

OneAscent Market Update: Q3 2022

JULY 19th, 2022

Today's Speakers



Cole Pearson

- President, Investment Solutions for OneAscent
- 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 for OneAscent
- Previously CIO of Greenhawk Capital
- 15 years with GenSpring Family Offices
- B.A., Taylor University

About OneAscent Investments

We develop values-aligned, Kingdom-driven investment solutions for advisors and investors. Our passion is investing in businesses that bless the world.

2017

OneAscent Was
Founded

11

Team Members

16

Average Years
in Industry

700

Assets Under
Advisement
(\$MM)

Who We Serve



Financial Advisors



Institutional Clients



Faith-Based Organizations



Family Offices



Endowments & Foundations



Pensions & Retirement Plans

Data as of 12/31/2021.

Our approach to Values-Based Investing

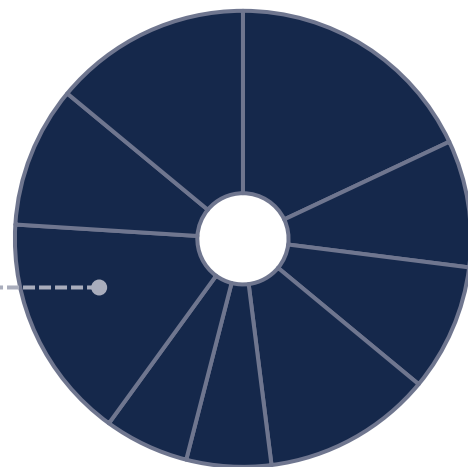


Reference to OneAscent's values-based investing approach is provided for illustrative purposes only and indicates a general framework of guiding principles that inform OneAscent's overall research process. OneAscent's judgment about the quality, alignment, or impact of a particular company may prove to be incorrect. There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses.

Navigating the “ups” and “downs” of the market

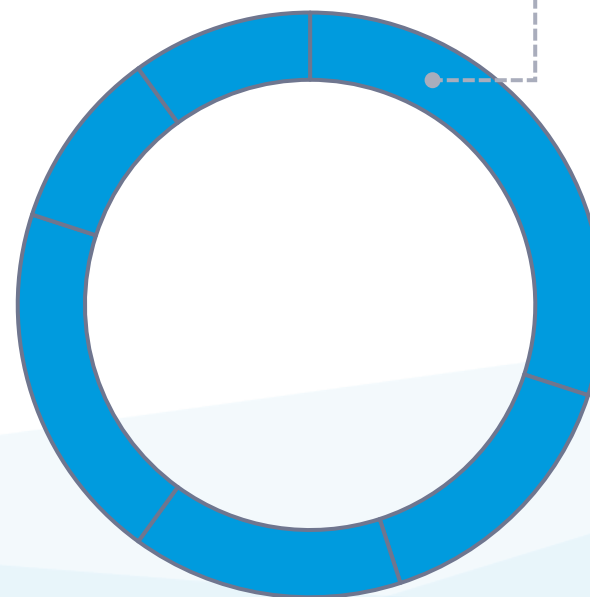
STRATEGIC “The Roadmap”

- Set annually
- Determined by capital market assumptions
- Risk-based market exposure

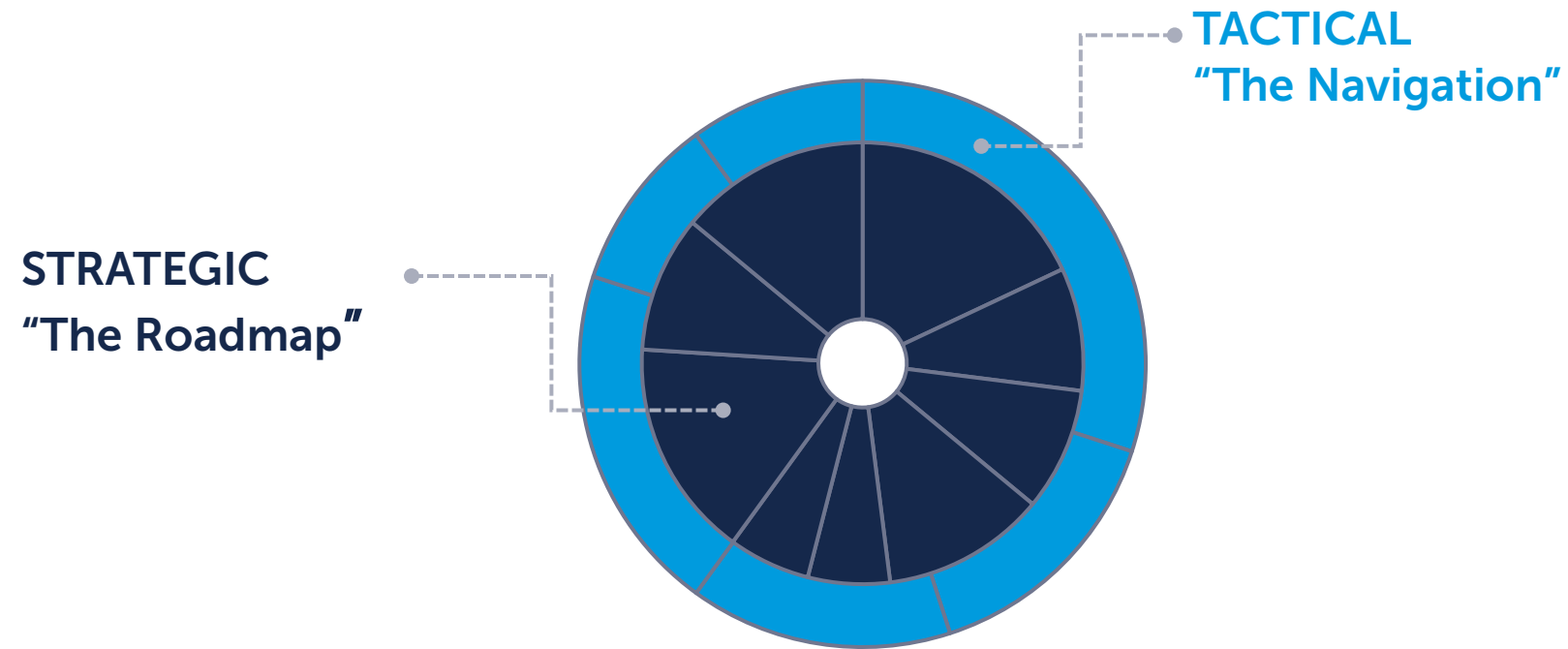


TACTICAL “The Navigation”

- Updated monthly
- Objective assessment of the health of global markets
- Behavioral alpha, risk-mitigation



Navigating the “ups” and “downs” of the market



Allocation Committee Update & Outlook Q3 2022

Nathan Willis, CFA, CAIA

Director of Portfolio Strategy
OneAscent Investments

Q2 2022 market discussion

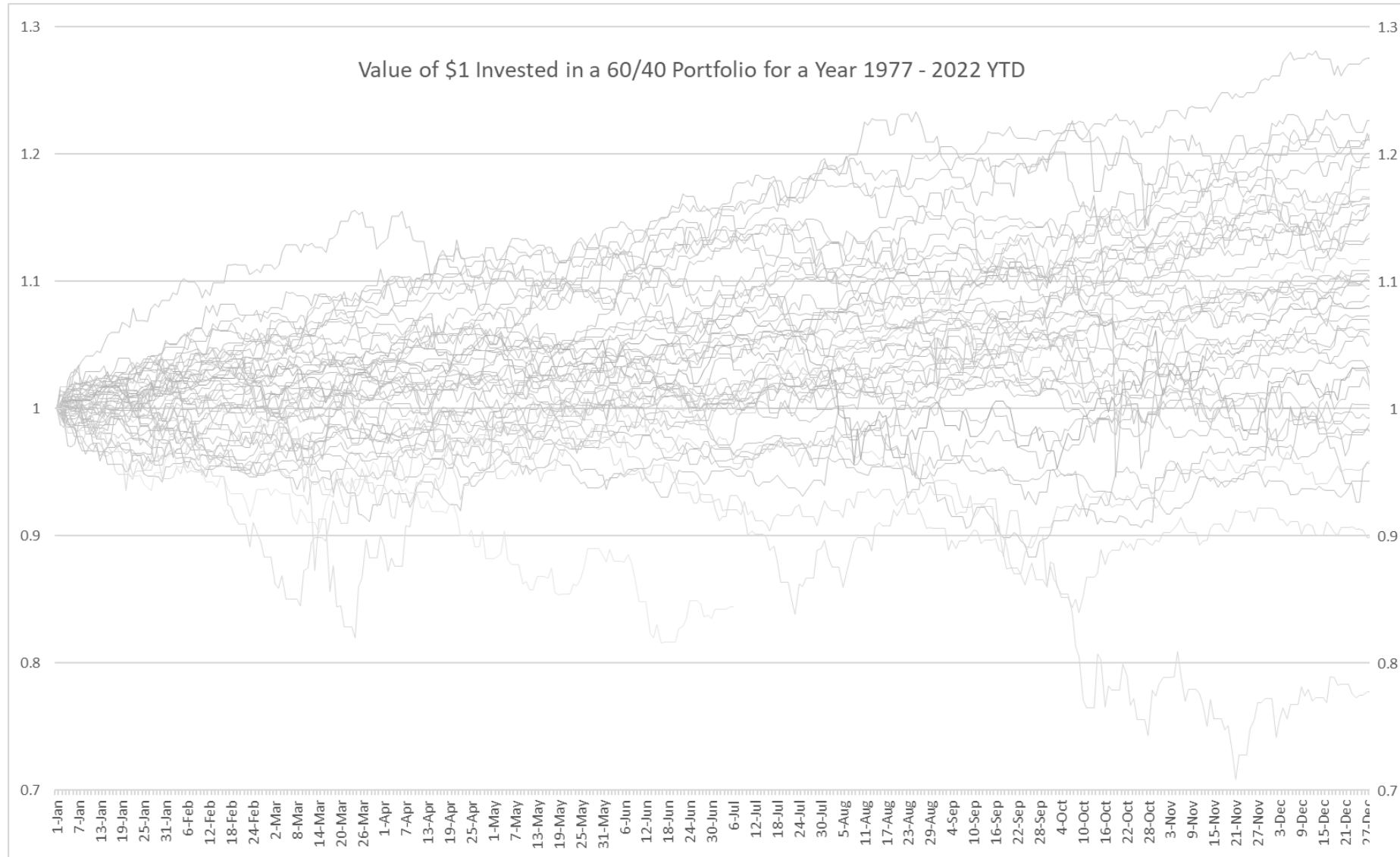
- Review of markets in the second quarter
- Navigator process and investment outlook
- What actions should I be taking in my portfolio

Q2 2022 market returns

Index	3 Month Cumulative Return	YTD Cumulative Return	3 Year Annualized Return	5 Year Annualized Return
<u>Stocks</u>				
Russell 1000 Growth	-20.92	-28.07	12.58	14.29
S&P 500	-16.10	-19.96	10.60	11.31
Russell Mid Cap Growth	-21.07	-31.00	4.25	8.88
Russell 1000 Value	-12.21	-12.86	6.87	7.17
Russell Mid Cap Value	-14.68	-16.23	6.70	6.27
MSCI EAFE	-14.51	-19.57	1.07	2.20
MSCI Emerging Markets	-11.45	-17.63	0.57	2.18
<u>Alternative Investments</u>				
Morningstar Moderate Target Risk	-11.34	-15.94	3.53	4.91
<u>Bonds</u>				
Bloomberg US Agg Bond	-4.69	-10.35	-0.93	0.88

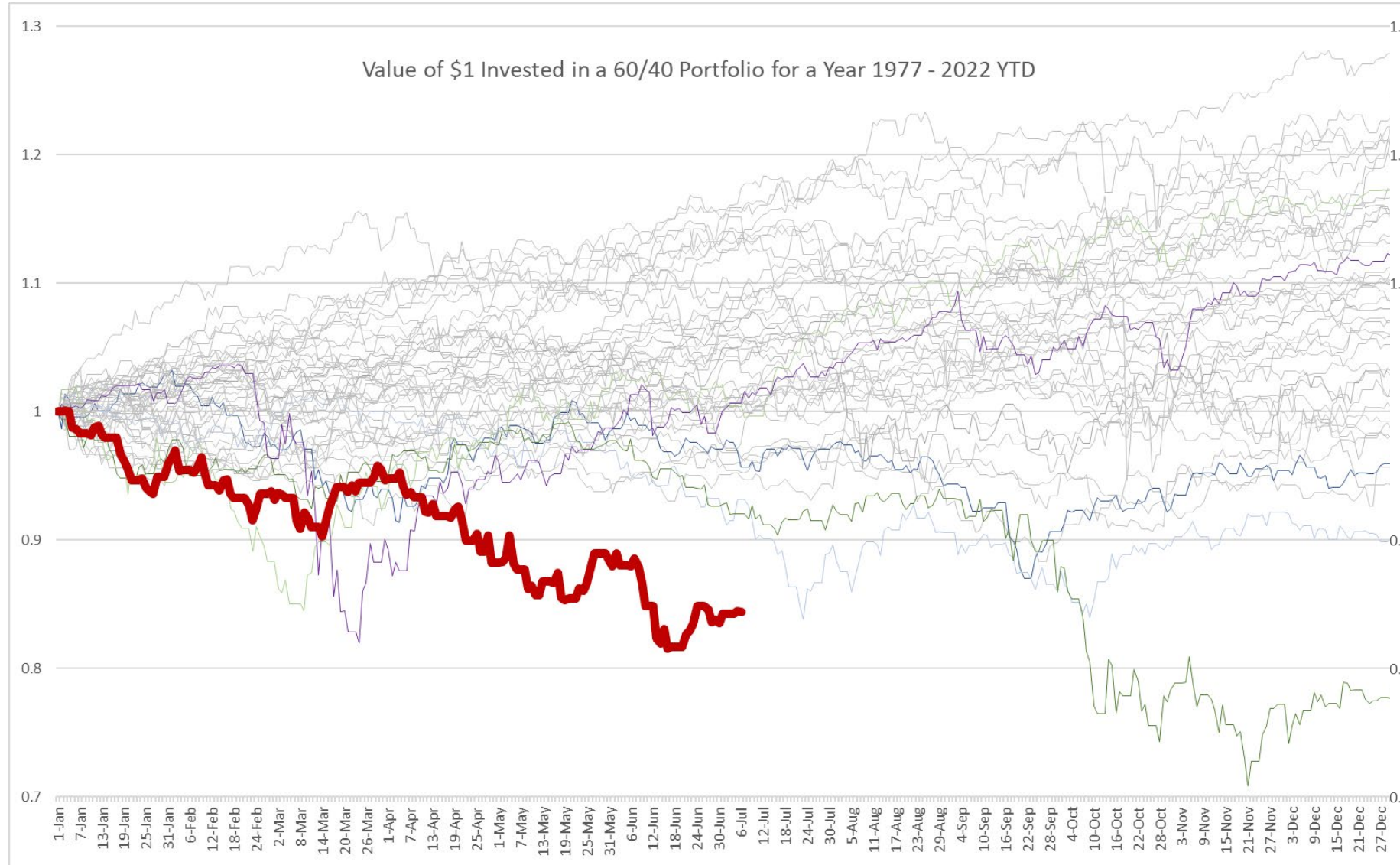
Source: Morningstar Direct

Balanced portfolio performance - 2022



Source: Bloomberg, OneAscent Investment Solutions

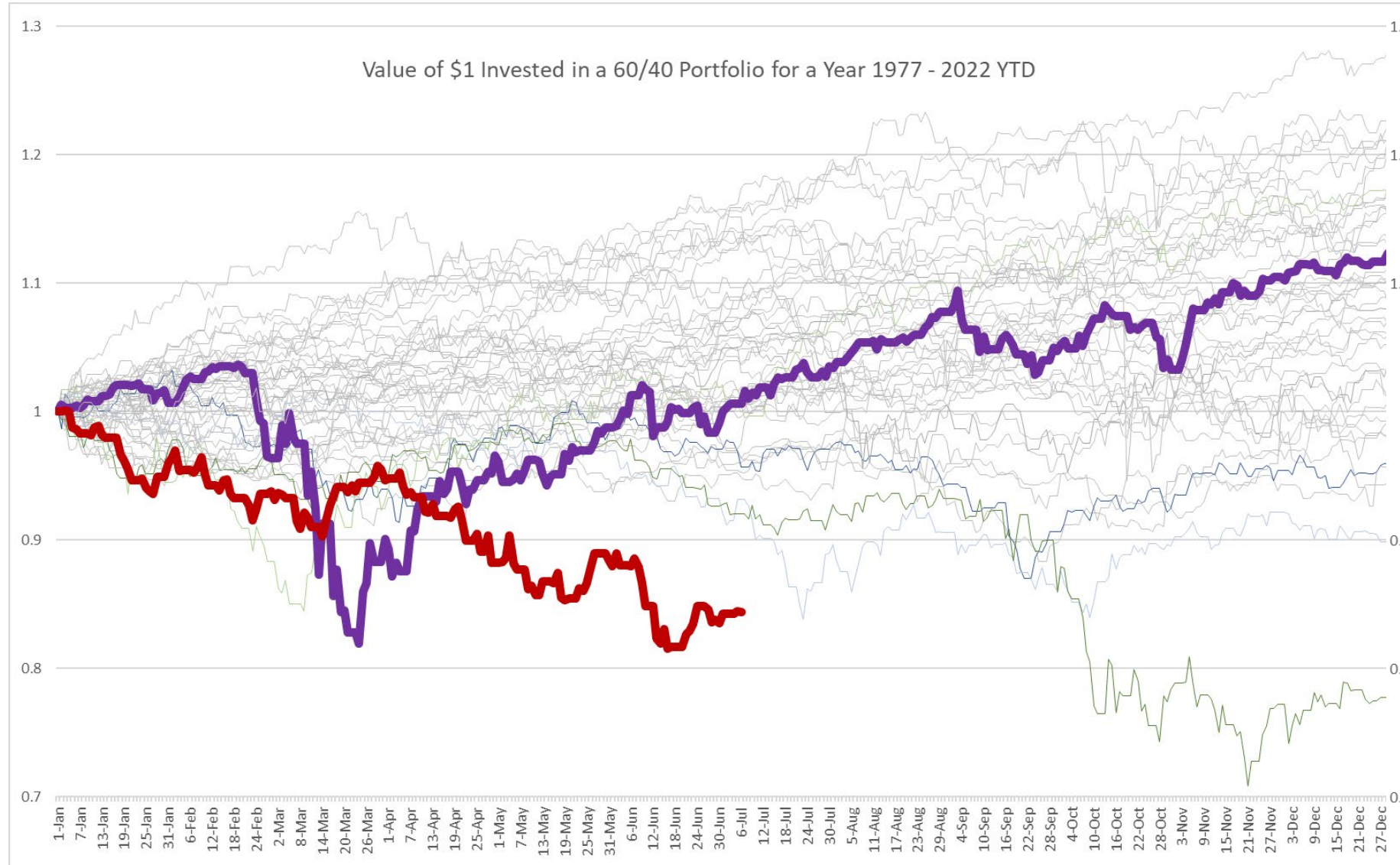
Balanced portfolio performance – crisis periods



Calendar Year
2022

Source: Bloomberg, OneAscent Investment Solutions

Balanced portfolio performance – crisis periods

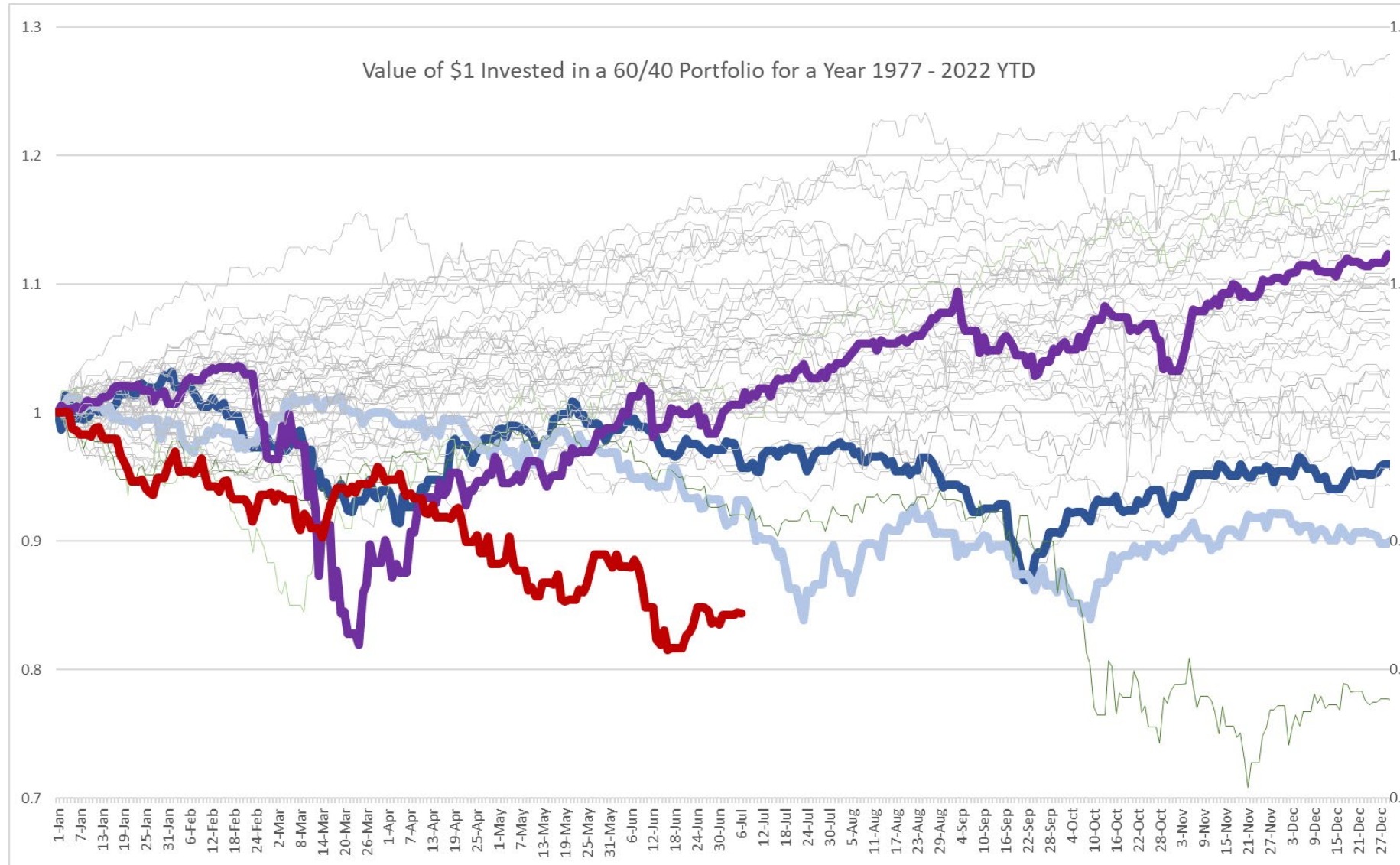


Calendar Year
2022

2020 Pandemic

Source: Bloomberg, OneAscent Investment Solutions

Balanced portfolio performance – crisis periods



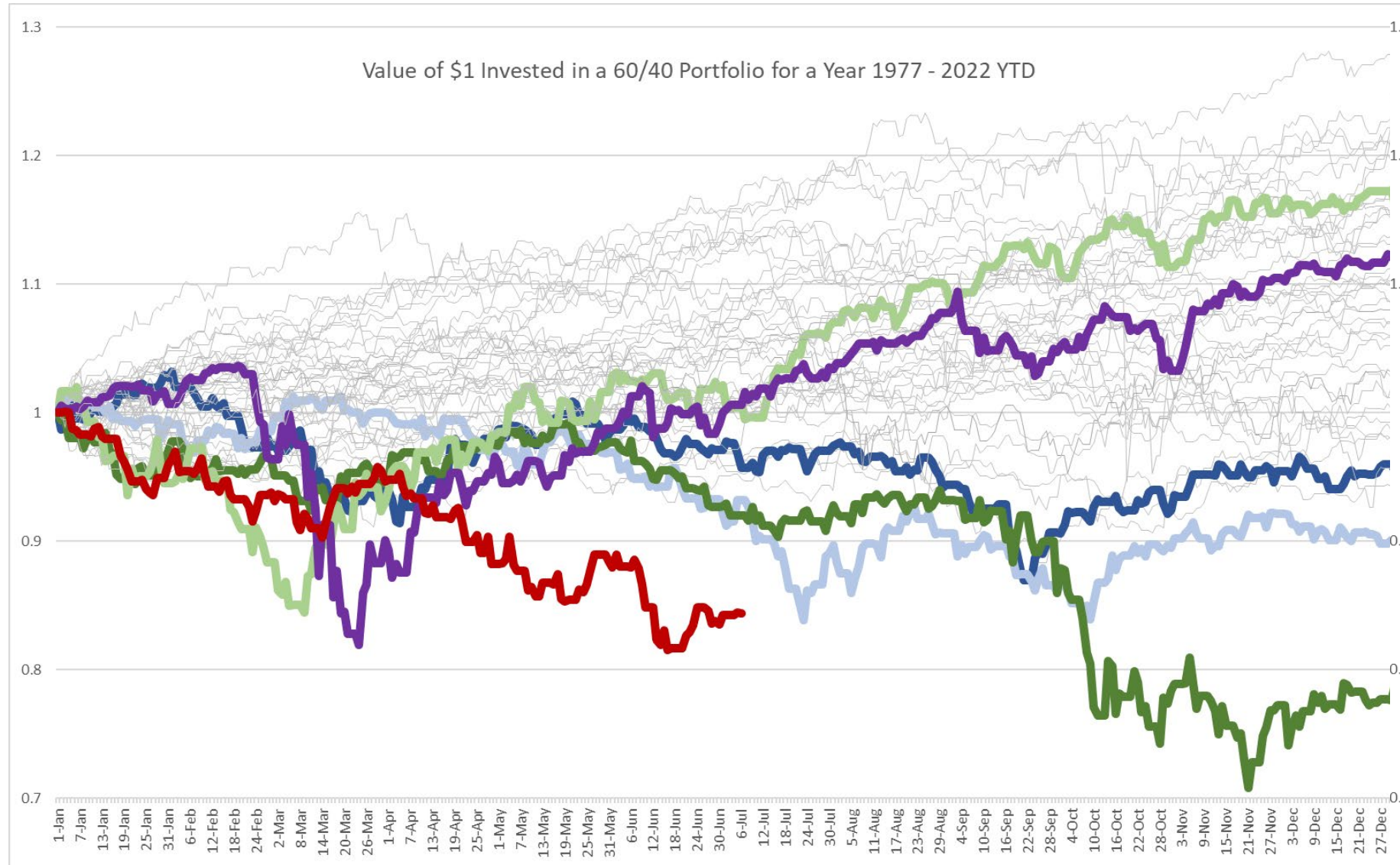
Calendar Year
2022

2020 Pandemic

2001 Tech
2002 Bubble

Source: Bloomberg, OneAscent Investment Solutions

Balanced portfolio performance – crisis periods



Calendar Year
2022

2020 Pandemic

2001 Tech

2002 Bubble

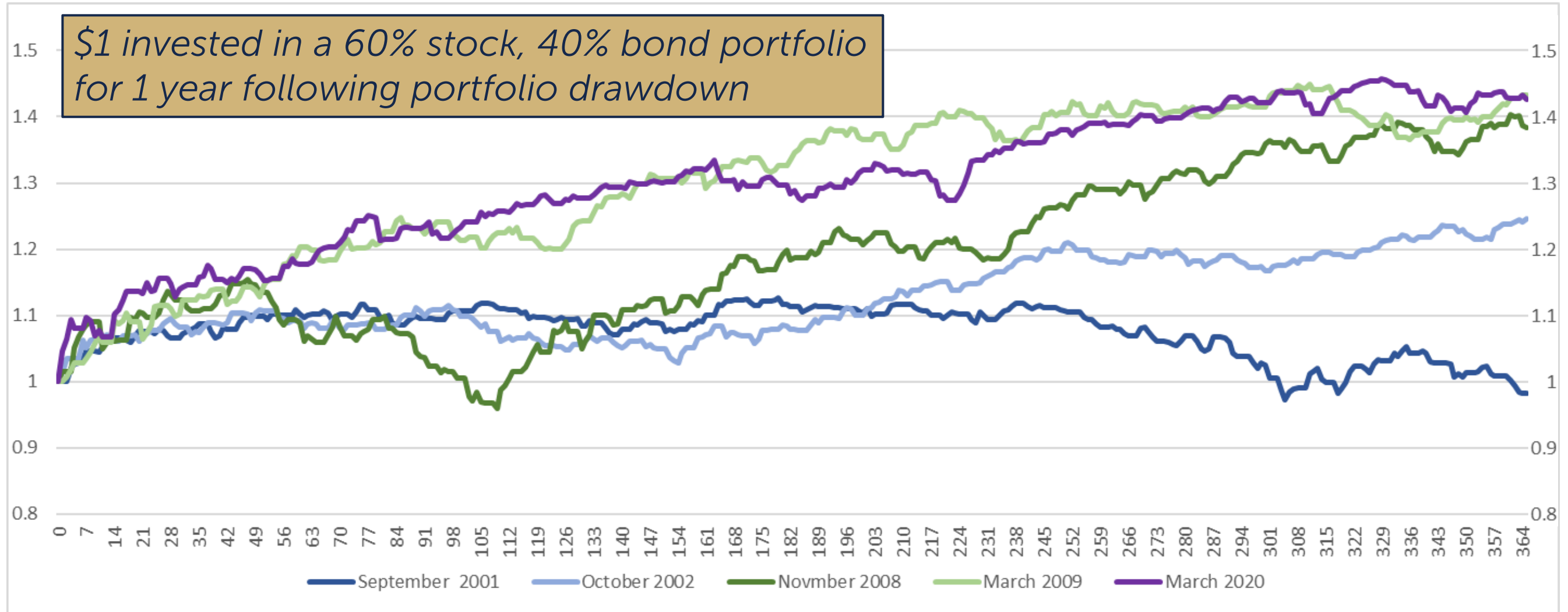
2008 Financial

2009 Crisis

Source: Bloomberg, OneAscent Investment Solutions

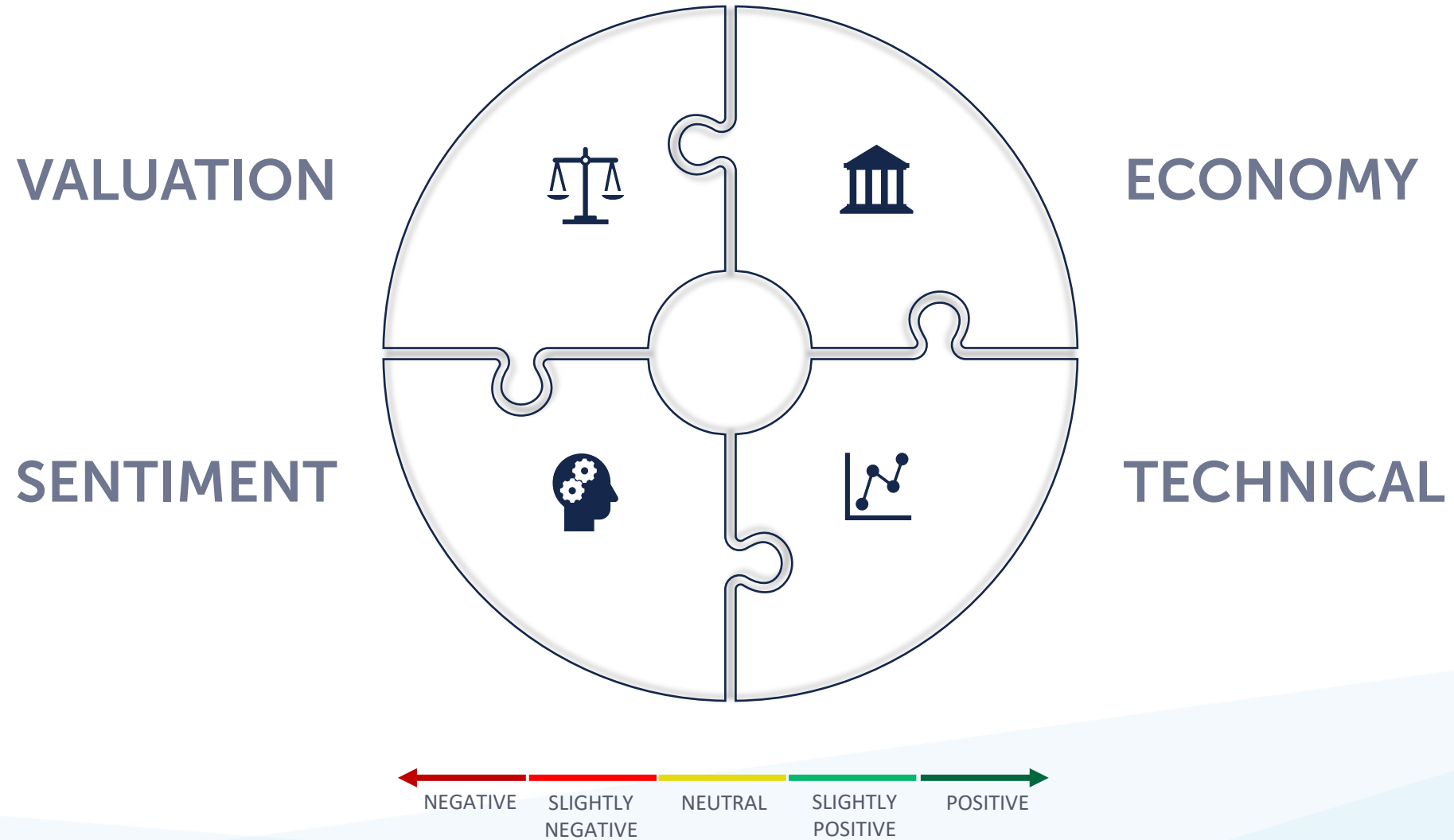
Balanced portfolios have recovered over the following year

It pays to stay invested following a 6-month loss



Source: Bloomberg, OneAscent Investment Solutions

Navigator Outlook: July 2022

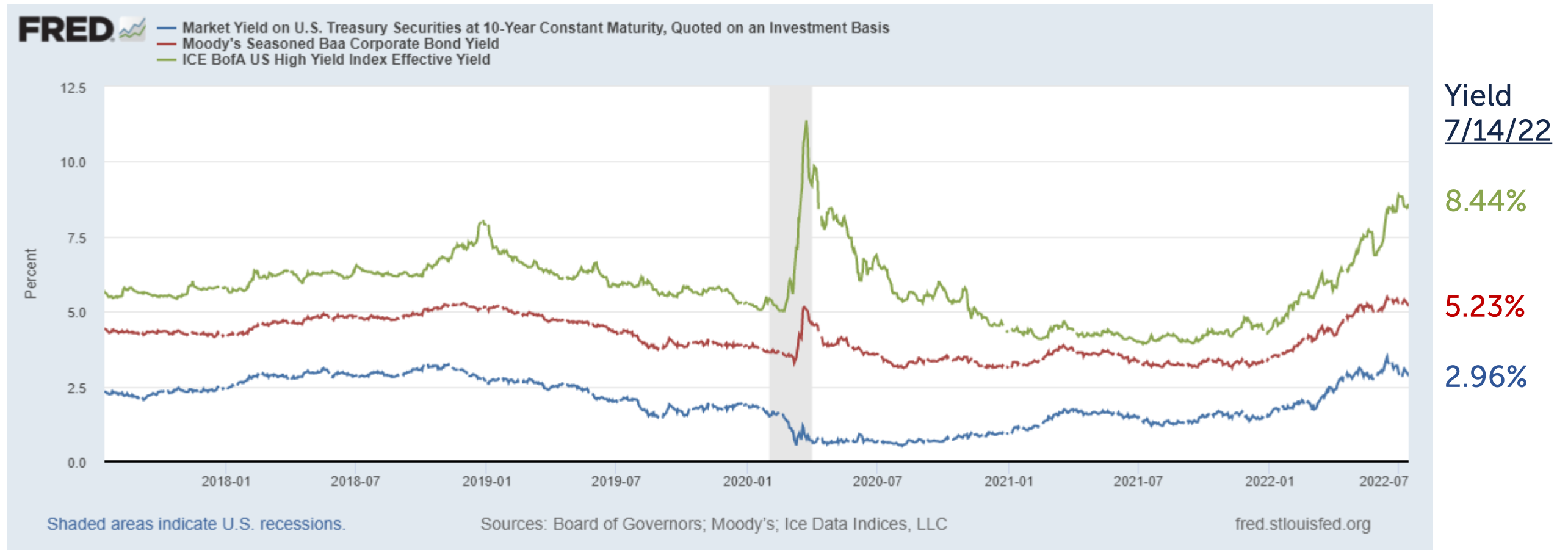


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Valuations



Bond yields have become attractive

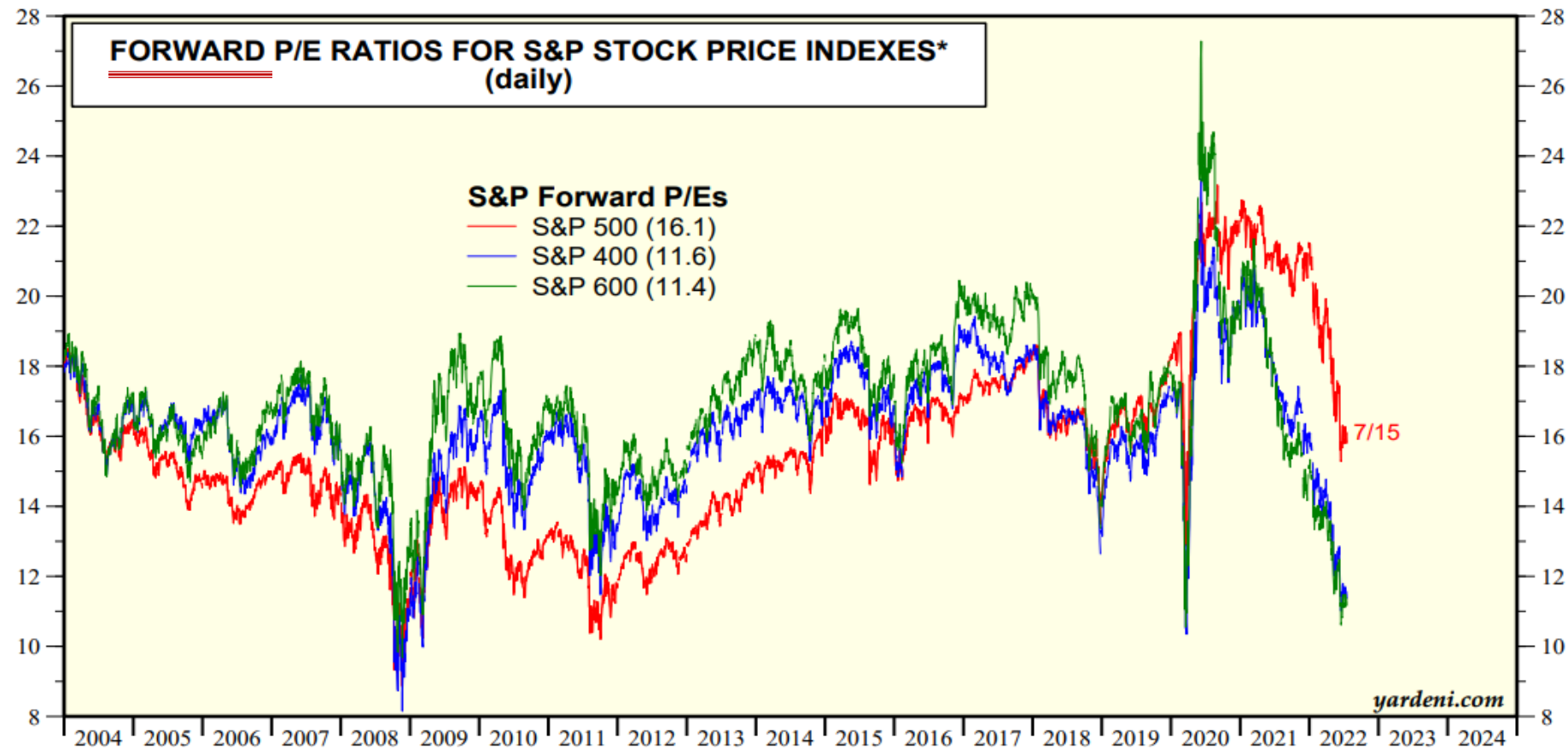


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Valuations



Stock market valuations have become more reasonable



* Daily stock price index divided by 52-week forward consensus expected operating earnings per share.
Source: Standard & Poor's and I/B/E/S data by Refinitiv.

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Valuations – historical context



S&P 500 Index: Forward P/E ratio



Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management. Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since June 1997 and by FactSet since January 2022. Current next 12-months consensus earnings estimates are \$240. Average P/E and standard deviations are calculated using 25 years of history. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as the next 12-months consensus dividend divided by most recent price. Price-to-book ratio is the price divided by book value per share. Price-to-cash flow is price divided by NTM cash flow. EY minus Baa yield is the forward earnings yield (consensus analyst estimates of EPS over the next 12 months divided by price) minus the Moody's Baa seasoned corporate bond yield. Std. dev. over-/under-valued is calculated using the average and standard deviation over 25 years for each measure. *P/CF is a 20-year average due to cash flow availability. Guide to the Markets – U.S. Data are as of June 30, 2022.

Valuations – historical context

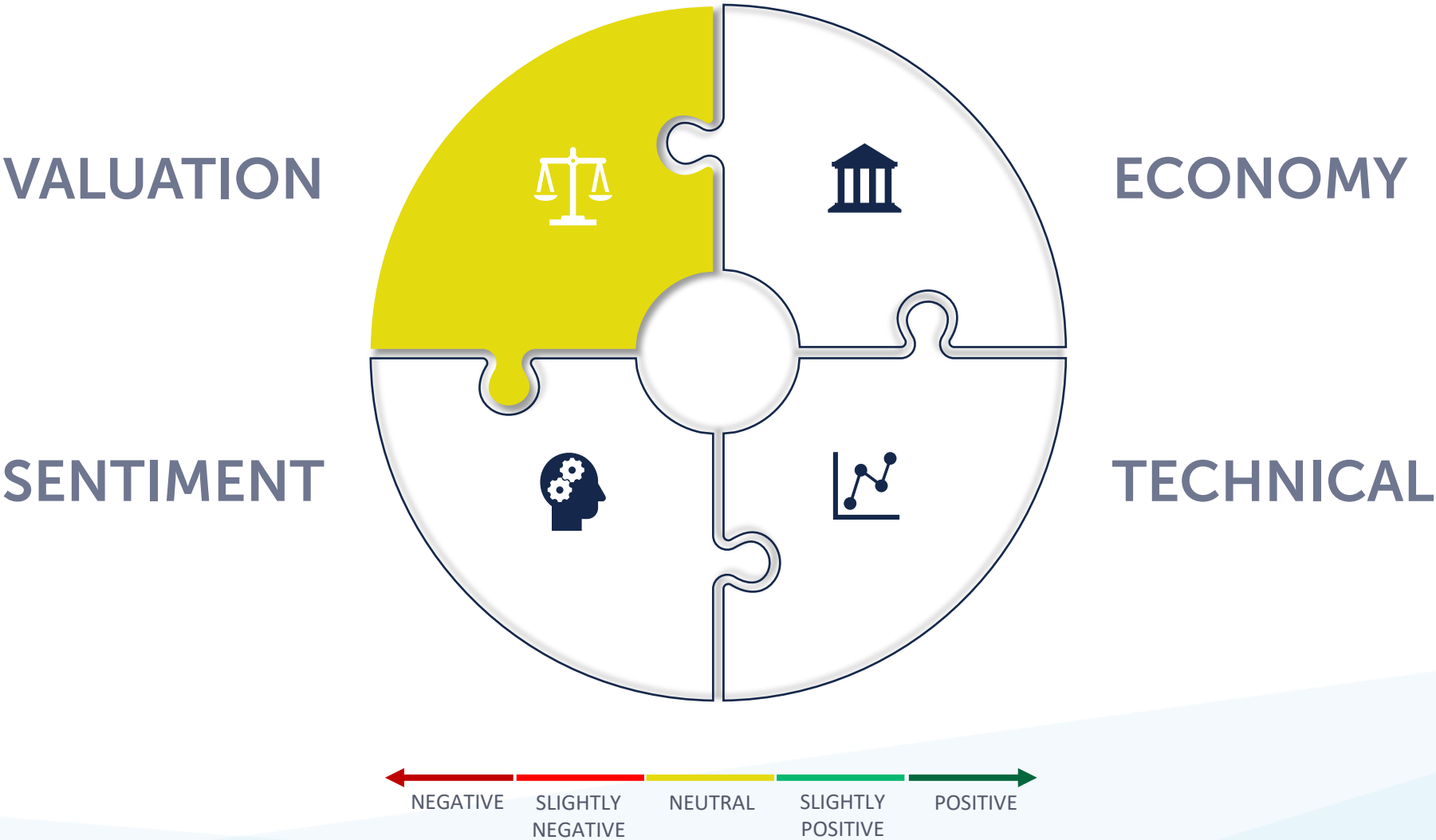


S&P 500 Index: Forward P/E ratio



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Navigator Outlook: July 2022

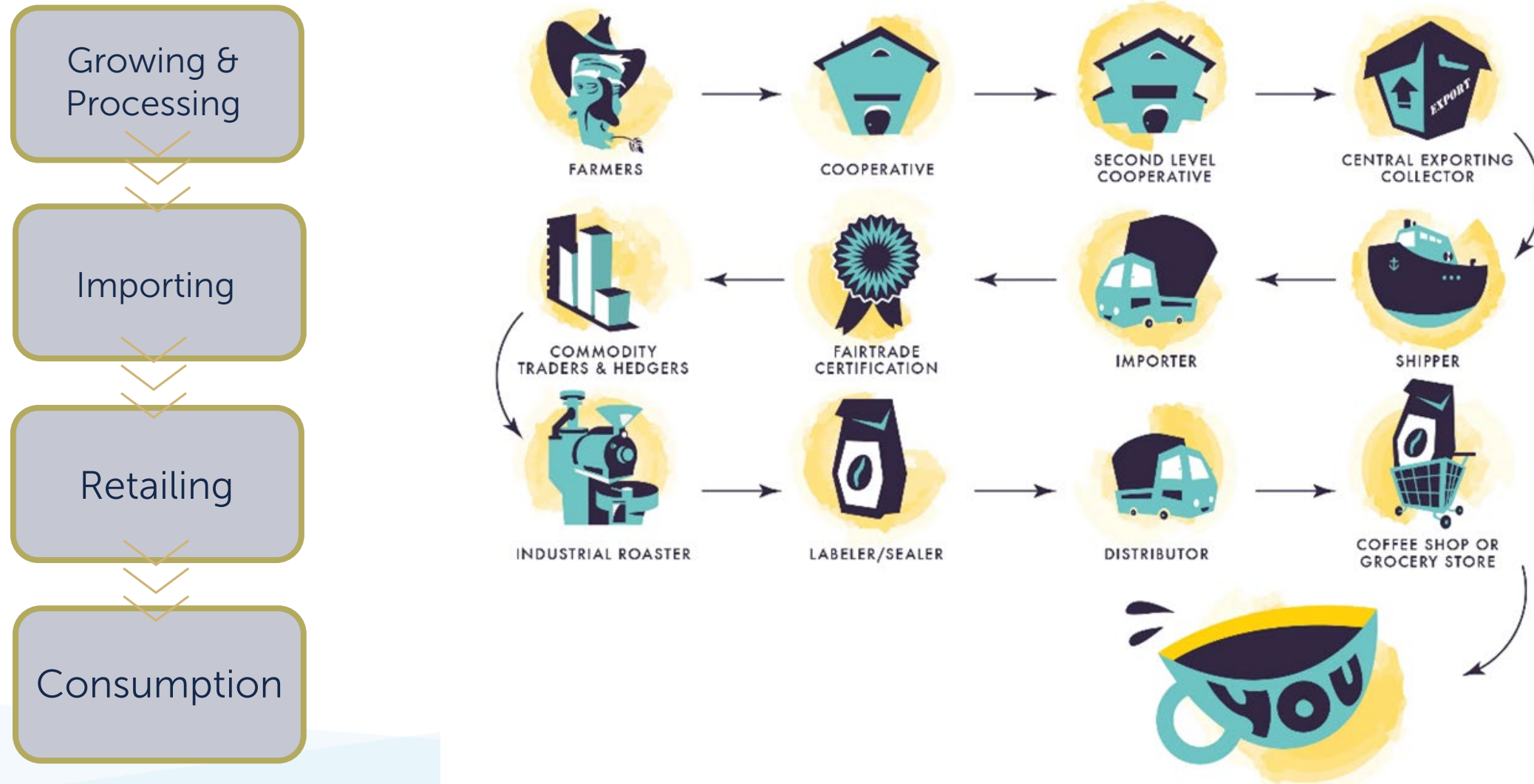


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Inflation in a cup of coffee

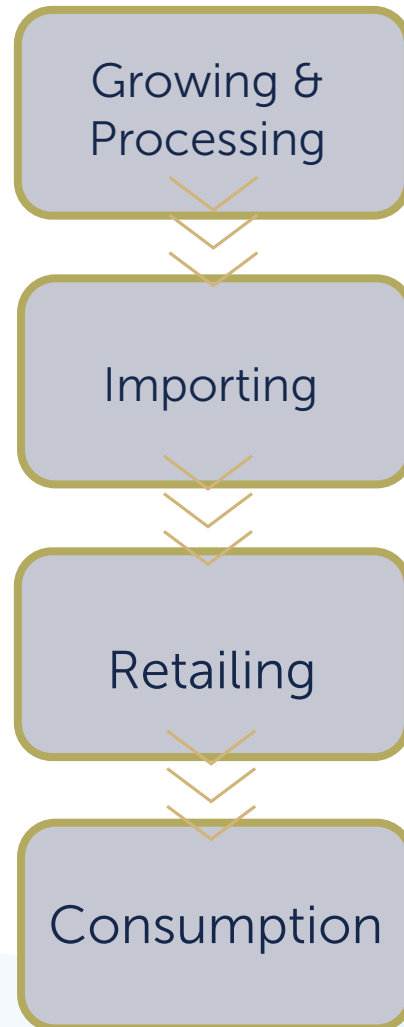


TYPICAL SUPPLY CHAIN



Source: Forbes <https://www.forbes.com/sites/annefield/2014/07/16/a-supply-chain-overhaul-to-boost-coffee-farmers-income-400/?sh=12a96c65b13b>

Sources of inflation



Fed Policy/
Rates \$

Covid  Supply Chain 

Ukraine
War 

Second quarter market discussion



Growing & Processing



\$

Importing



\$

Retailing



\$

Consumption



\$



Fed
Policy/Rates

\$

Covid



Supply Chain



Ukraine War



Second quarter market discussion



Growing &
Processing



\$

Importing



\$



Retailing



\$



Consumption



\$



Moderating inflationary pressures

Second quarter market discussion



Coffee Prices



Source: Macrotrends [Coffee Prices - 45 Year Historical Chart](#) | MacroTrends

Moderating inflationary pressures

Inflation pressures:

Commodity prices Aren't getting worse



	COMMODITY	12/31/18	12/31/19	12/31/20	9/30/21	12/31/21	3/31/22	6/30/22
ENERGY	OIL	\$45	\$61	\$49	\$70	\$72	\$95	\$106
	HEATING OIL	\$168	\$203	\$148	\$234	\$233	\$369	\$390
	NATURAL GAS	\$3	\$2	\$3	\$6	\$4	\$6	\$5
METALS	ALUMINUM	\$1,823	\$1,789	\$1,979	\$2,850	\$2,803	\$3,484	\$2,433
	COPPER	\$263	\$280	\$352	\$409	\$446	\$475	\$371
	IRON	\$541	\$695	\$1,079	\$715	\$684	\$946	\$878
	NICKEL	\$10,623	\$13,968	\$16,567	\$17,946	\$20,874	\$32,115	\$22,651
AGRICULTURAL	CATTLE	\$125	\$125	\$113	\$121	\$139	\$139	\$138
	CORN	\$375	\$388	\$484	\$537	\$593	\$749	\$744
	COTTON	\$72	\$69	\$78	\$108	\$113	\$136	\$104
	SOY BEANS	\$883	\$943	\$1,315	\$1,256	\$1,329	\$1,618	\$1,675
	SUGAR	\$12	\$13	\$15	\$20	\$19	\$19	\$19
	WHEAT	\$503	\$559	\$641	\$726	\$771	\$1,006	\$869

Recession

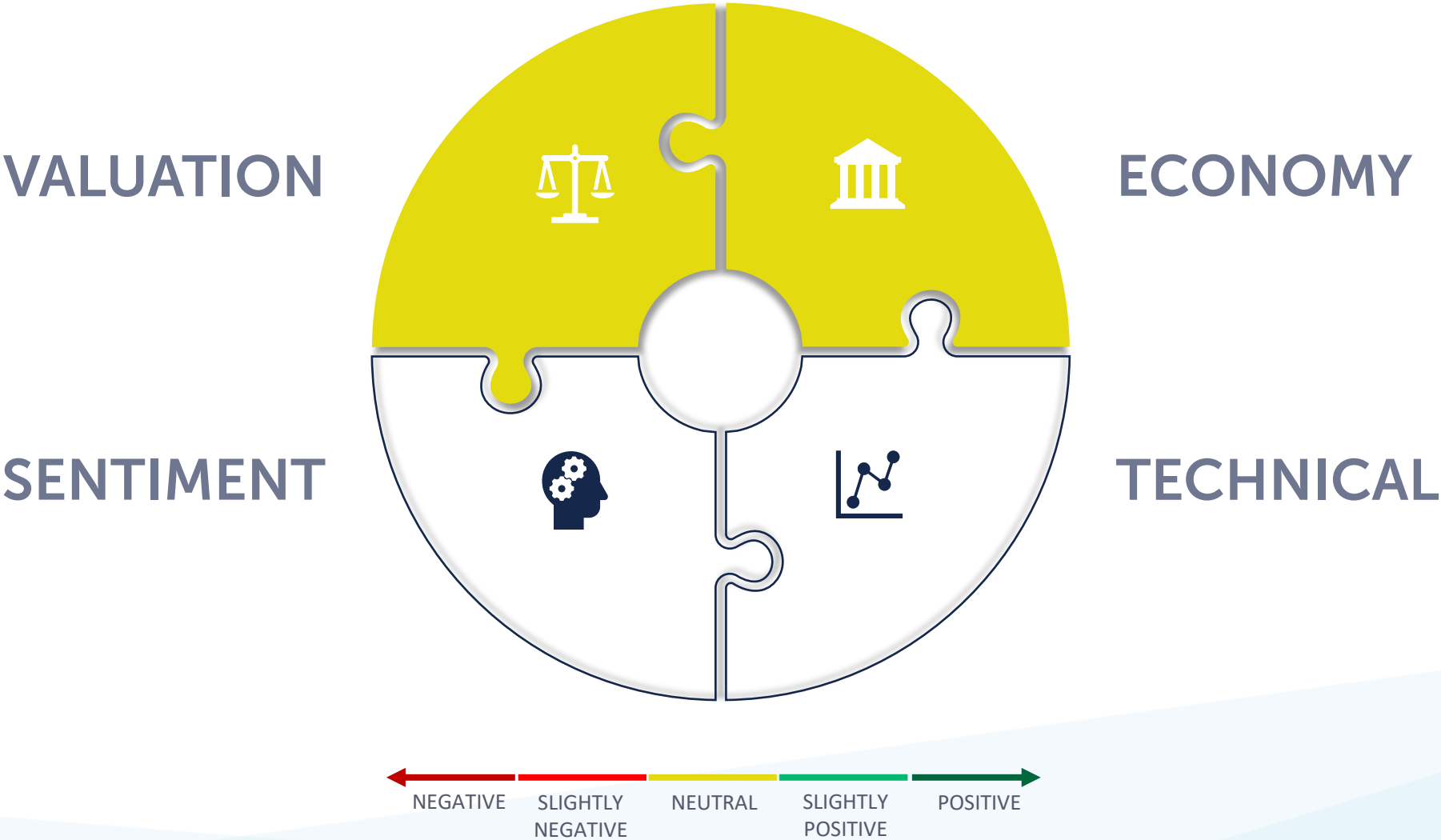


*"THE STOCK MARKET
HAS PREDICATED
9 OF THE PAST 5
RECESSIONS"*

-Paul Samuelson, Nobel Prize winning economist

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Navigator Outlook: July 2022



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Signs the market is near a bottom



S&P 500

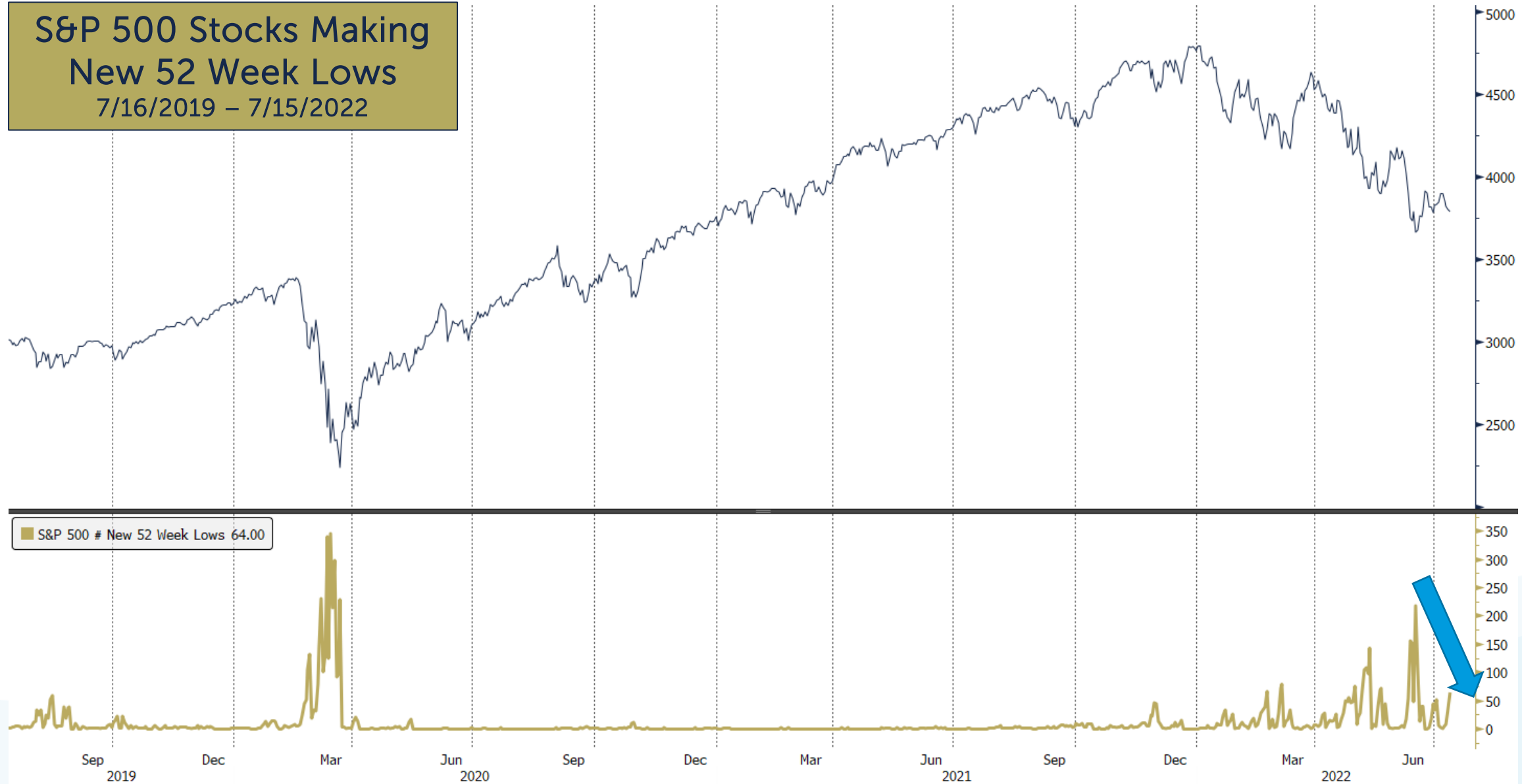
7/16/2019 – 7/15/2022

Cumulative Advance/Decline Line

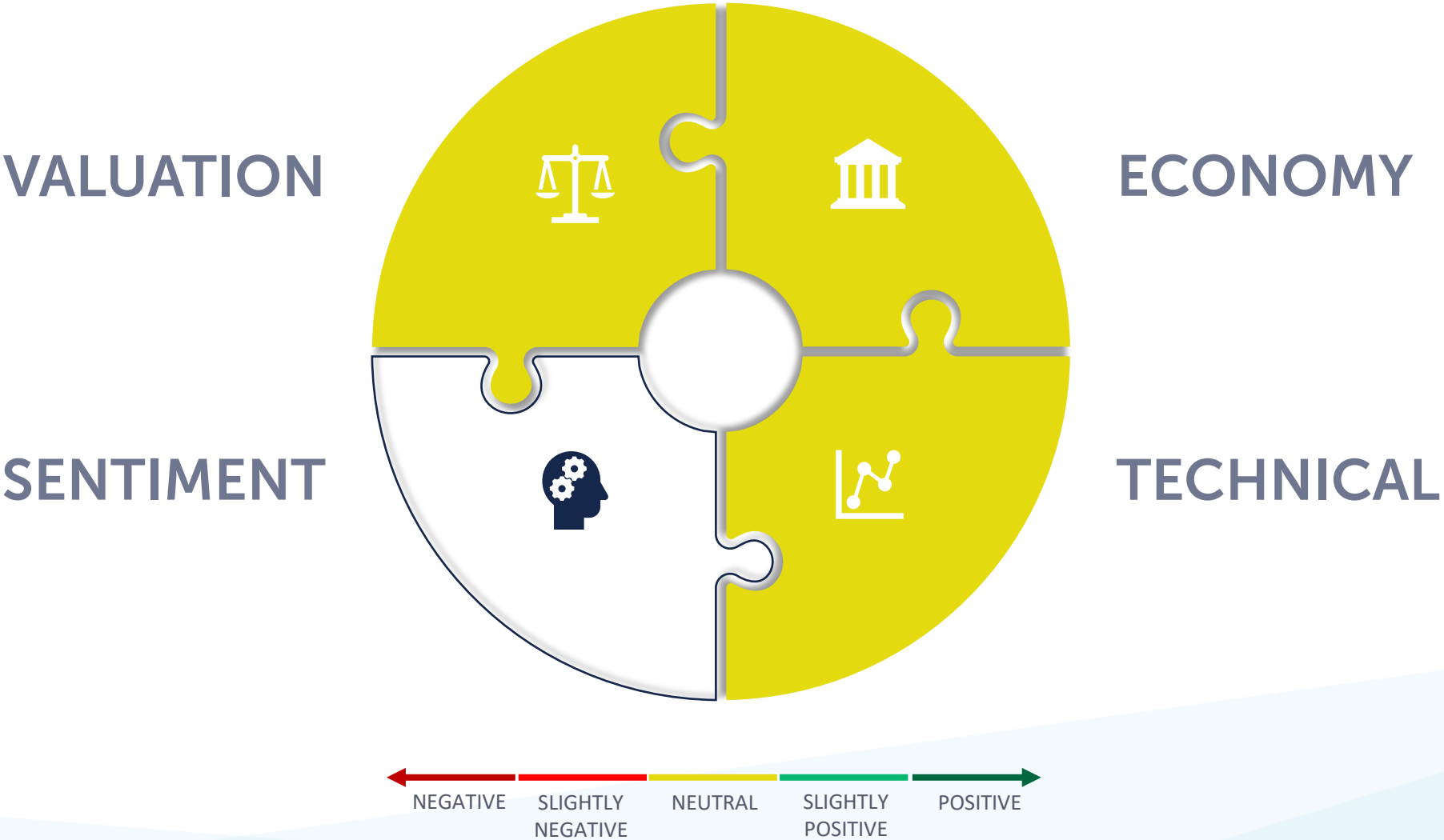


Source: Bloomberg, OneAscent Investment Solutions

Signs the market is near a bottom



Navigator Outlook: July 2022

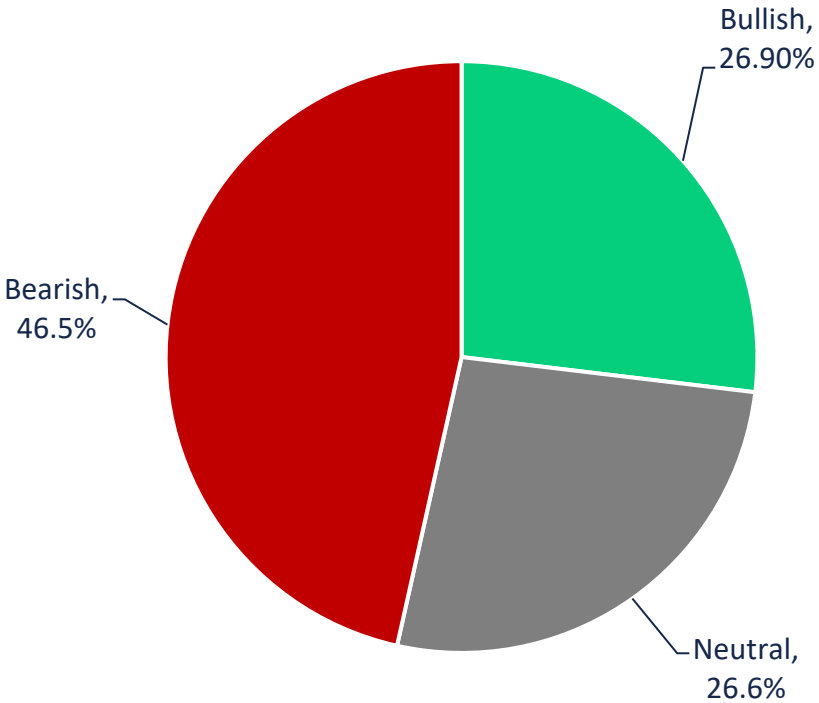


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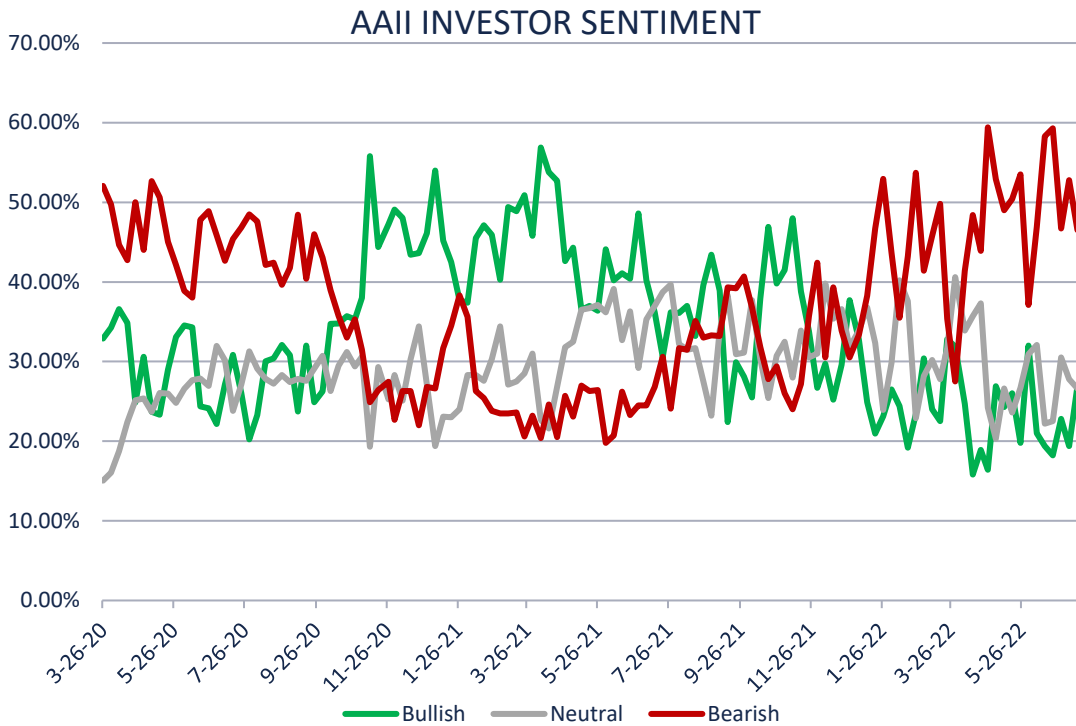
Market sentiment is negative



AII Sentiment Survey 7/13/2022



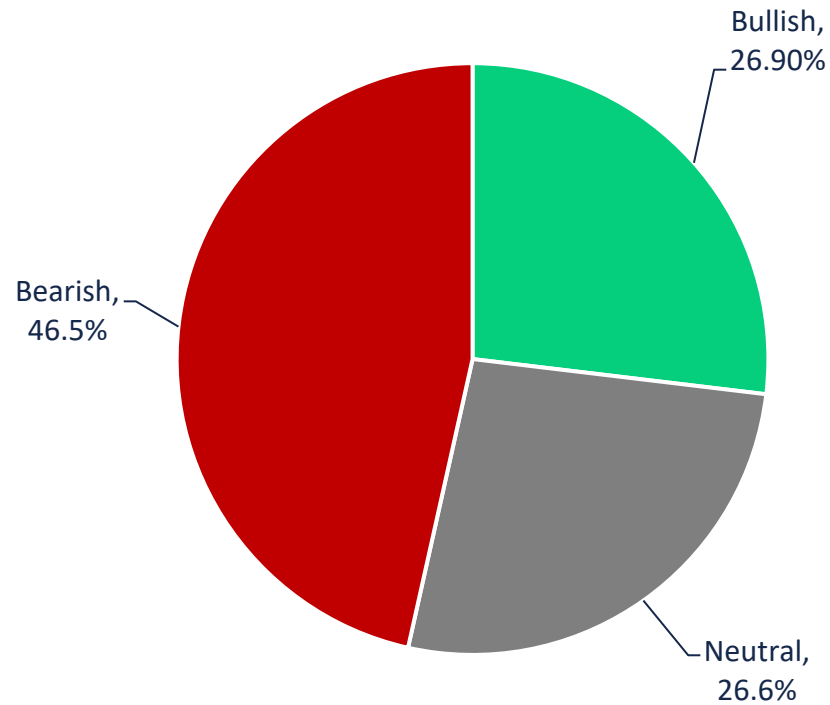
Sources: AII Sentiment Survey.



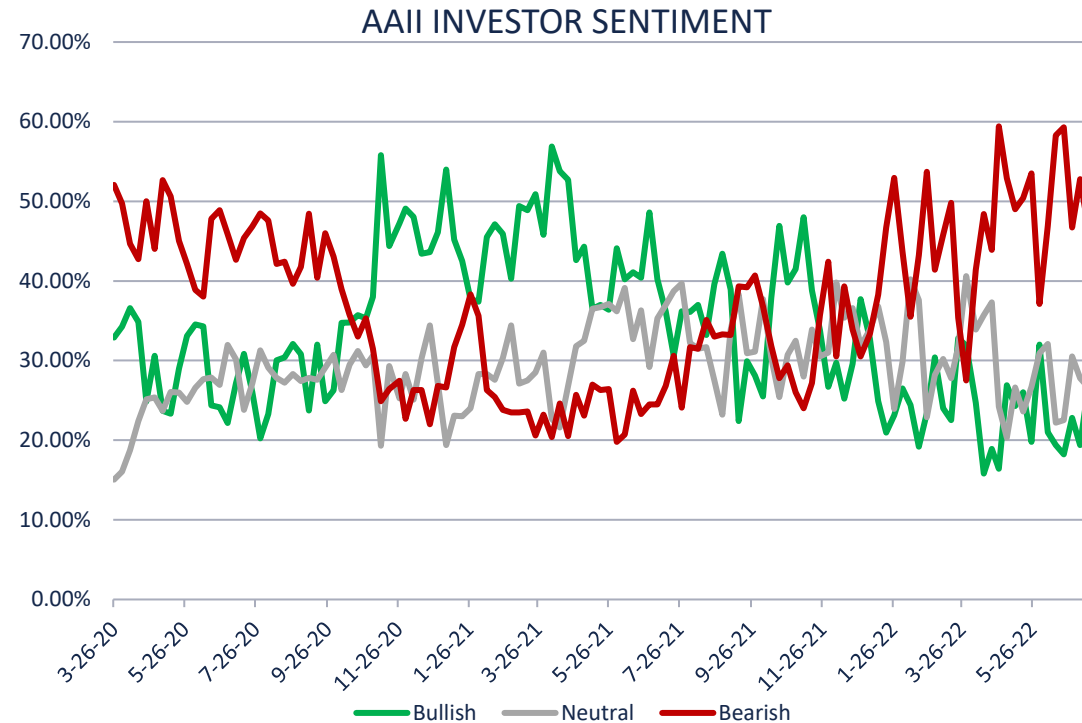
Market sentiment is negative



AAll Sentiment Survey 7/13/2022



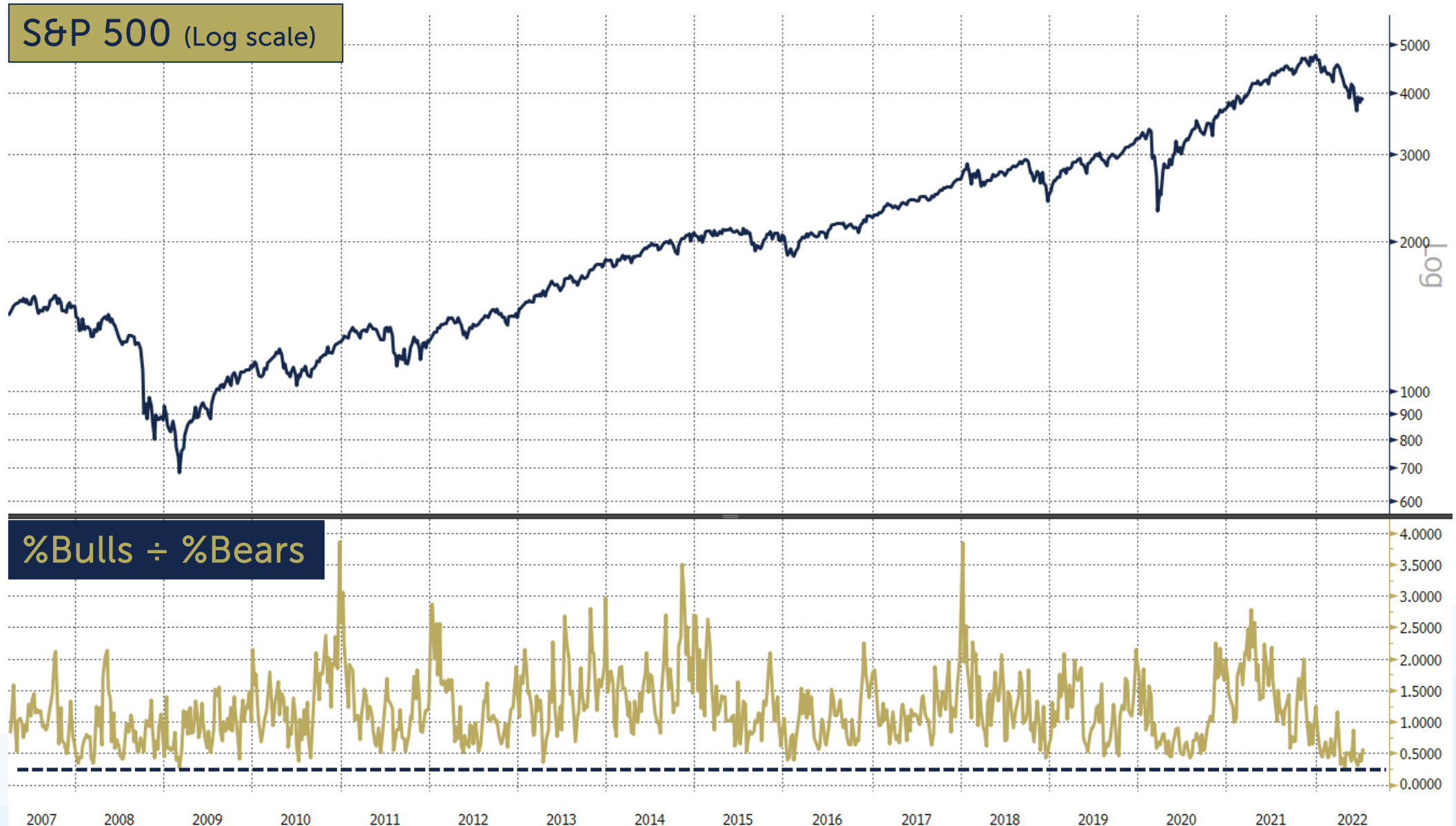
Sources: AAll Sentiment Survey.



"We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful."

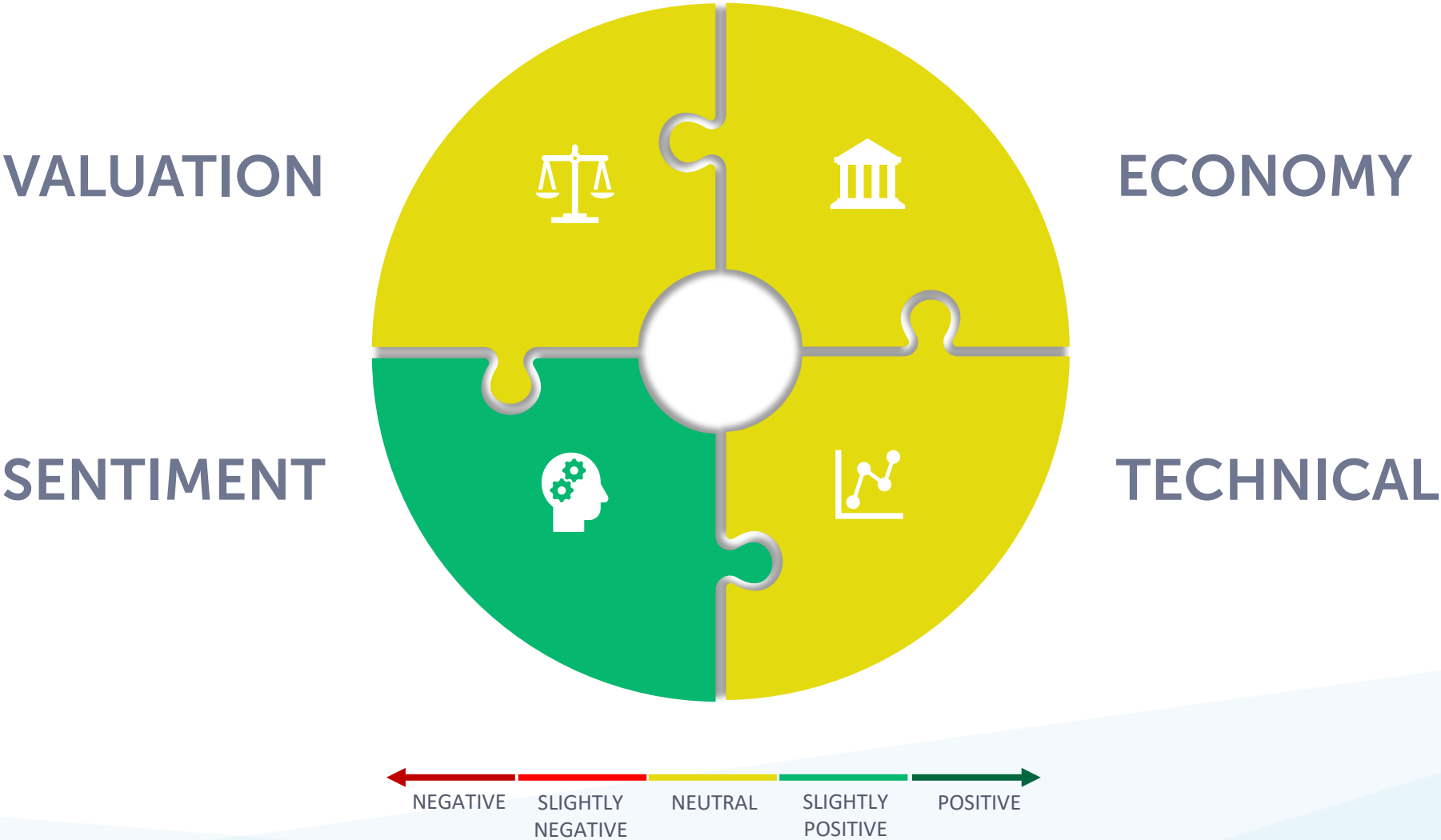
— Berkshire Hathaway Chairmans letter, 1986

Negative sentiment is often positive for the markets



Sources: Bloomberg, American Association of Individual Investors

Navigator Outlook: July 2022



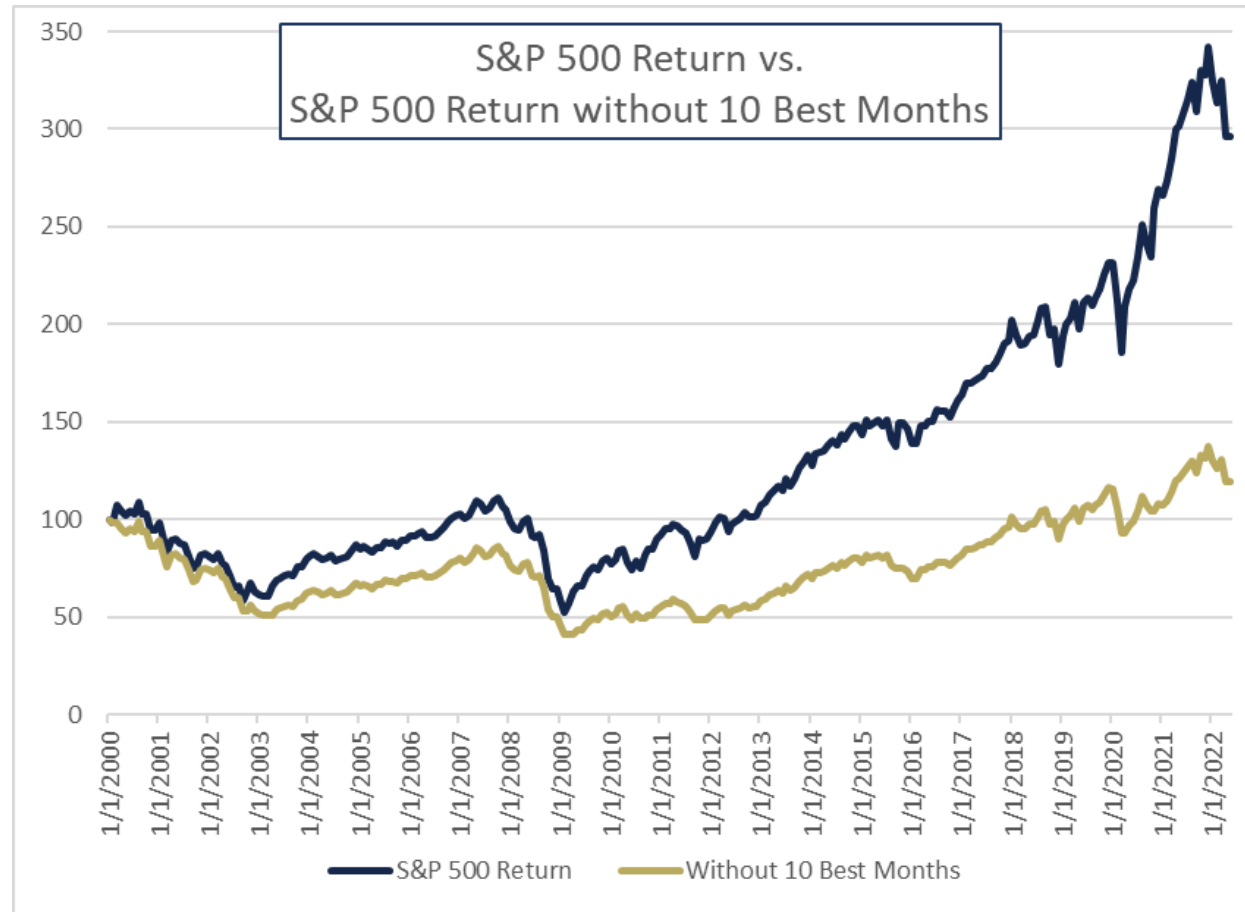
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What to do in this market environment

Pitfalls to avoid	Actions to take
EMOTION	Review your plan and remember the long-term
	Consider alternative investments to address volatility
	Evaluate your risk tolerance with your advisor

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Follow your plan during market volatility



Source: Bloomberg, OneAscent Investment Solutions

Month	Return
November-20	10.8%
April-20	12.7%
October-15	8.3%
October-11	10.8%
September-10	8.8%
April-09	9.4%
March-09	8.5%
April-03	8.1%
October-02	8.6%
March-00	9.7%

The strongest months usually occur:

- ❖ during bear markets
- ❖ near their end - during a period of capitulation

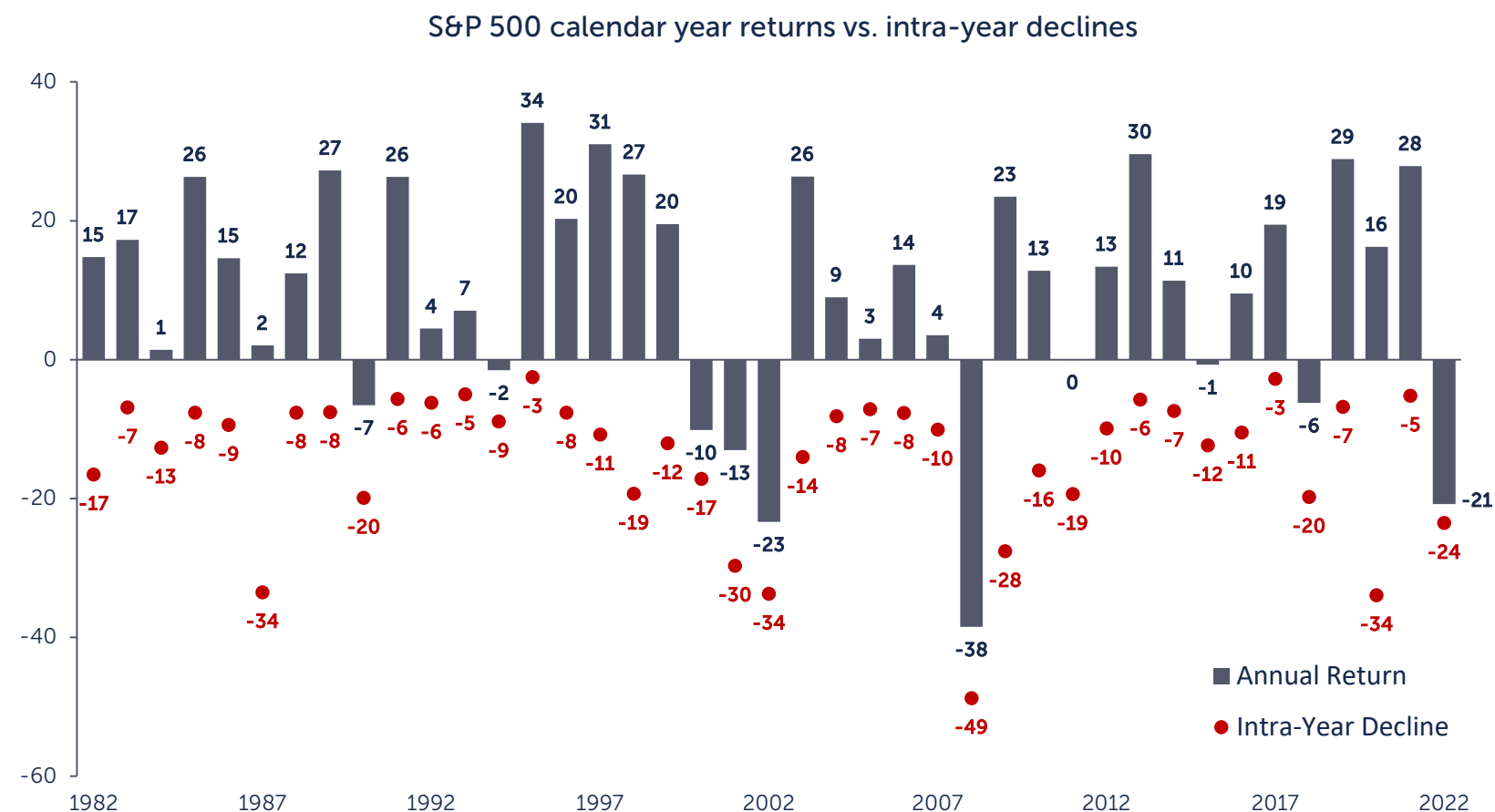
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What to do in this market environment

Pitfalls to avoid	Actions to take
EMOTION	Review your plan and remember the long-term
	Consider alternative investments to address volatility
	Evaluate your risk tolerance with your advisor
PANIC	Remain invested through the market's volatility
	Dollar cost average into the market
	Take advantage of tax-loss harvesting opportunities

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Volatility is normal



Sources: Morningstar, OneAscent Investment Solutions.
Returns are based on price index only and do not include dividends. Intra-year drops refer to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1982 to 2021, over which time period the average annual return was 10.8%. Data as of 6/30/2022.

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OneAscent portfolio strategy

What we're doing for you	How we're doing it
MAINTAINING DISCIPLINE	Slightly elevated level of cash in bond portion of portfolios
	Stock weighting is at long-term allocation target
	Modest shifts to protect against inflation and volatility

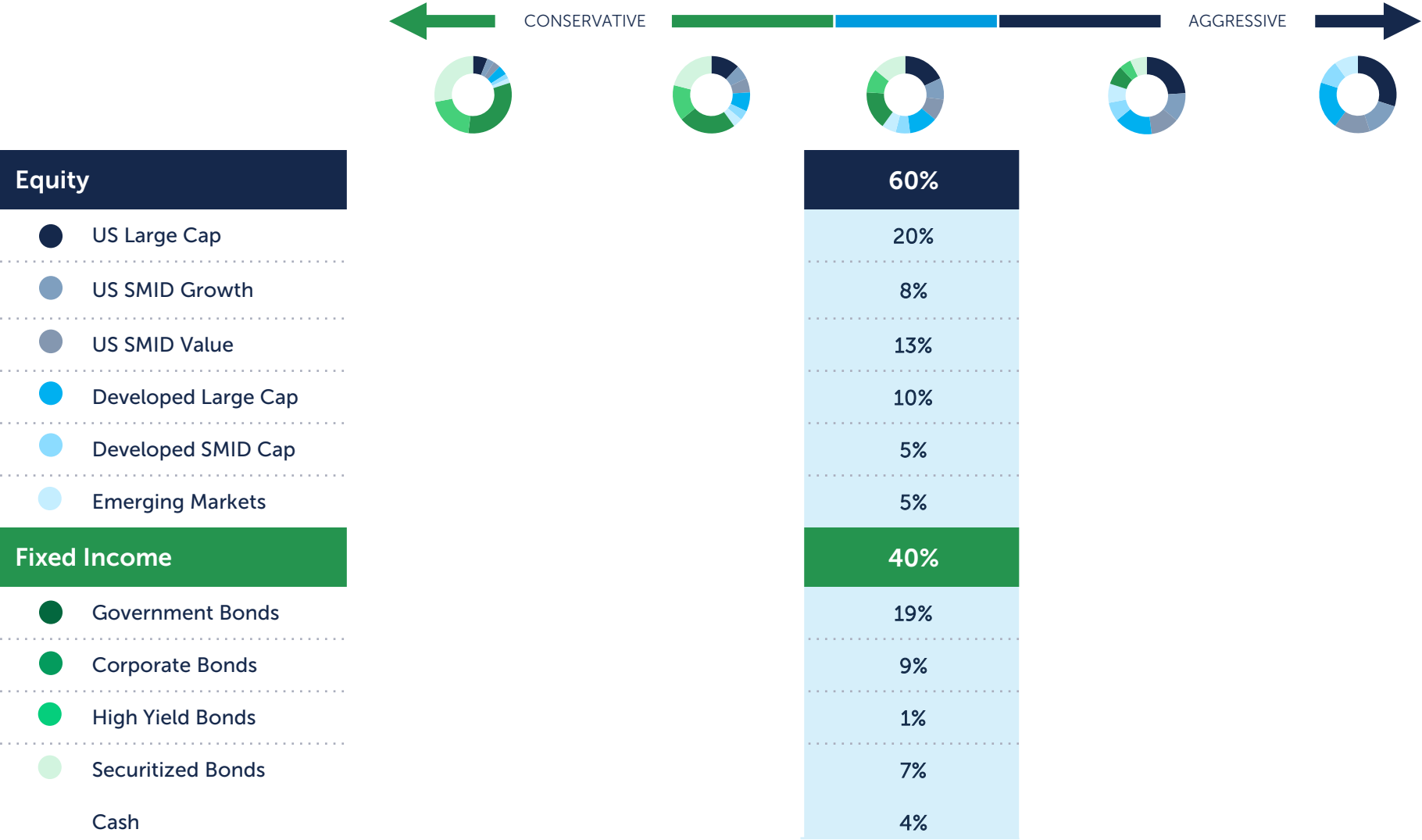
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What we're doing for you	How we're doing it
MAINTAINING DISCIPLINE	Slightly elevated level of cash in bond portion of portfolios
	Stock weighting is at long-term allocation target
	Modest shifts to protect against inflation and volatility
EVALUATING PORTFOLIOS	Watching sentiment and technical factors carefully
	Seeking to increase high-yield bond and stock allocations

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Asset Allocation – July 2022

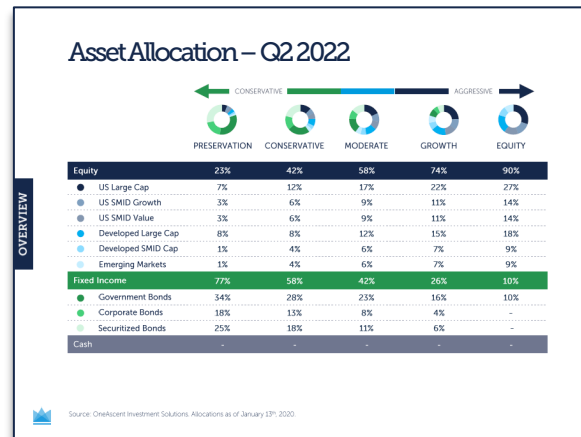


Source: OneAscent Investment Solutions. Represents target allocations as of 7/6/2022 and may not sum to 100% due to rounding.

† 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.

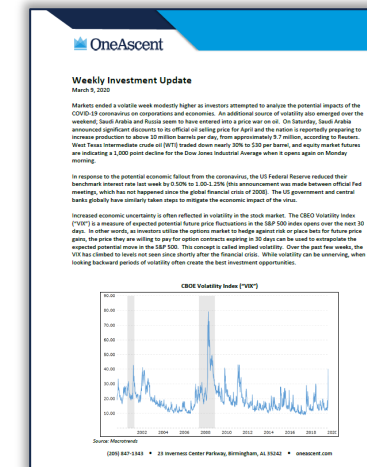
If you'd like to learn more about our solutions, visit us at investments.oneascent.com or email us at info@oneascent.com



Allocation Dashboard



Fact Sheets



Investment Commentary

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info@oneascent.com
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Important Disclosures

OneAscent Investment Solutions LLC ("OneAscent") was formed in March 2017, and manages a variety of equity, income and balanced asset strategies for client accounts. OneAscent is an investment adviser registered with the United States Securities and Exchange Commission. Registration as an investment adviser does not imply any certain degree of skill or training. OneAscent's Form ADV Part 2A is available on its website, www.oneascent.com, or the SEC's website, at www.adviserinfo.sec.gov, or by contacting the firm. Please consult OneAscent's Form ADV Part 2A for information regarding account minimums and fees.

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The strategy is not necessarily appropriate for any particular client or investor. Accordingly, any reader of the attached description should not interpret the attached as investment advice. All investments bear a risk of loss, including the loss of principal that the investor should be prepared to bear. The use of any chart or graph in the attached is not intended to be viewed as a singular aid in determining investment strategy. Such visual aids are instead intended as a complement to other data, and like such other data, should be considered in light of consultations with professional investment tax and legal advisors. Past performance may not be indicative of future results. No current or prospective client should assume that the future performance of any specific investment, investment strategy (including investments and/or investment strategies recommended by the adviser), will be equal to past performance levels. Indices are reported to give a point of comparison only. An investor may not invest directly in an index. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio.

Important Disclosures

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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