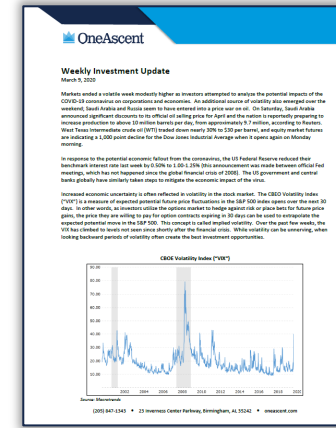
If you'd like to learn more about our solutions, visit us at investments.oneascent.com or email us at info@oneascent.com



Allocation Dashboard



Fact Sheets



Investment Commentary

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Important Disclosures

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Turnkey Model Performance:

Performance information for the attached strategy is calculated using model performance and is based on the portfolio allocation data since inception. The strategy has not materially changed since inception. Model performance is net of any fees on the underlying mutual funds and ETFs, management fees of any underlying model portfolios, and a strategist fee applied annually to the entire strategy. The model performance does not include any overlay fees, brokerage fees, or commissions. Performance for periods longer than a year has been annualized. Model performance means that while actual client accounts will be managed as closely to the model as possible, the performance reported is for the targeted portfolio allocations for the strategy and not a composite of actual client accounts. Accordingly, individual client performance may vary according to various factors, including fee arrangements, withdrawals, contributions, and tax considerations, among other factors. OneAscent does not control the fee amounts charged by recommending advisers. A complete listing of all trades in the model, as well as a full description of the model/strategy are available upon request.

Unless otherwise noted, the benchmark used for this strategy is a blend of four broad based market indices and benchmark performance is calculated by Morningstar. Blended benchmarks are rebalanced back to their target weights each calendar quarter. The four broad market indices are S&P 500, Russell 2500, MSCI ACWI ex USA, and Bloomberg Barclays US Aggregate Bond. The S&P 500 is a market cap-weighted index of the 500 largest U.S. publicly traded companies. The Russell 2500 is a market cap-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of U.S. companies. The MSCI ACWI ex USA (Morgan Stanley Capital International All Country World Index Ex-U.S.) is a market-cap weighted index designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The Bloomberg Barclays US Aggregate Bond is an index designed to provide a broad measure of the U.S. bond market and includes government securities, mortgage-backed securities (MBS), asset-backed securities (ABS), and corporate securities. Index performance is for illustrative purposes only. Index performance does not reflect any management fees, transaction costs, or expenses. Indexes are unmanaged and one cannot invest directly in an index.

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