

OneAscent Market Update: Q3 2023

July 18th, 2023

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

Please submit your questions to:

info@oneascent.com

Upcoming Events

Q4 – Oct 17th, 2023

You invest because you're called to...

- *provide for your family*
- *educate your children*
- *give generously*
- *prepare for the future*
- *respond to the unexpected*
- *prioritize what matters most*

Your values inspire *why* you invest.

They can also inspire *how* you invest.



Business impacts the
world in powerful ways.

Investors should consider *who* a business
impacts and *how* they are impacted.

We assess how a company interacts with **every single person** and **every square inch.**

PEOPLE
Every Single Person



PLACES
Every Square Inch

Our Approach to Values-Based Investing

Eliminate

companies whose products or practices cause harm

Evaluate

companies to identify those that meet our investment objectives

Elevate

companies that make the world a better place

Eliminate companies whose products or practices cause harm

We seek to avoid profiting from companies whose principal business activities and practices include:

- ✗ Abortion
- ✗ Pornography
- ✗ Adult entertainment
- ✗ Tobacco
- ✗ Gambling
- ✗ Human rights violations
- ✗ Predatory lending
- ✗ Alcohol
- ✗ Cannabis
- ✗ Severe ethics controversies

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.

Elevate companies that make the world a better place

We believe that businesses do well by doing good. Therefore, we seek to identify companies that elevate:

- Flourishing families
- Sanctity of life
- Quality healthcare
- Education access
- Dignifying vocations
- Economic advancement
- Environmental stewardship
- Affordable housing
- Viewpoint diversity
- Equal opportunity
- Thriving communities
- Fair labor

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Allocation Committee Update & Outlook Q1 2023

Nathan Willis, CFA, CAIA

Director of Portfolio Strategy
OneAscent Investments

Q2 2023 market discussion

- **Review** of markets in Q2
- Navigator **process** and investment **outlook**
- “What **actions** should I take in my portfolio?”

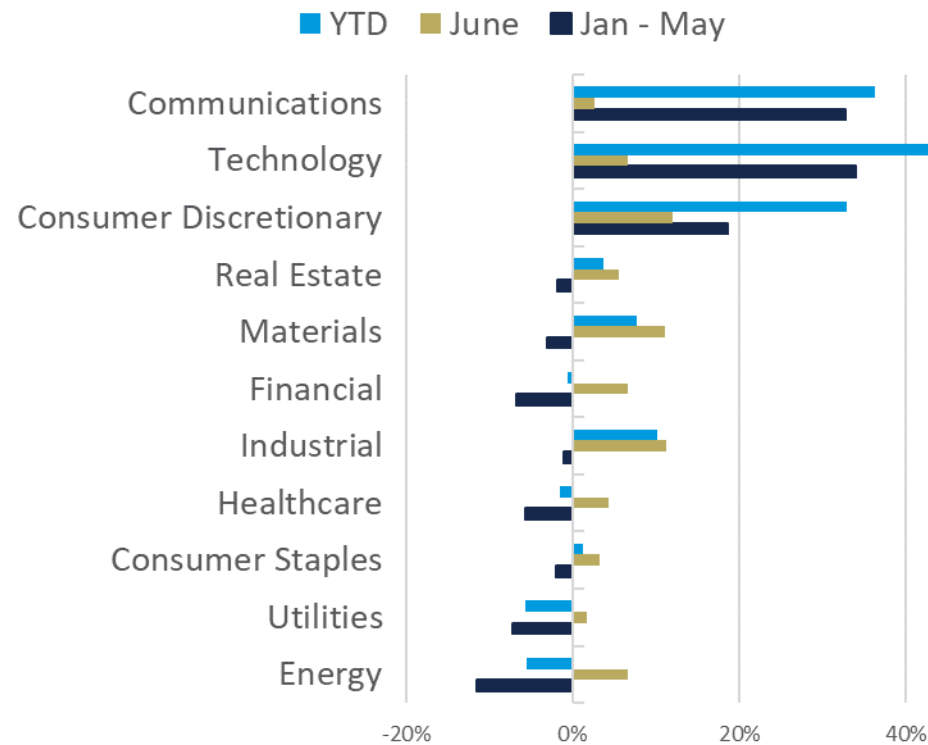
Q2 returns

Market Returns Ending 6/30/2023				
Category	2Q	YTD	1 Year	
US Stocks				
S&P 500	8.7%	16.9%	18.4%	
Russell Mid Cap	4.8%	9.0%	13.3%	
Russell 2000 Index	5.2%	8.1%	11.0%	
International Stocks				
MSCI EAFE	3.2%	12.2%	20.5%	
MSCI Emerging Markets	1.0%	5.0%	2.9%	
Bonds				
Bloomberg Aggregate Bond	-0.8%	2.1%	-1.5%	
Bloomberg US High Yield Bond	1.7%	5.4%	8.9%	

Market Returns Ending 6/30/2023				
Category	2Q	YTD	1 Year	
Russell 3000 Growth	12.47%	28.0%	25.4%	
Russell 3000 Value	4.02%	5.0%	9.8%	

- Stocks continued a **strong recovery** driven by **large caps**
- High quality **bonds lagged** as the Federal Reserve remains committed to further rate hikes
- **Growth Stocks** dominated again, driven by technology

S&P 500 returns broadened in June



- Through May, returns were concentrated in Technology and Communications
- In June, every sector contributed positive returns
- YTD returns dominated by tech

Source: Bloomberg,

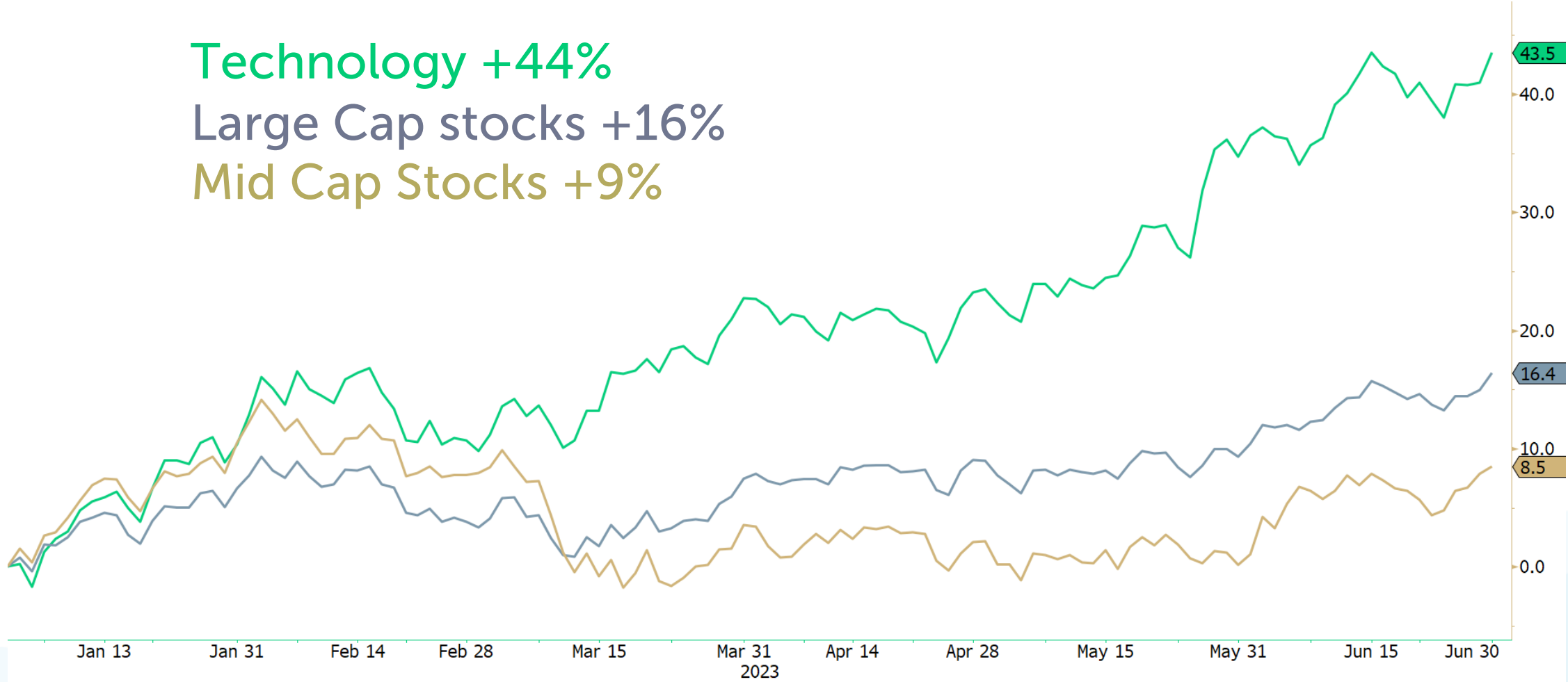
Peak Elite - Turnkey Model Performance (as of 6/30/2023)

Group/Investment	3 Month	YTD	1 Year	3 Year	5 Year	Inception	Inception Date
OneAscent Peak Moderate Elite	2.72	7.09	9.65	5.50	5.39	6.36	3/15/2017
Moderate Benchmark	2.81	7.73	8.33	4.87	4.72	5.44	

Source: OneAscent Investment Solutions. All model returns are net of fees. Index returns are gross of fees and provided by Morningstar Direct. An investor may not invest directly into an index. Please see important disclosures for additional information regarding OneAscent model performance.

Investors tend to extrapolate, assuming the current YTD 2023 trend will continue

Technology +44%
Large Cap stocks +16%
Mid Cap Stocks +9%



SSINFT Index (S&P 500 Information Technology Sector GICS Level 1 Index) YTD % gains Daily 31DEC2022-30JUN2023

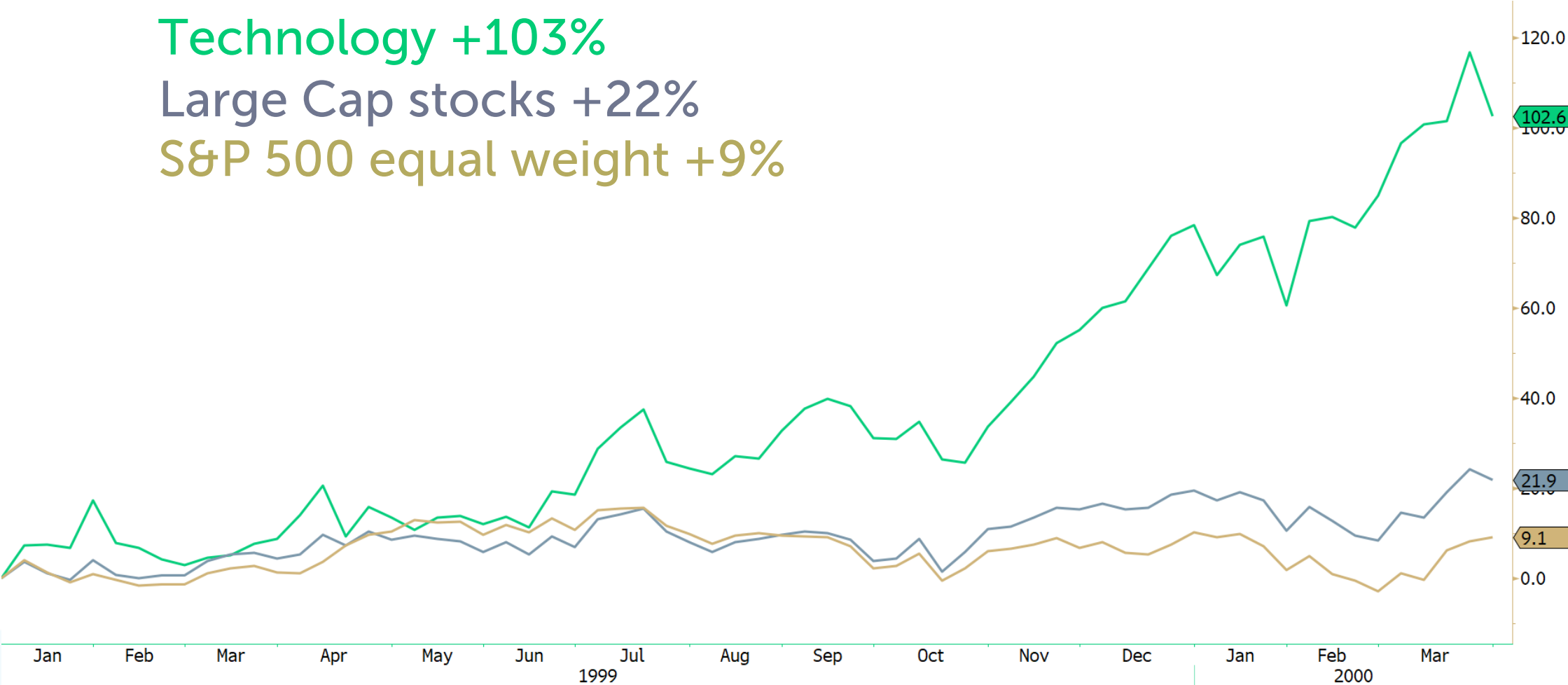
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Source: Bloomberg (Index values are price return, not total return)

Investors extrapolated, assuming the 1999 – March 2000 trend would continue

Technology +103%
Large Cap stocks +22%
S&P 500 equal weight +9%



SSINFT Index (S&P 500 Information Technology Sector GICS Level 1 Index) YTD % gains Weekly 01JAN1999-31MAR2000 Copyright© 2023 Bloomberg Finance L.P. 11-Jul-2023 14:33:08

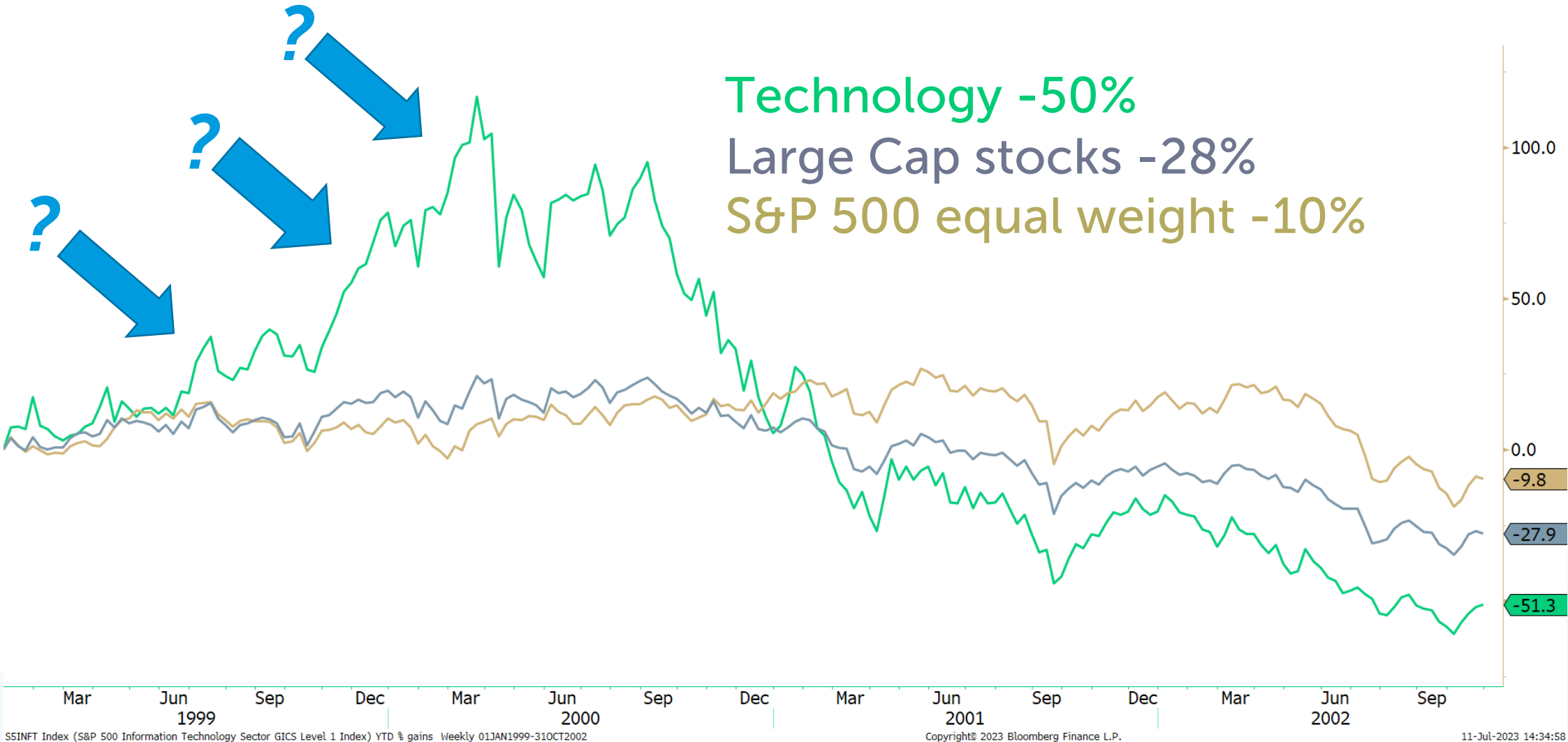
Source: Bloomberg

Investors extrapolated, assuming the 1999 – March 2000 trend would continue



Source: Bloomberg

Investors extrapolated, assuming the 1999 – March 2000 trend would continue



Source: Bloomberg

Navigator Outlook: July 2023

VALUATION

ECONOMY

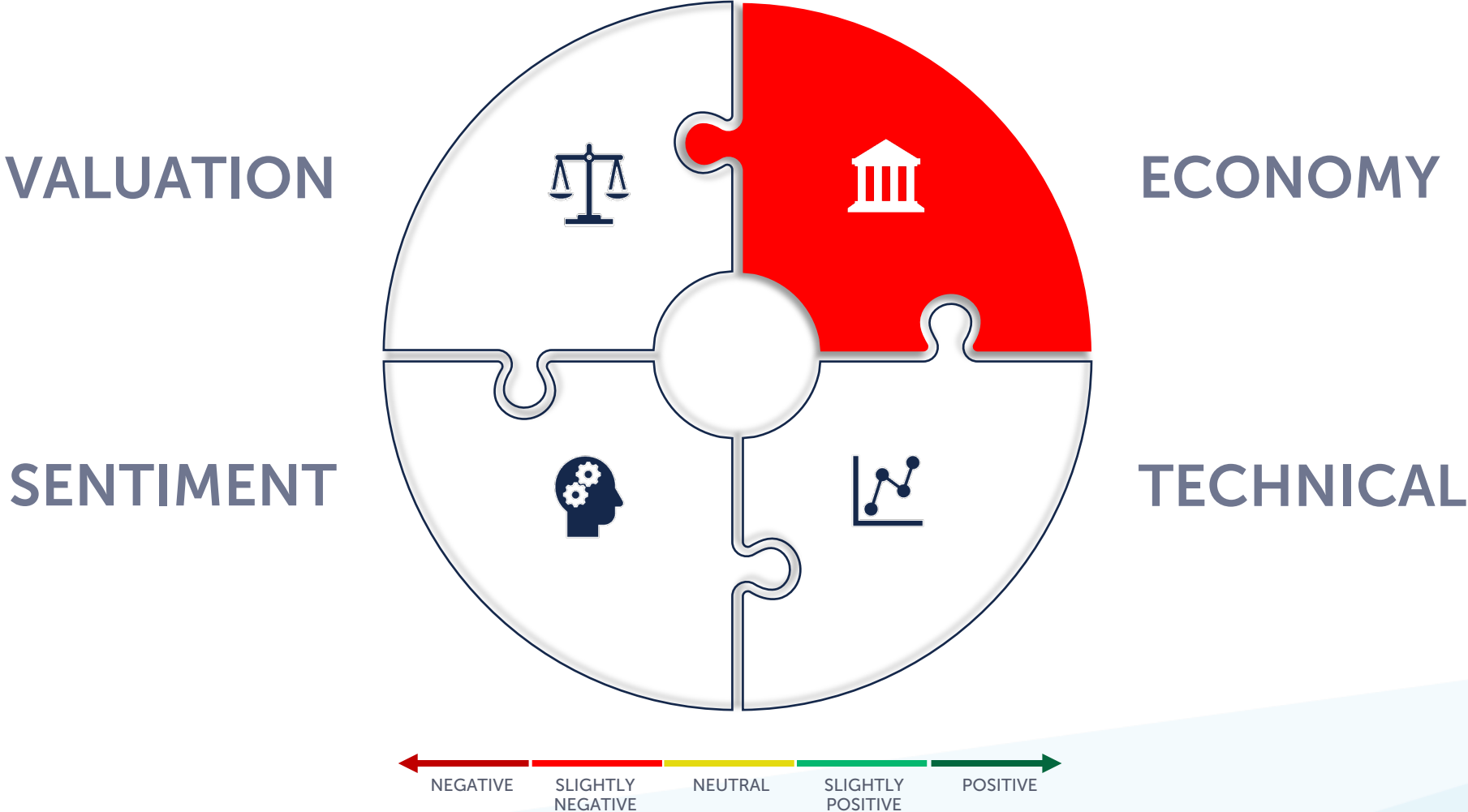
SENTIMENT

TECHNICAL



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Navigator Outlook: July 2023

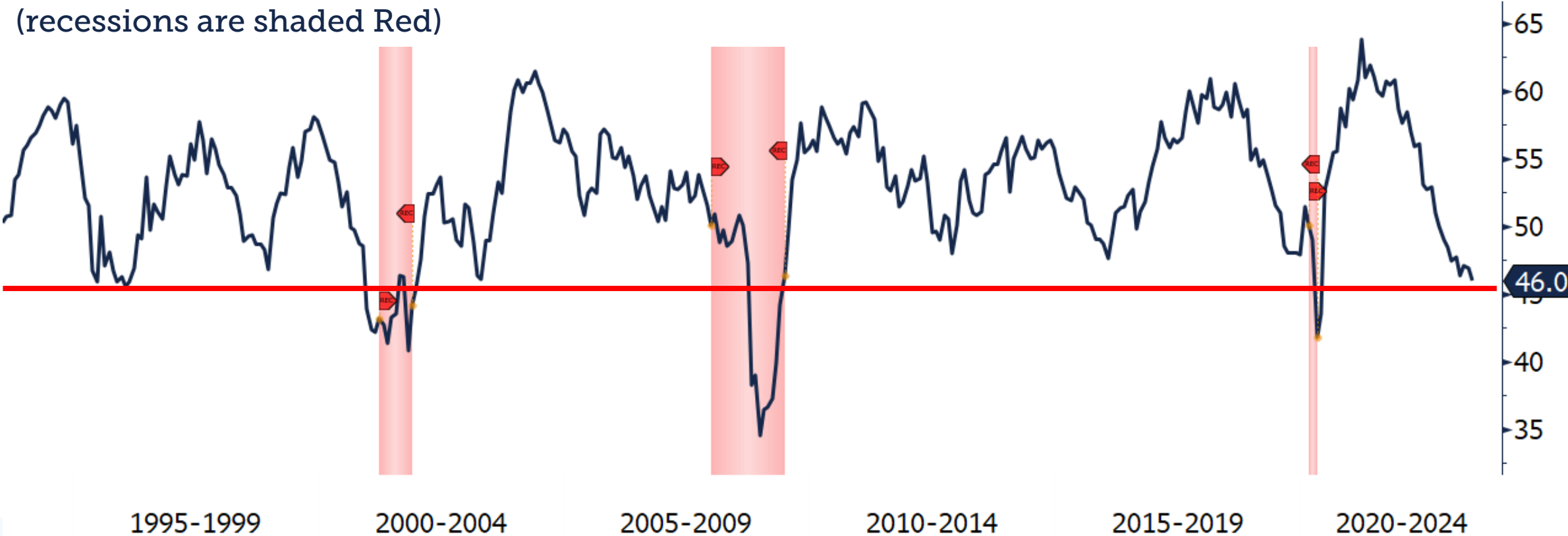


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Manufacturing data indicates the economy is perilously close to a recession



Institute for Supply Management Purchasing Managers Index
(recessions are shaded Red)



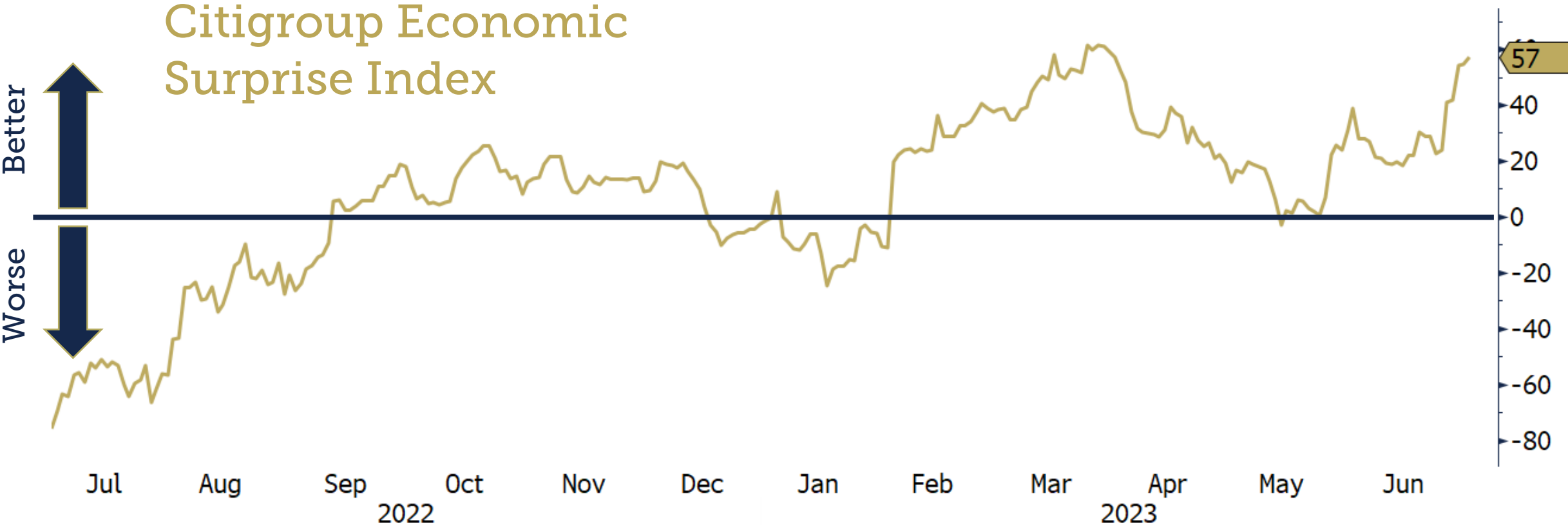
SPX Index (S&P 500 INDEX) ISM N.O. + Earnings Monthly 10JUL1993-03JUL2023

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Source: Bloomberg, Institute for Supply Management

US economic data has been better than expectations in 2023



CESIUSD Index (Citi Economic Surprise - United States) CESI Charts Daily 03JUL2022-03JUL2023

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[Source: Bloomberg, Citigroup]

Navigator Outlook: July 2023

VALUATION



ECONOMY

- Potential recession
- Data is improving
- Earnings estimates are going up

SENTIMENT



TECHNICAL

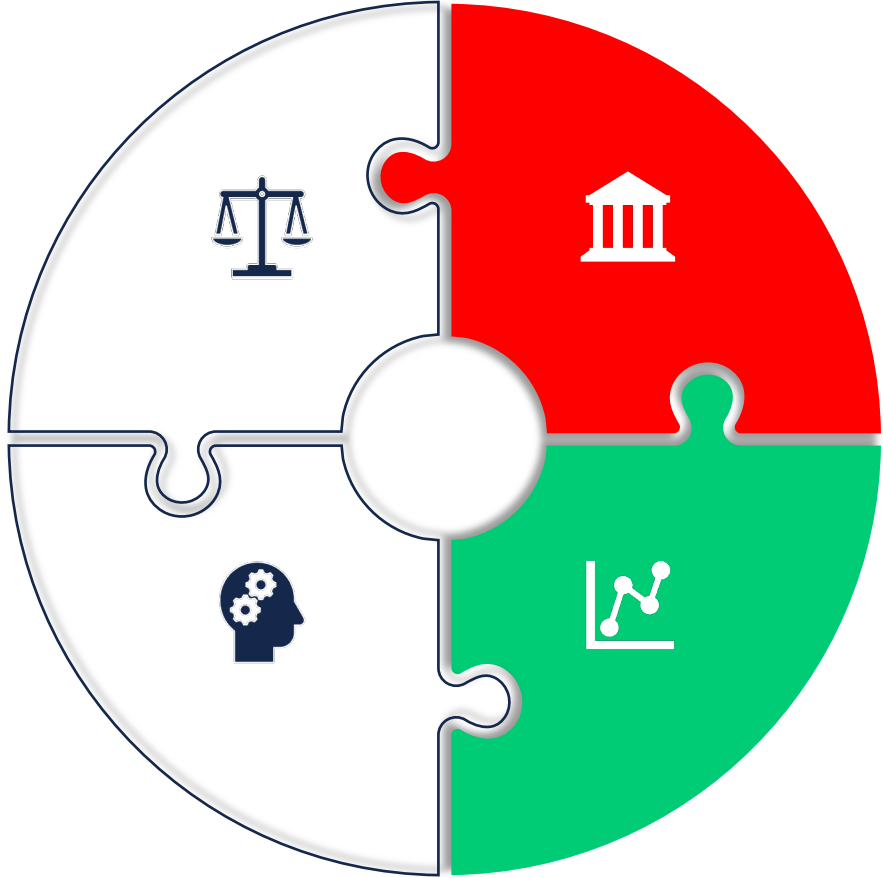


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Navigator Outlook: July 2023

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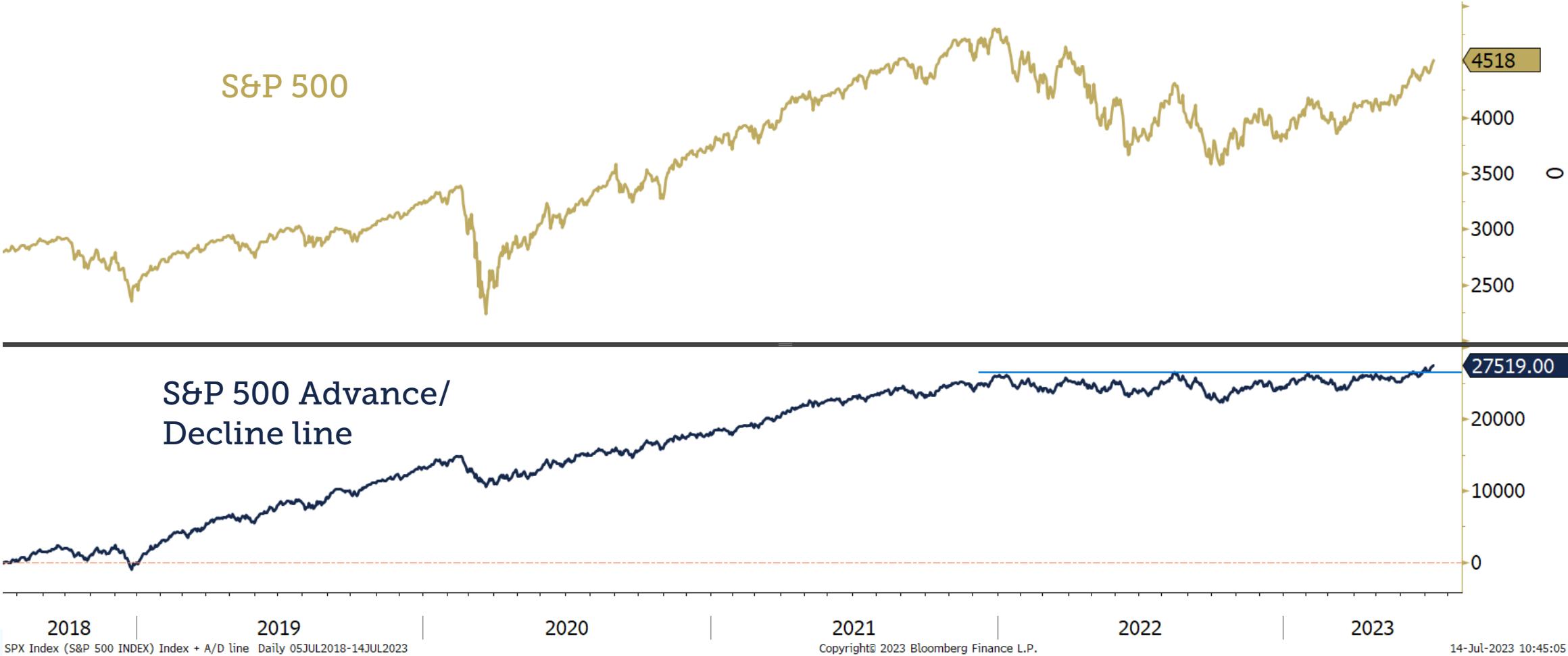
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The S&P 500 advance/ decline indicates market performance has broadened



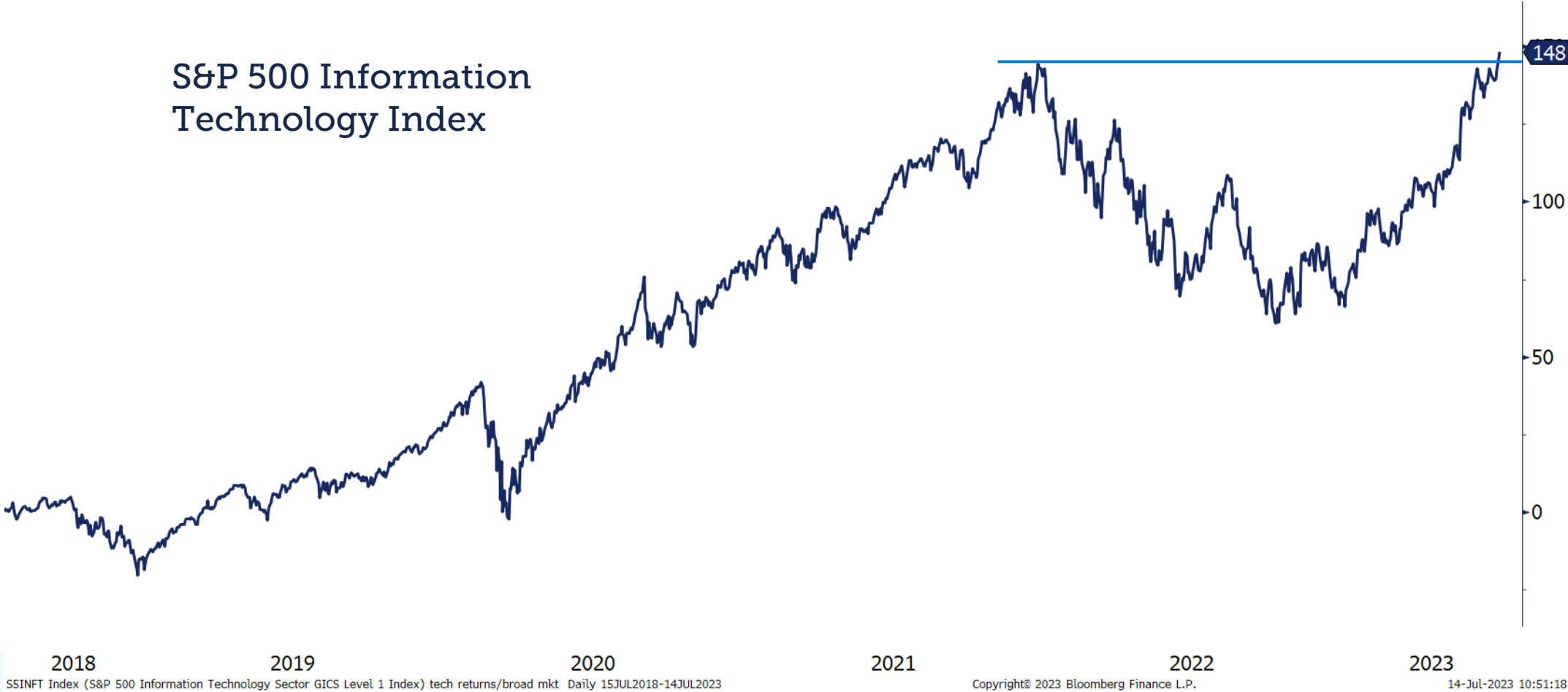
Source: Bloomberg

Stock markets remain in a positive trend, above their moving averages



Source: Bloomberg

The S&P 500 Technology sector faces a psychological barrier at 2021 highs

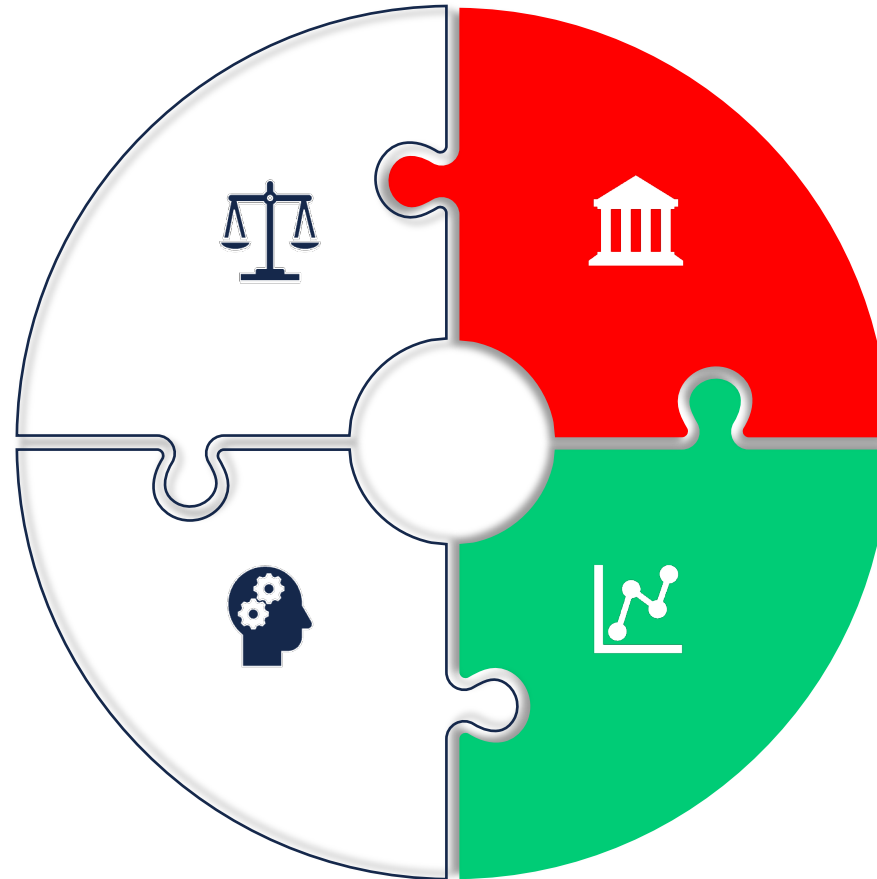


Source: Bloomberg

Navigator Outlook: July 2023

VALUATION

SENTIMENT

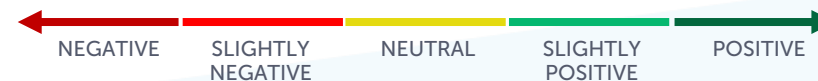


ECONOMY

- Banking crisis fallout
- Manufacturing and services sectors decline
- Margin pressures cut earnings estimates

TECHNICAL

- Market Breadth has improved
- Stocks remain in a positive trend
- Technology faces near-term resistance

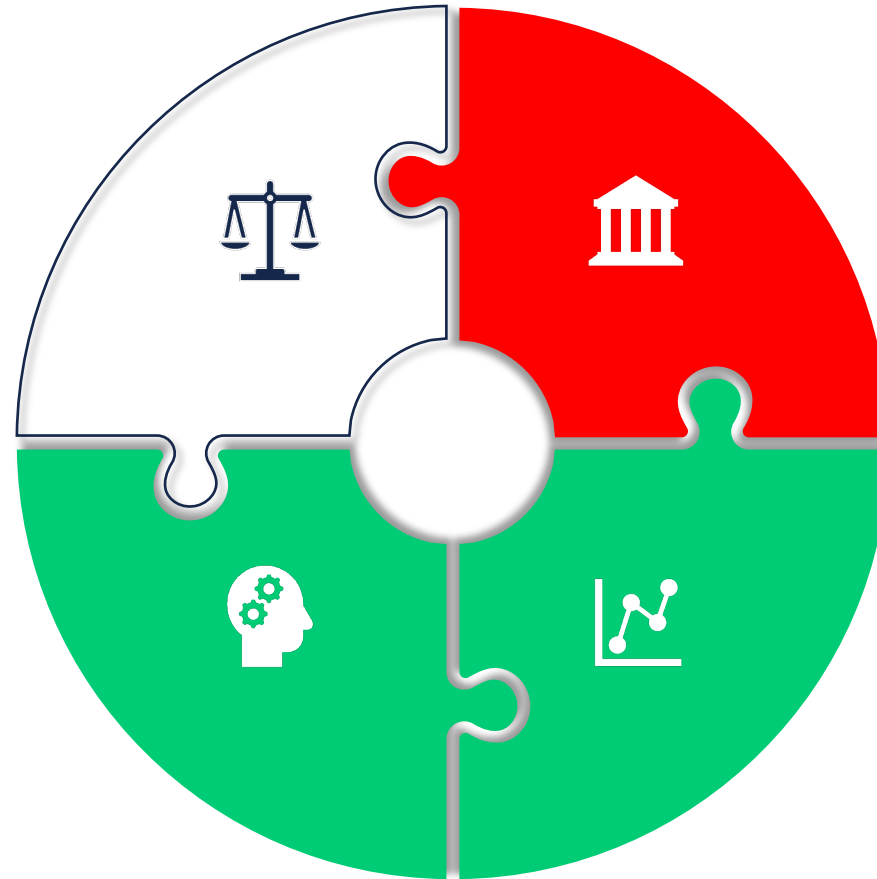


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VALUATION

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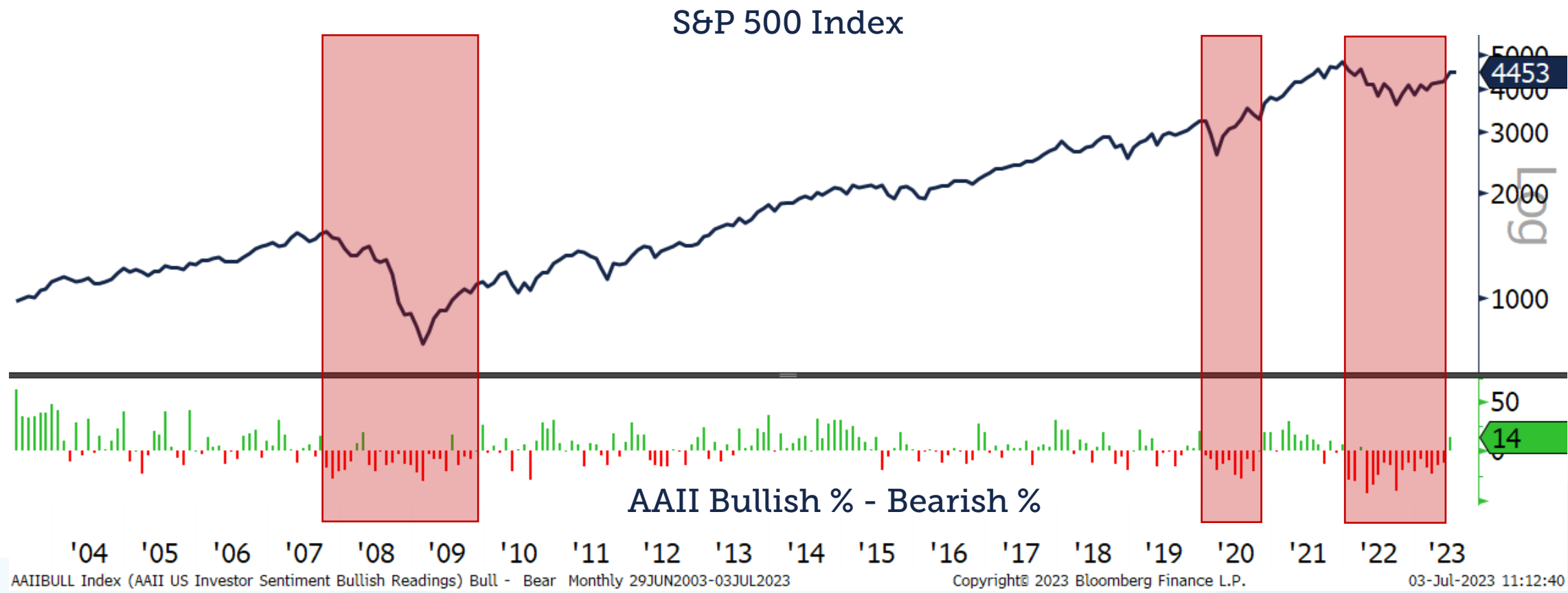
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Stocks often gain when investor sentiment turns from negative to positive



Source: Bloomberg, American Association of Individual Investors

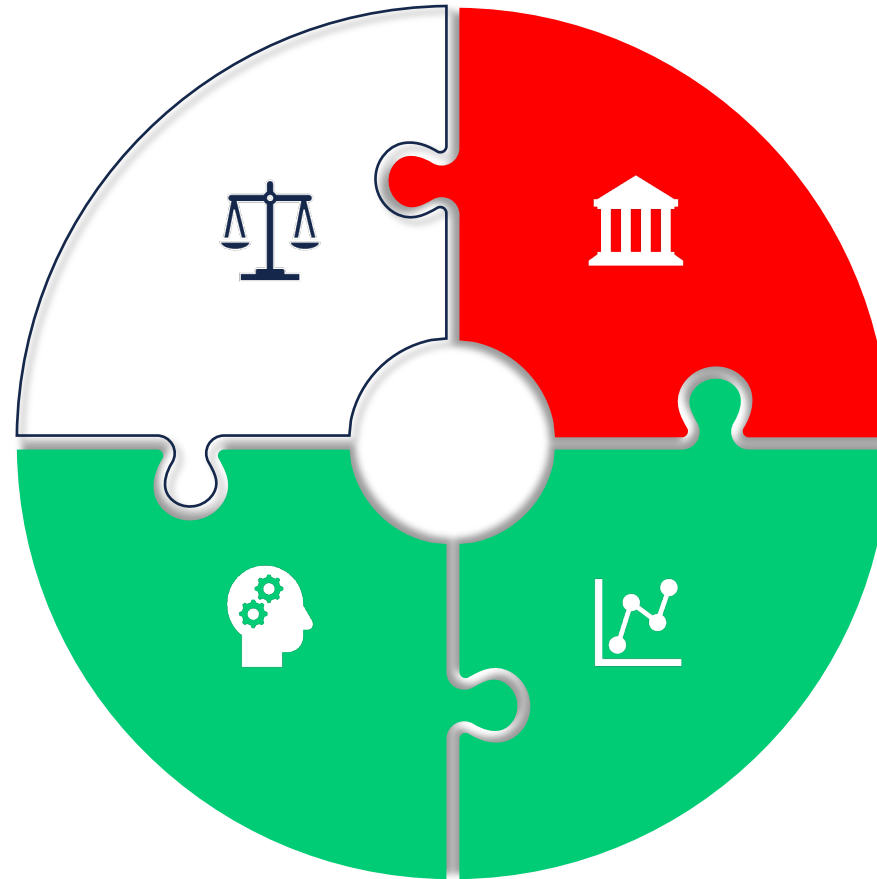
Navigator Outlook: July 2023

VALUATION



SENTIMENT

- Investor Sentiment has turned positive
- Consumer Sentiment has turned positive



ECONOMY

- Banking crisis fallout
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TECHNICAL

- Short-term indicators are neutral or negative
- Long-term indicators are slightly positive
- Near-term volatility is likely to continue



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Navigator Outlook: July 2023

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S&P 500 valuation has moved well above its long-term average

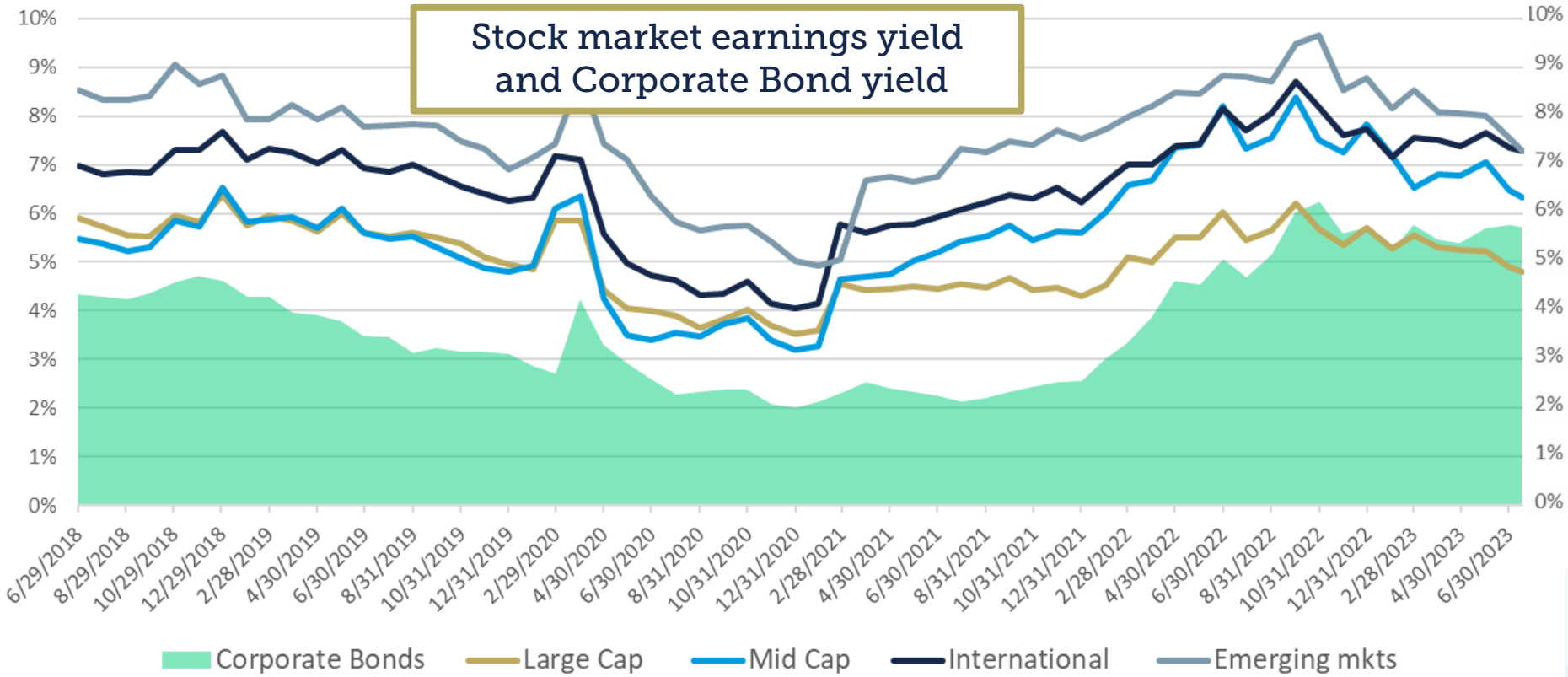


S&P 500 Index: Forward P/E ratio



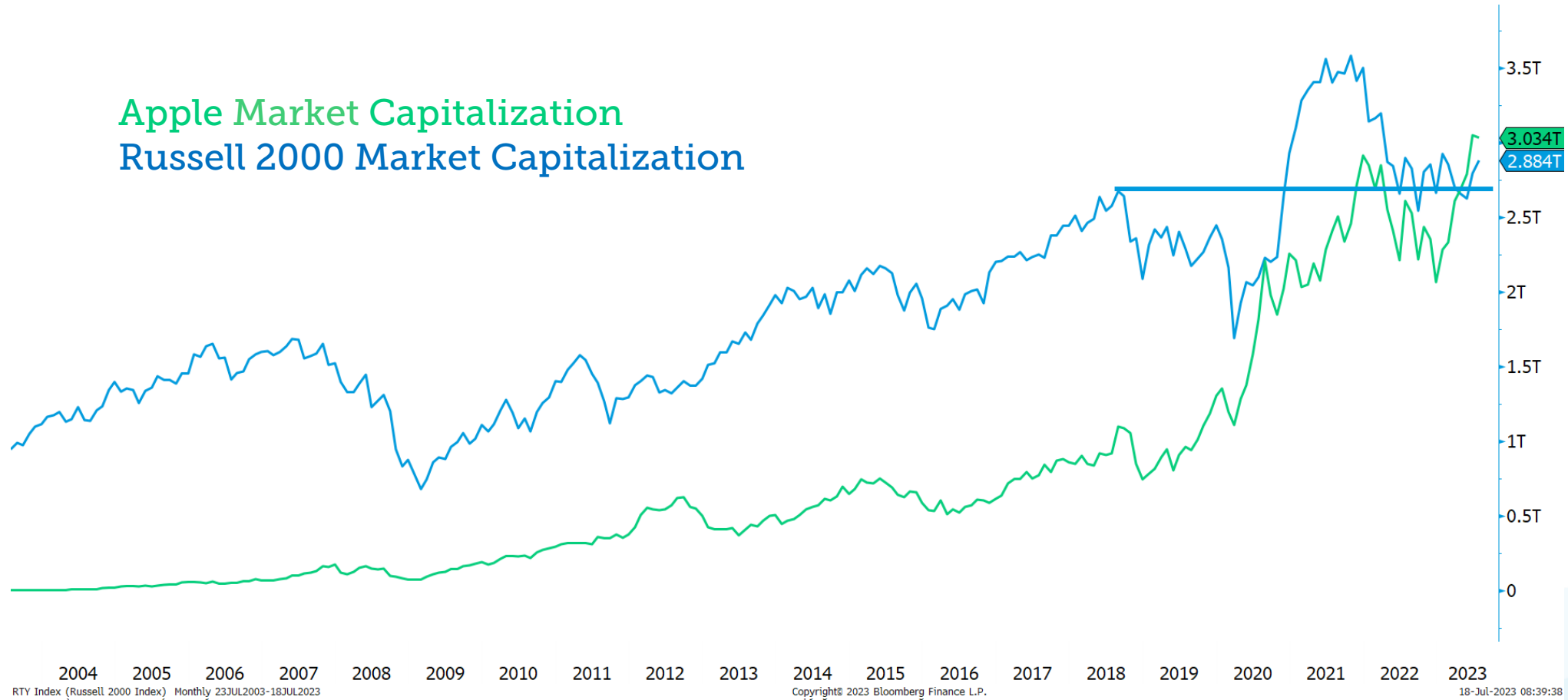
Source: JPMorgan Guide to the Market, FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management. Price-to-earnings is price divided by consensus analyst estimates of earnings per share for the next 12 months as provided by IBES since May 1998 and by FactSet since January 2022. Current next 12-months consensus earnings estimates are \$233. 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.

Corporate Bond yields are attractive relative to stocks – especially US large caps



Source: Bloomberg Estimates, OneAscent Investment Solutions
 Stock market earnings yield is the inverse of the P/E ratio. Corporate bond market yield is Bloomberg BAA corporate bond yield.
 Stocks earnings yields (P/E ratios) as follows: Large Cap: S&P 500, 4.81% (

Apple has grown larger than the entire Russell 2000 small cap index



Source: Bloomberg

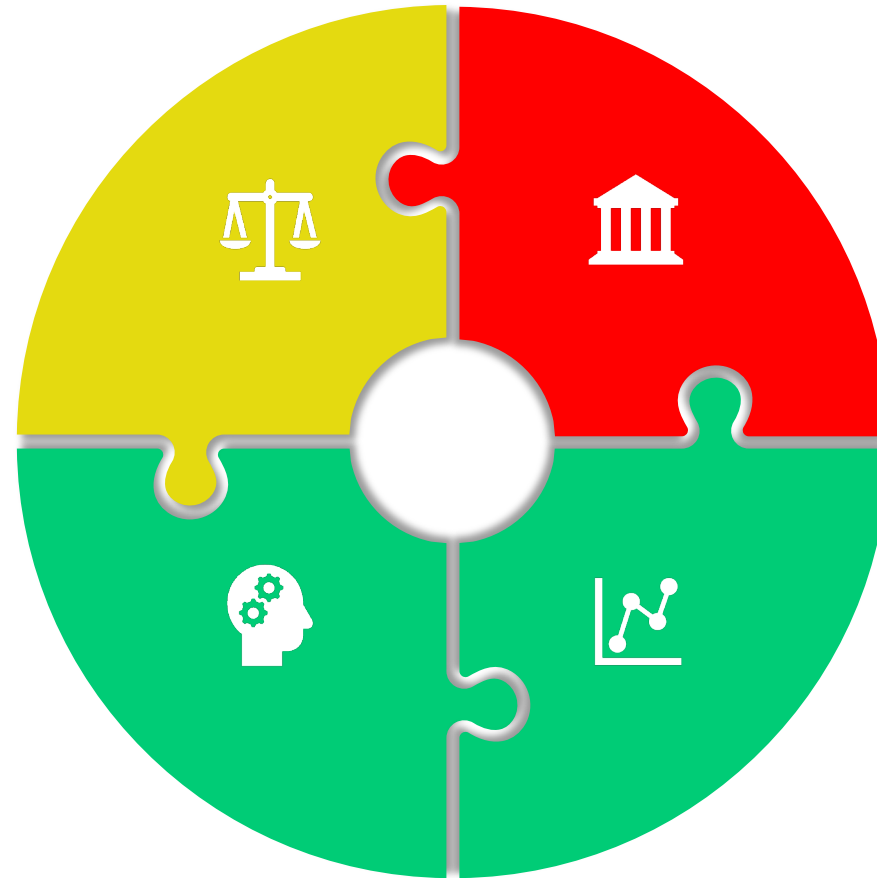
Navigator Outlook: July 2023

VALUATION

- US Stocks are expensive
- Apple worth more than Russell 2000
- Bonds are attractive again

SENTIMENT

- Investor Sentiment has turned positive
- Consumer Sentiment has turned positive



ECONOMY

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TECHNICAL

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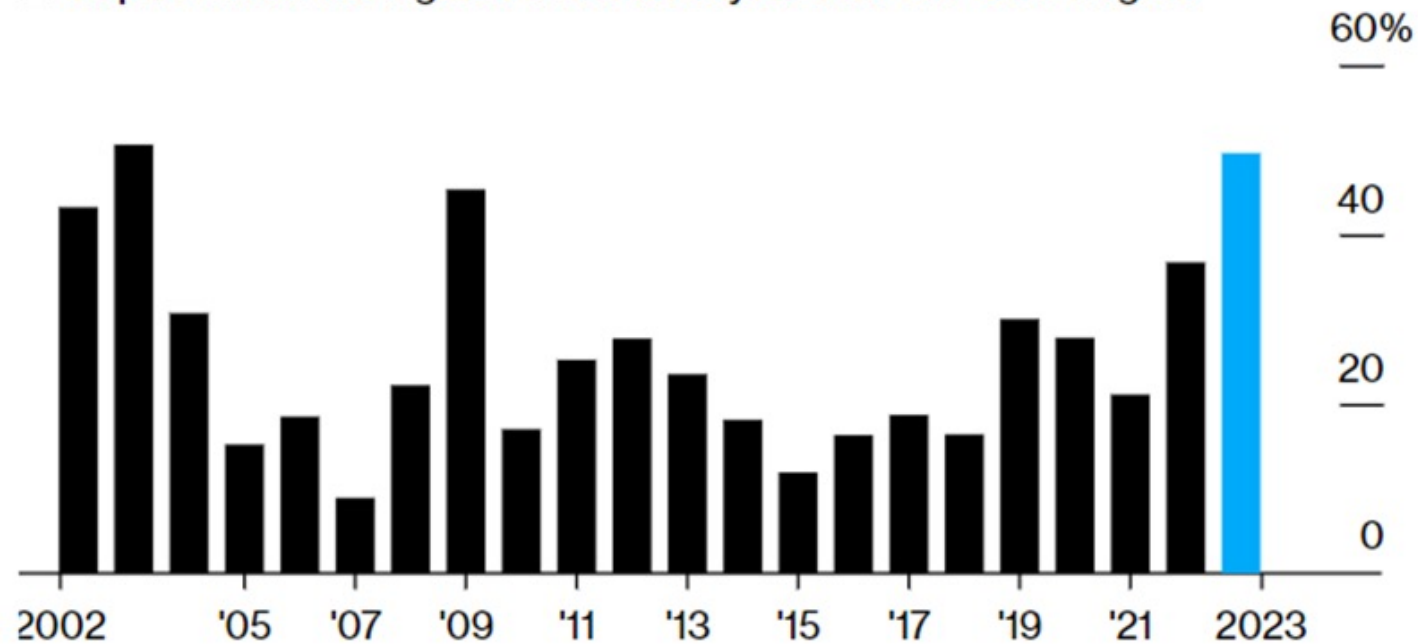
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Navigating through a wide range of possibilities

Wall Street Sharply Split on S&P 500 Path

Strategists post biggest gap between the highest and lowest targets

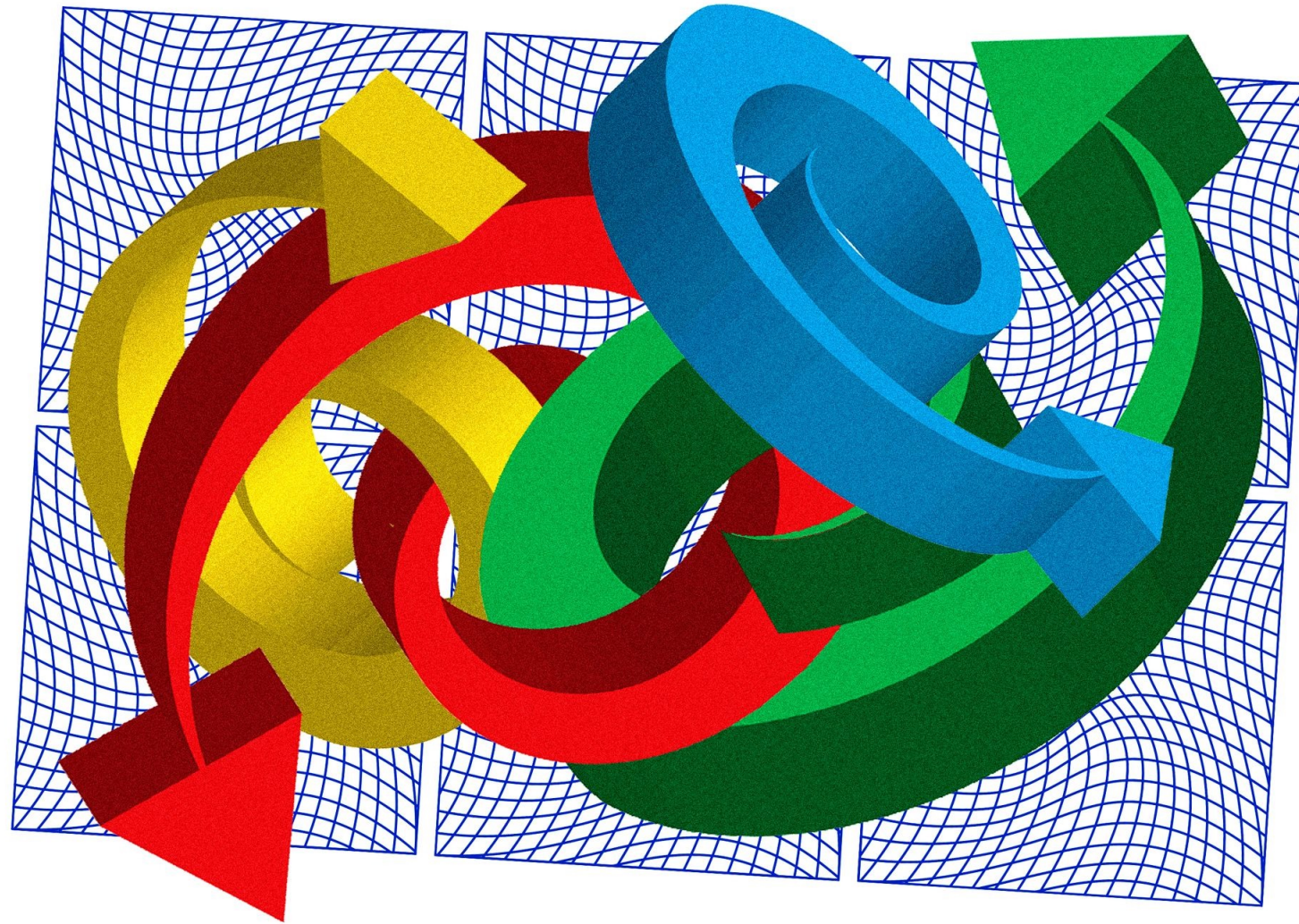
■ Gap between the highest and lowest year-end S&P 500 targets



Bloomberg

Source: Bloomberg [Wall Street Forecasters, Blindsided by Tech Stock Rally, Divided on 2023 Outlook - Bloomberg](#)

The Wall Street Journal Forecast



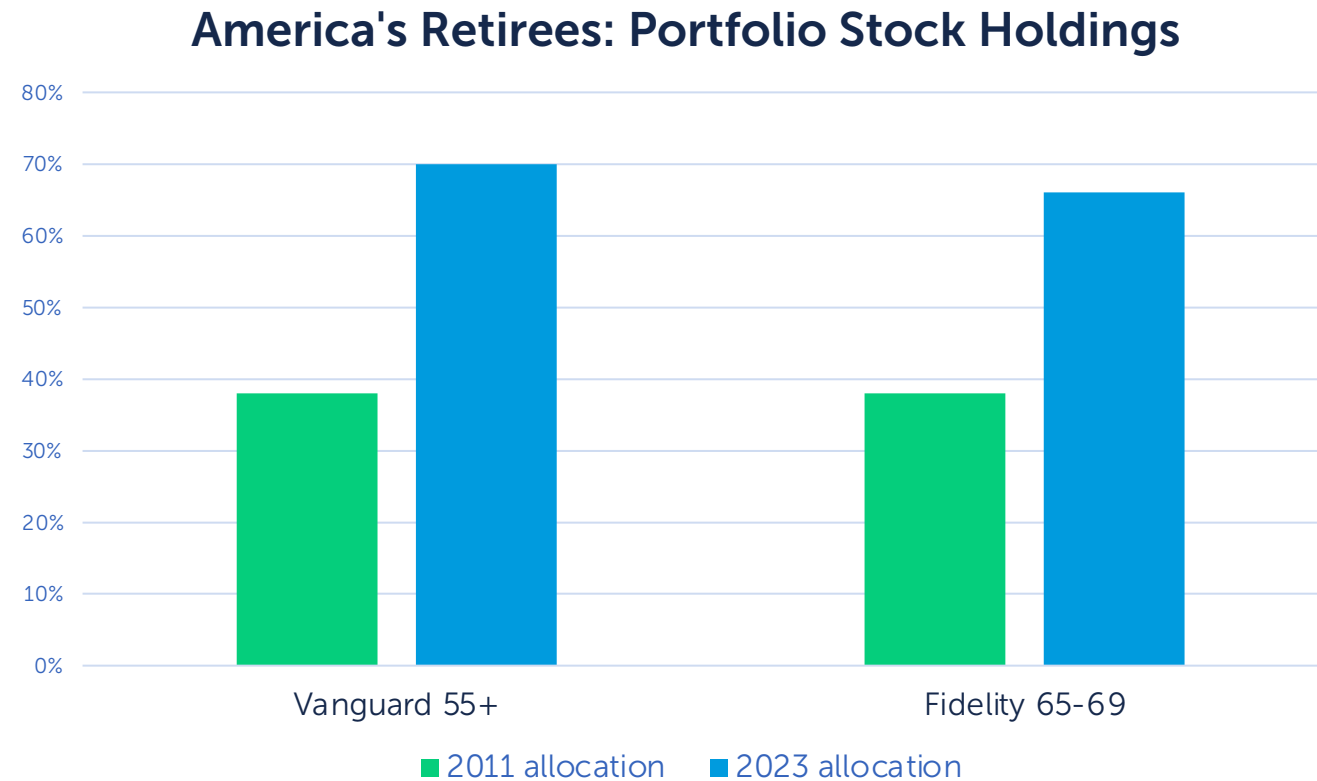
Source: Wall Street Journal [If You Find the Economy Confusing, Don't Worry: It Is - WSJ](#)

Reviewing positives and negatives

Positives	Negatives
Technical indicators are improving; the rally may have further to run as the market broadens.	Higher interest rates and reduced bank lending may cause further economic slowdown and stock declines.
Investor and consumer sentiment is improving from historically low levels, supportive of further market gains.	We have yet to experience a significant (10%) pullback in stocks this year. Expect to be tested by volatility.
Economic Data is improving, particularly in the United States.	We still expect a slowdown, even if a recession is avoided.
Attractive returns are available – bonds, international stocks and Small-mid cap stocks remain attractive.	Expensive large cap stock valuations mean volatility is likely to continue.
The Federal Reserve is nearing the end of its tightening cycle as inflation continues to decline	The Fed is also committed to reducing its balance sheet. This reduction in liquidity may hurt asset prices

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Thinking about portfolio allocations

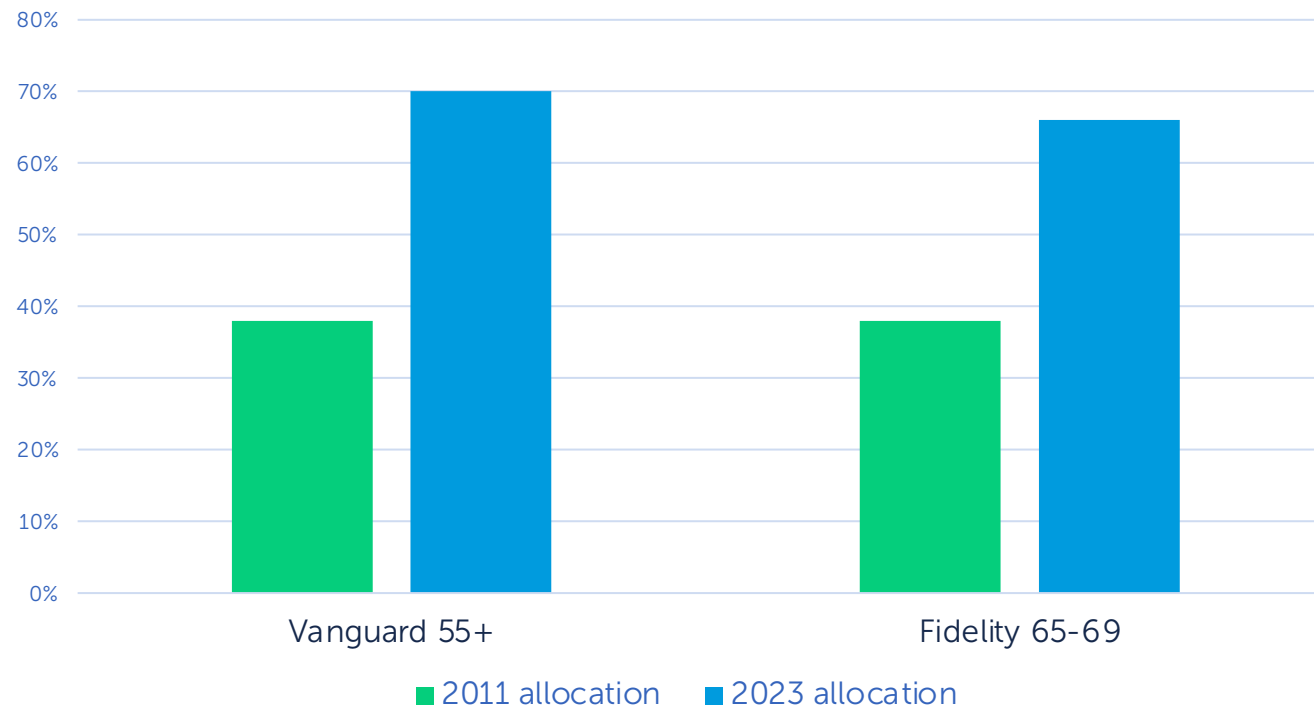


Source: Wall Street Journal [America's Retirees Are Investing More Like 30-Year-Olds - WSJ](#)

Thinking about portfolio allocations

Don't follow the crowd

America's Retirees: Portfolio Stock Holdings



Do manage risk. Think about:

- **Diversifying** your stocks
 - ✓ International
 - ✓ Mid and small cap
 - ✓ Value stocks
- **Keeping** your bonds
- **Adding** alternative assets

Source: Wall Street Journal [America's Retirees Are Investing More Like 30-Year-Olds - WSJ](#)

Asset Allocation – July 2023



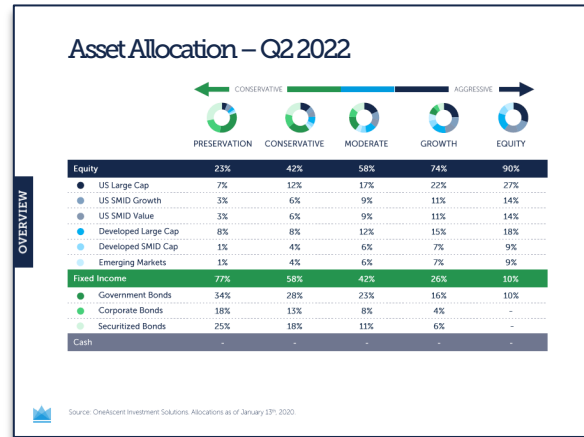
Equity	60%
US Large Cap	12.5%
US SMID	27.5%
Developed	15.0%
Emerging Markets	5.0%
Fixed Income	40%
Government Bonds	13.3%
Corporate Bonds	7.6%
High Yield Bonds	4.4%
Securitized Bonds	14.7%

Source: OneAscent Investment Solutions. Represents target allocations as of 7/6/2023 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.

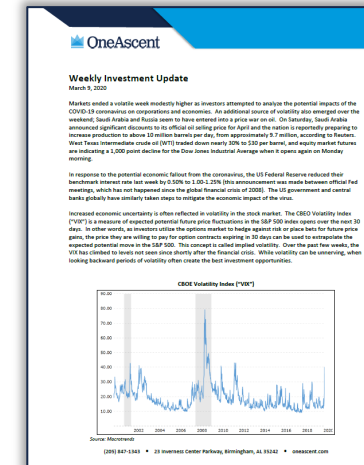
If you'd like to learn more about our solutions, visit us at investments.oneascent.com or email us at info@oneascent.com



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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