

OneAscent Market Update: Q3 2025

July 15th, 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
- 30 + 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

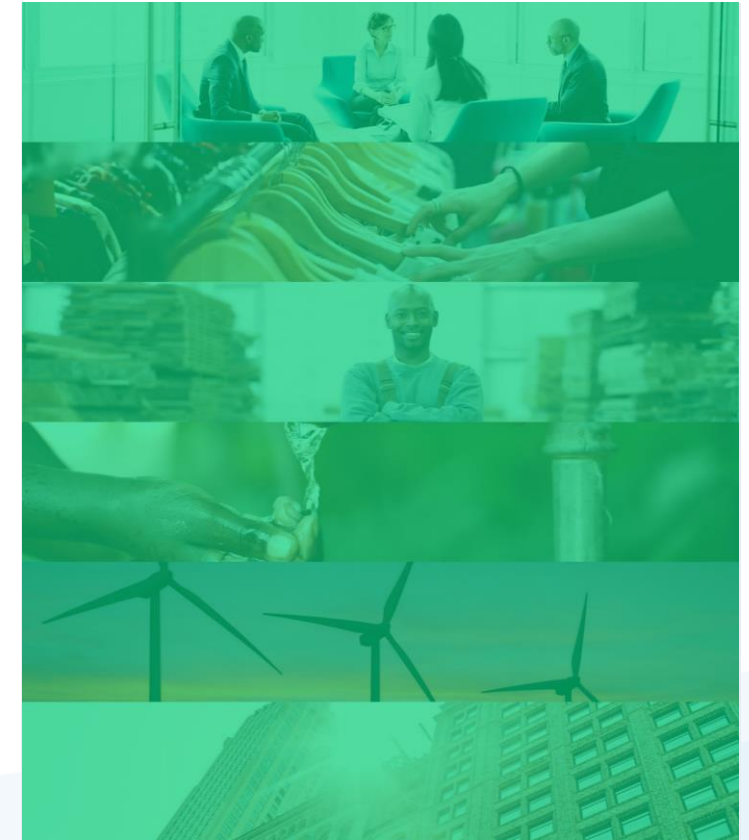
Q4 – October 21st, 2025

Values-Based Investing noun

val·ues-based in·vest·ing ('valyoʊs 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



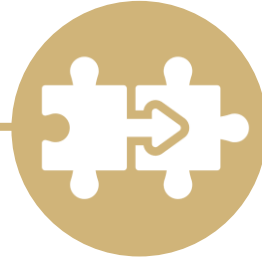
The Values-Aligned Journey

DISCOVERY



Understand what **matters most** to you and **unify multi-generational families** around a shared mission

ALIGNMENT

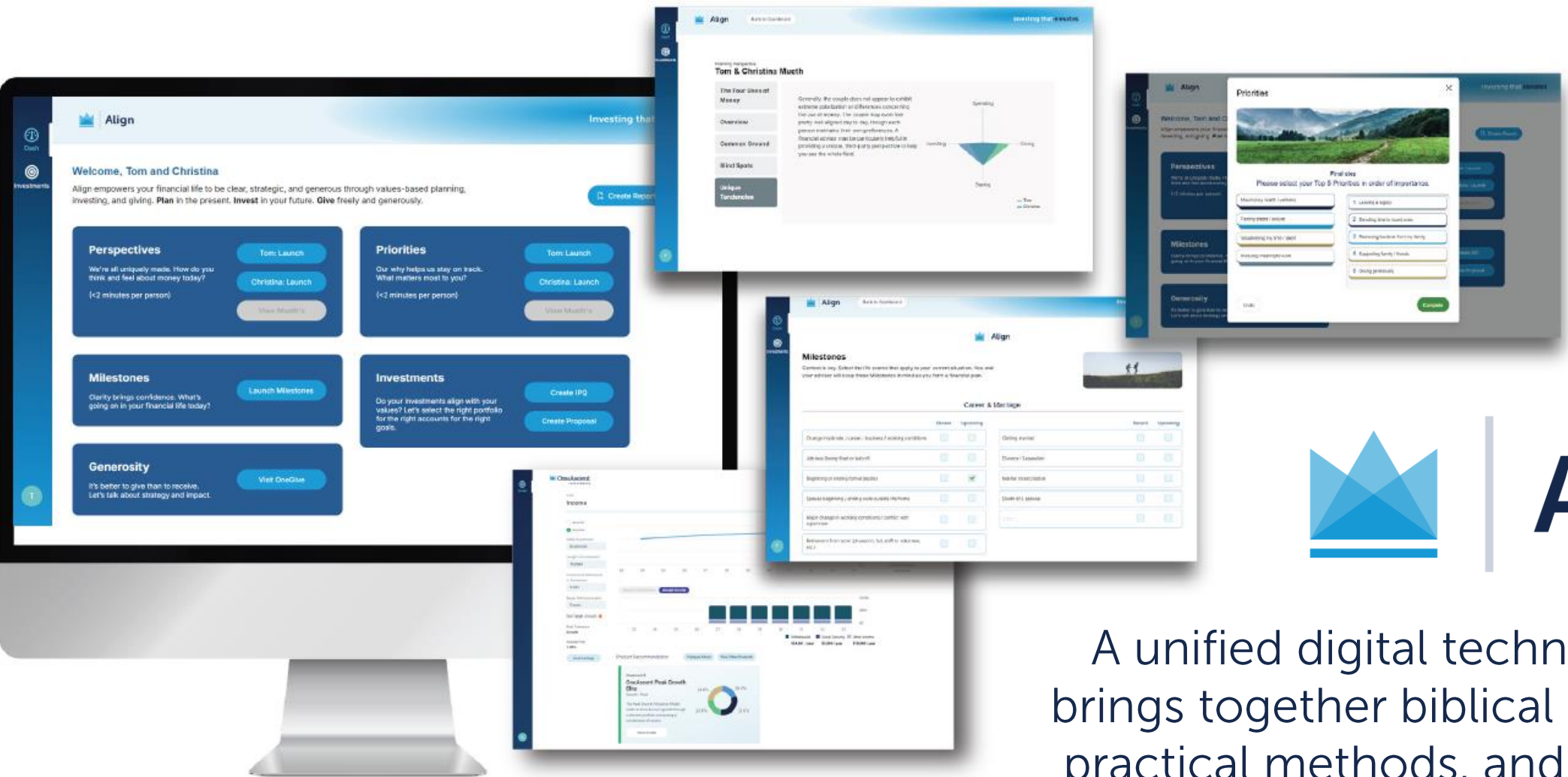


Bring financial decisions and investments into **harmony** with what you **value**

IMPACT



Measure and **celebrate** tangible outcomes generated when resources **align with their preferred futures**

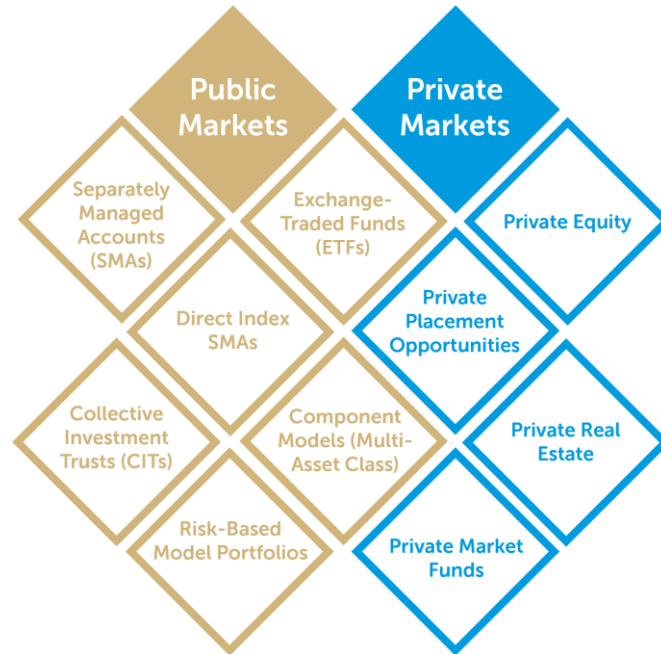


Align

A unified digital technology that brings together biblical principles, practical methods, and advanced tools that empower advisors and stewards to **deploy faith-aligned guidance, investing, and giving.**

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



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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

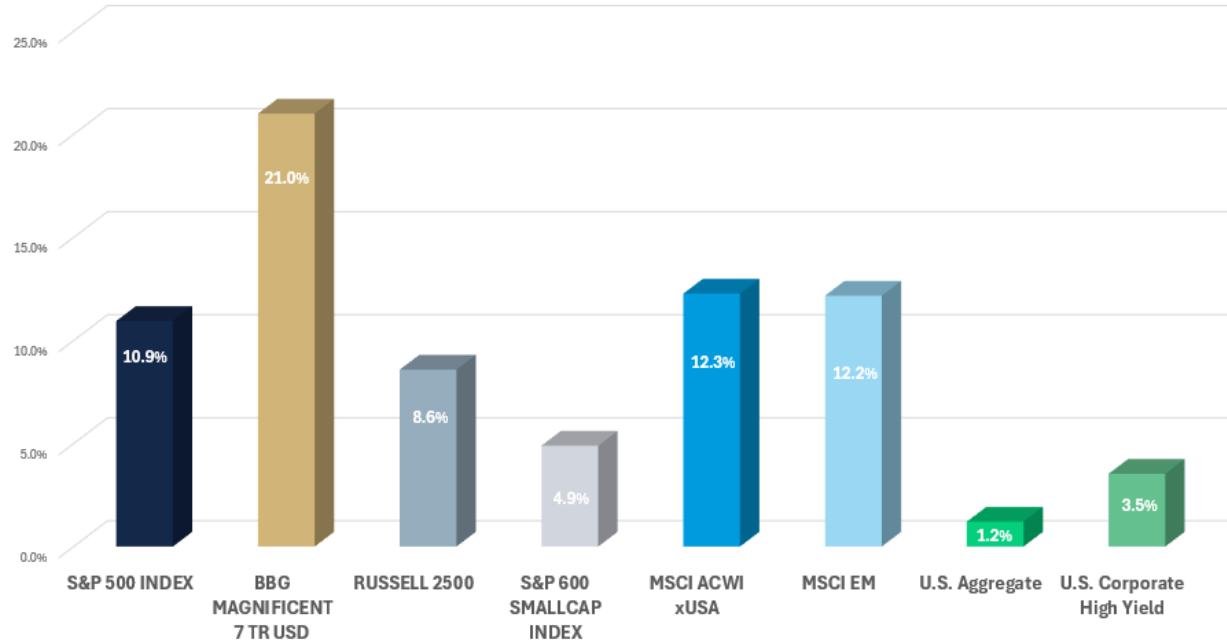
Second Quarter 2025 Portfolio Discussion

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

Themes for today's call

- 🏰 The more things change the more they stay the same
- 🏰 The market climbs a wall of worry
- 🏰 The balanced portfolio is dead, long live the balanced portfolio

Second Quarter Investment Returns

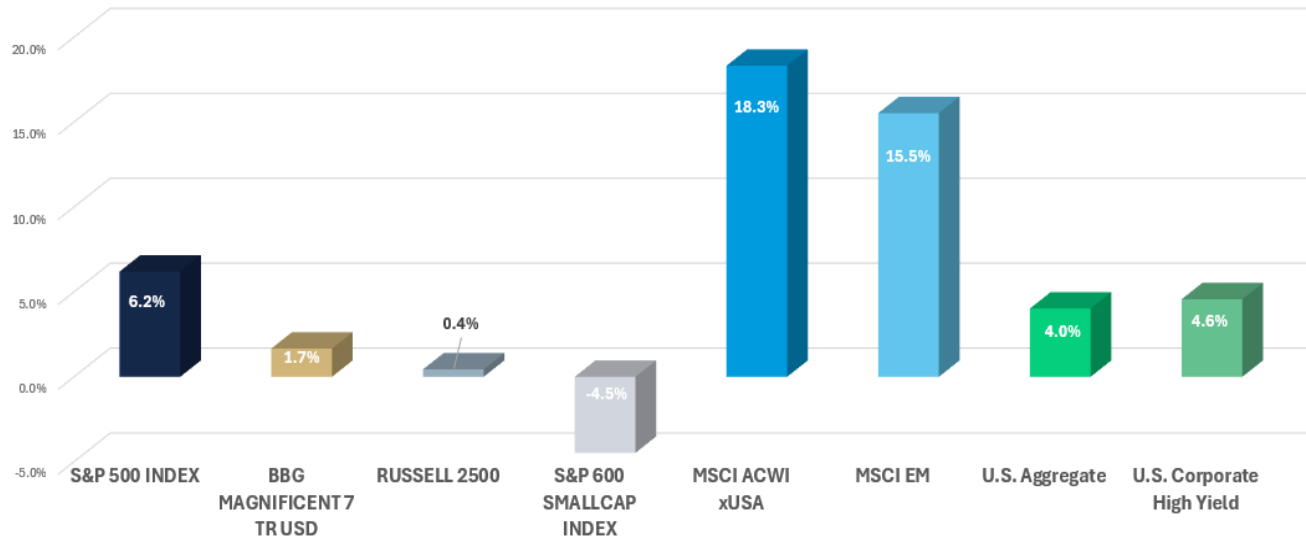


Second quarter returns showed a reversal from the 1st quarter:

- All market segments delivered positive returns
- International equities outperformed again
- Bonds posted positive returns due to lower rates
- Growth and technology snapped back (Mag-7)

Source: Bloomberg.

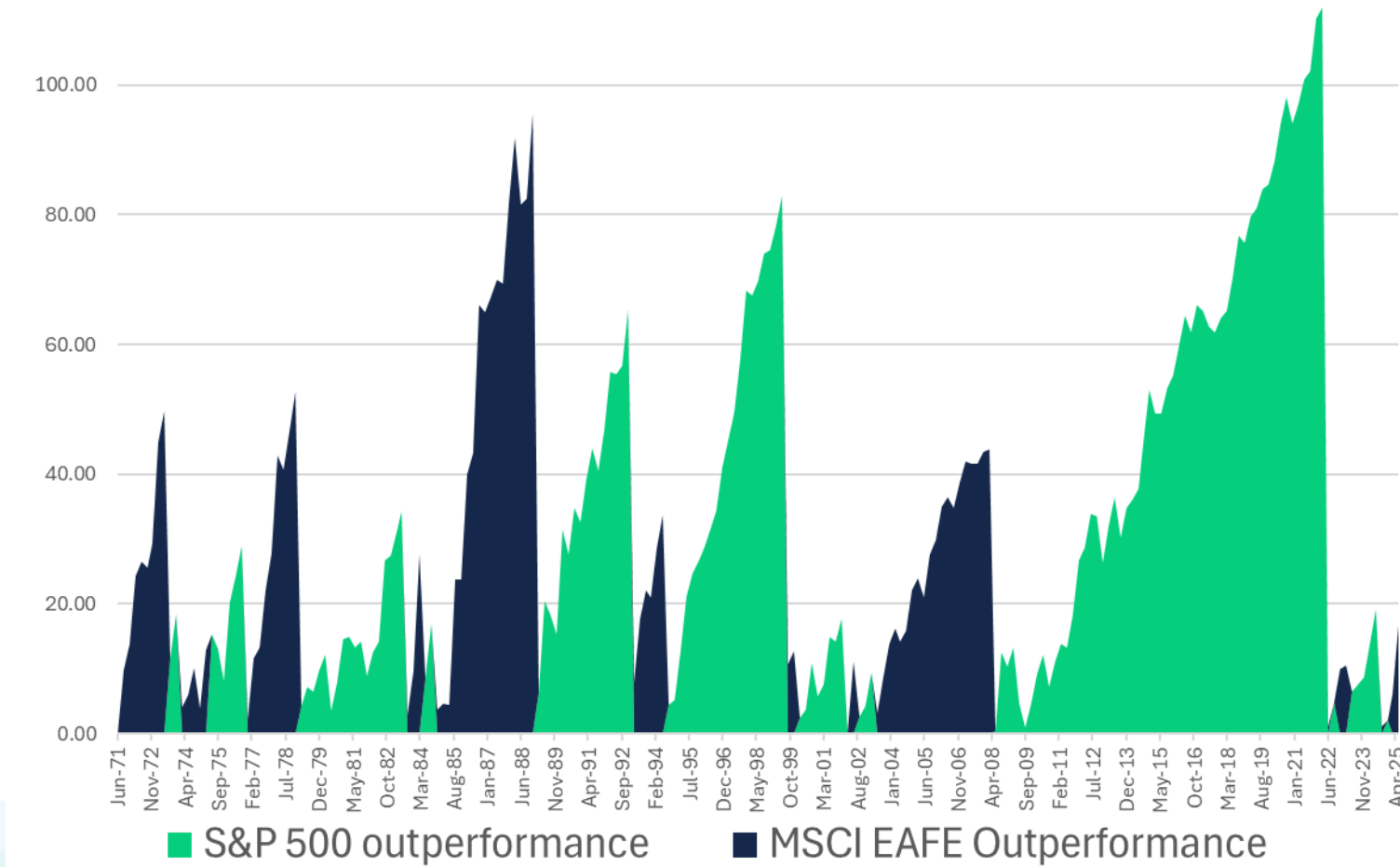
Year-to-Date Investment Returns



Source: Bloomberg

- International and emerging equities exhibiting strong relative performance
- Mid and small cap stocks have lagged
- Mag-7 lagging on YTD basis even though Q2 was such a strong snap-back
- Bonds have delivered healthy returns

US exceptionalism may be waning – at least in market performance



Source: Bloomberg

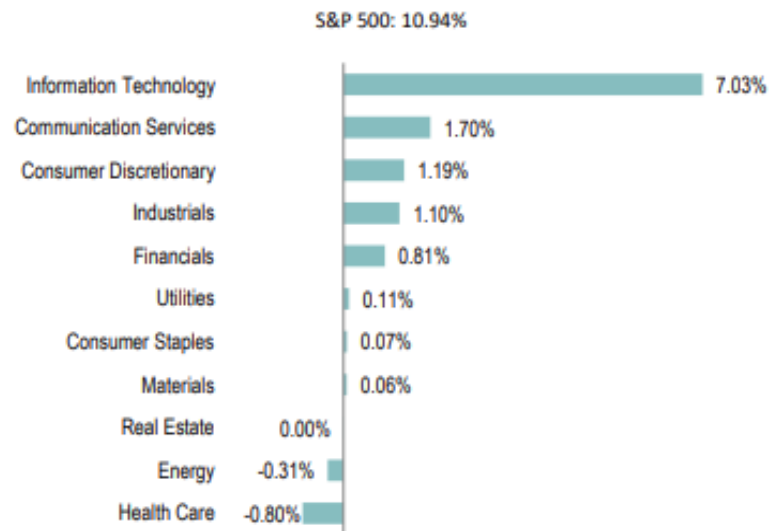
Second Quarter performance: extreme style and sector reversal

US Equity Style Returns			
<u>First quarter</u>			
	Value	Core	Growth
Large	2.1	-4.5	-10.0
Mid	-2.1	-3.4	-7.1
Small	-7.7	-9.5	-11.1
<u>Second Quarter</u>			
	Value	Core	Growth
Large	3.8	11.1	17.8
Mid	5.3	8.5	18.2
Small	5.0	8.5	12.0

Source: Bloomberg

Source: Bloomberg.

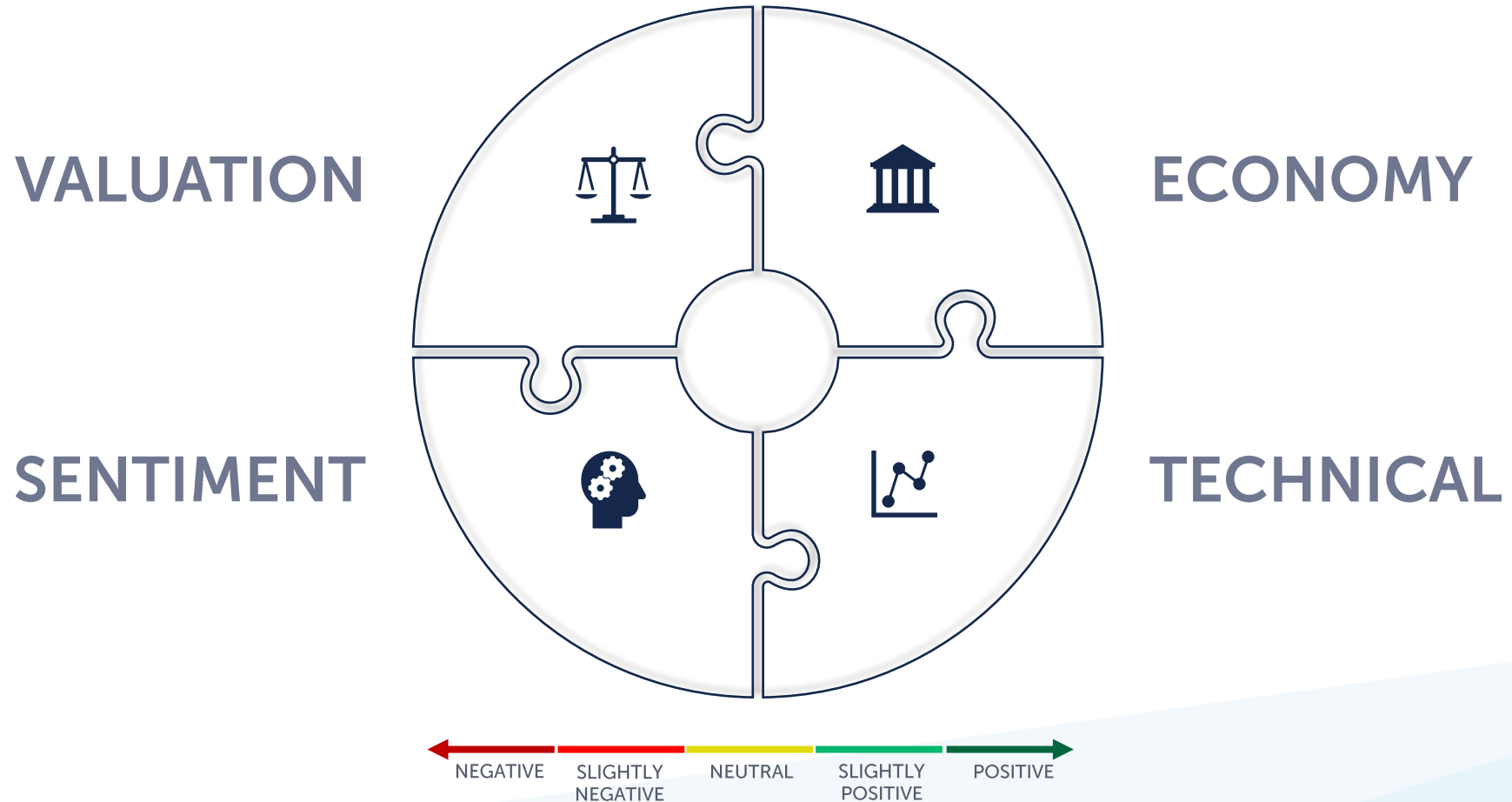
S&P 500 Sector Contribution: Q2 2025



Source: S&P Global,

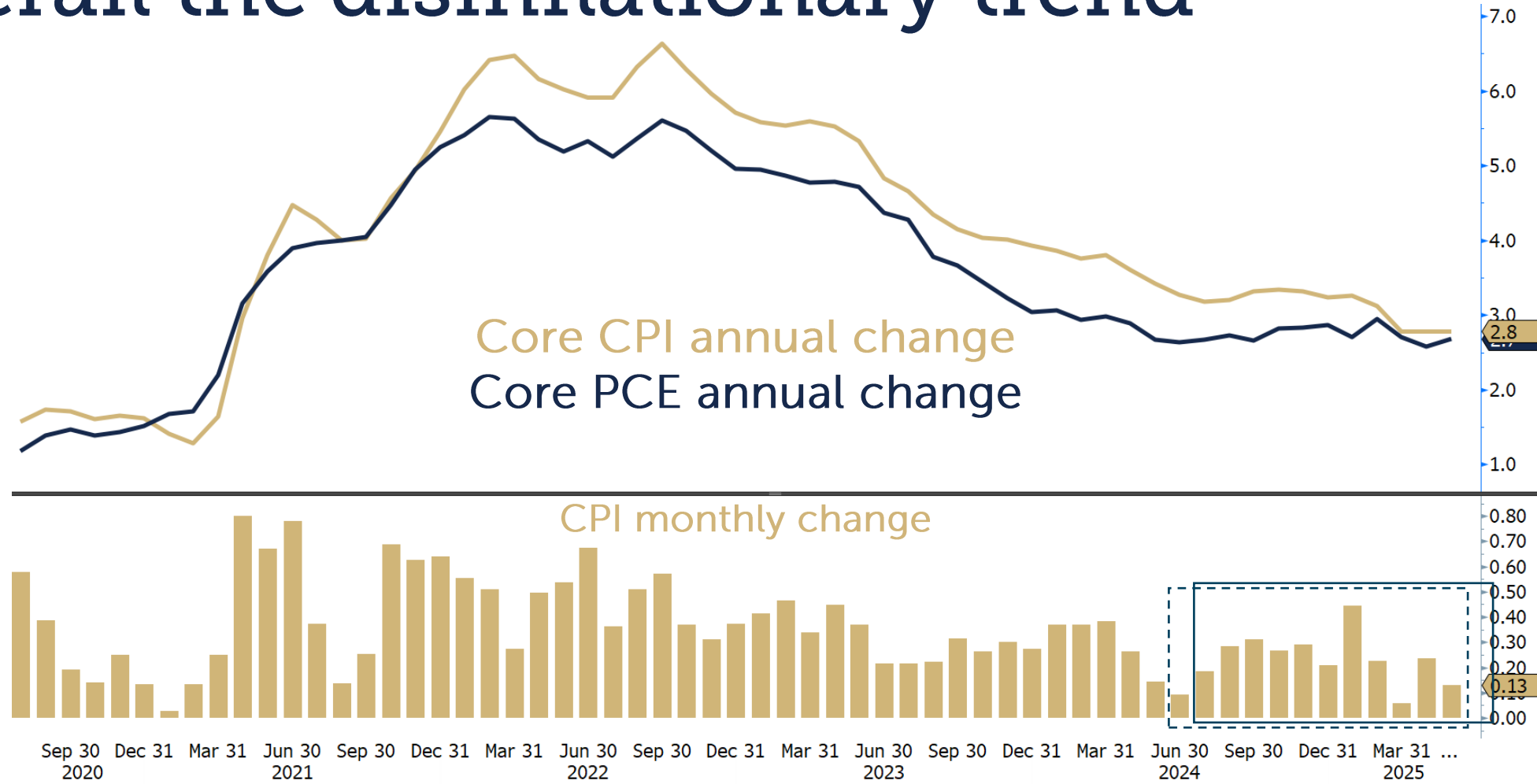
- Sector and style returns: tied at the hip
- Tech, Comm. Services and Discretionary drive Growth
- Energy, Health Care, Materials and Financials drive Value

Navigator Outlook: July 2025



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Tariffs and fiscal stimulus have yet to derail the disinflationary trend



Sources: Bloomberg

Stock gains often continue after losses are recovered



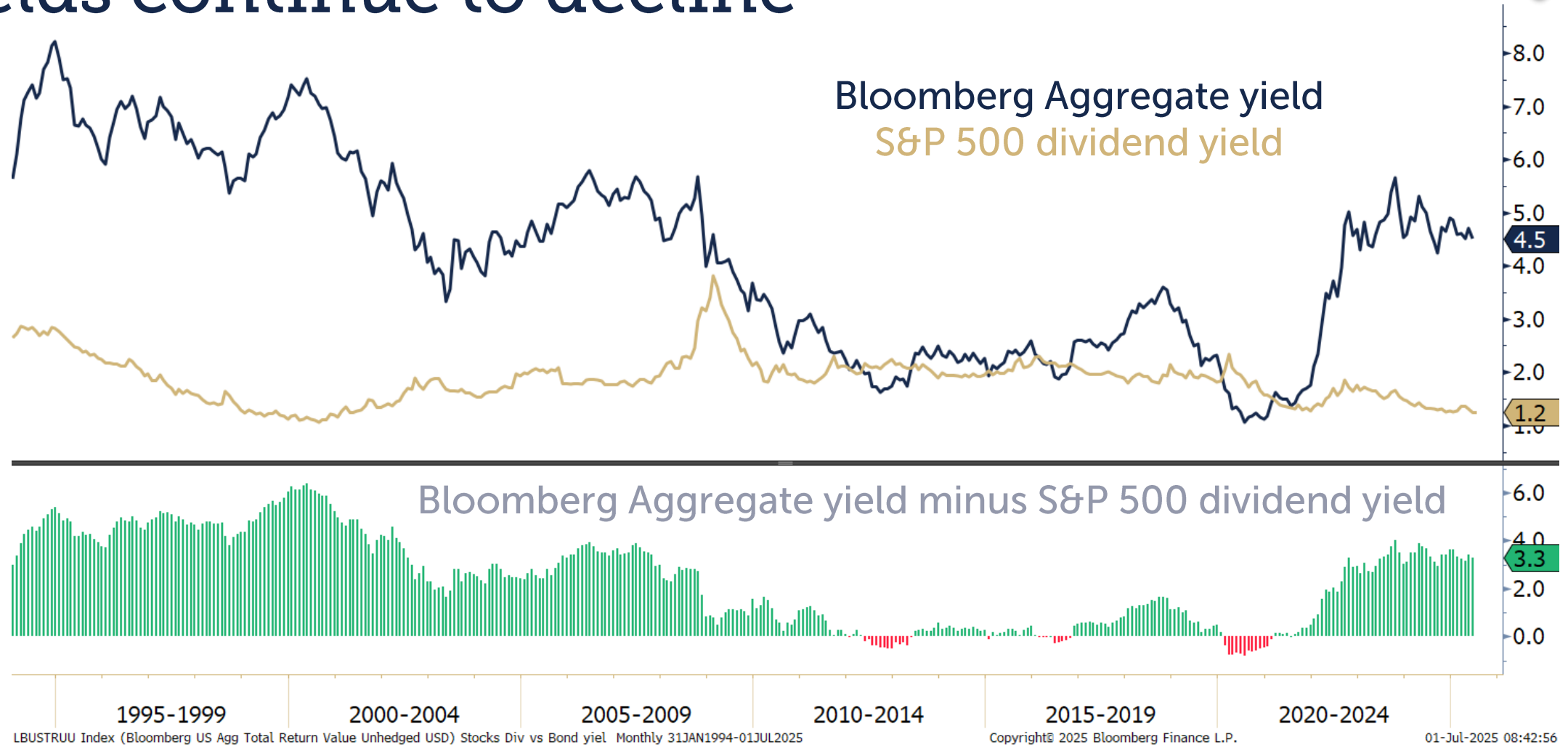
S&P 500 drawdowns and recoveries

Bear Market	Market bottom	Drawdown (%)
1974	10/3/1974	-48.2
1982	8/12/1982	-27.1
1987	12/4/1987	-33.5
1990	10/11/1990	-19.9
1998	8/31/1998	-19.3
2002	10/9/2002	-49.1
2009	3/9/2009	-56.8
2011	10/3/2011	-19.4
2018	12/24/2018	-19.8
2020	3/23/2020	-33.9
2022	10/12/2022	-25.4
2025	4/8/2025	-18.9
Average		-30.9

*

Source: Bloomberg

Bond yields remain compelling as dividend yields continue to decline

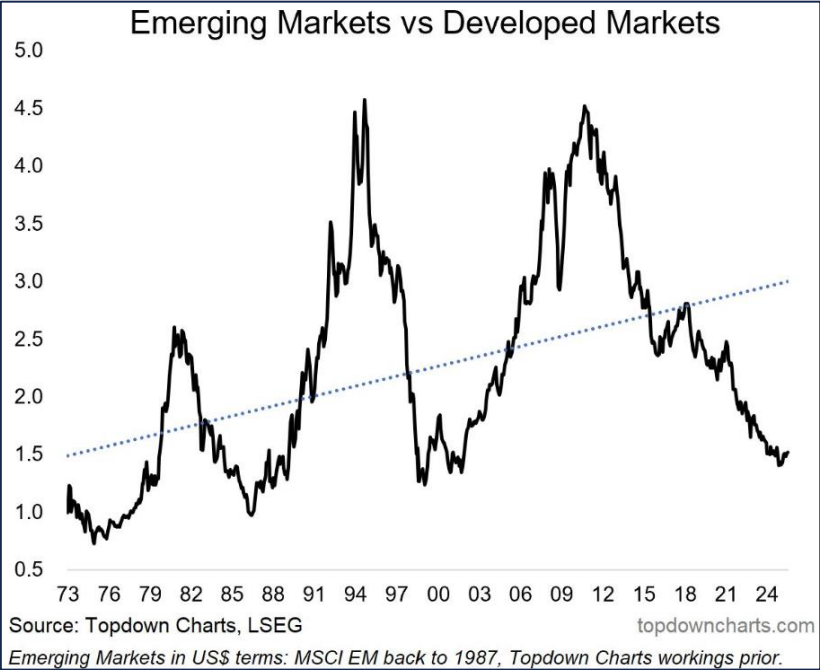


Source: Bloomberg.. High Yield and Investment grade – Yield to worst. High yield minus investment grade yield to worst.

Emerging markets: Multi-decade discount

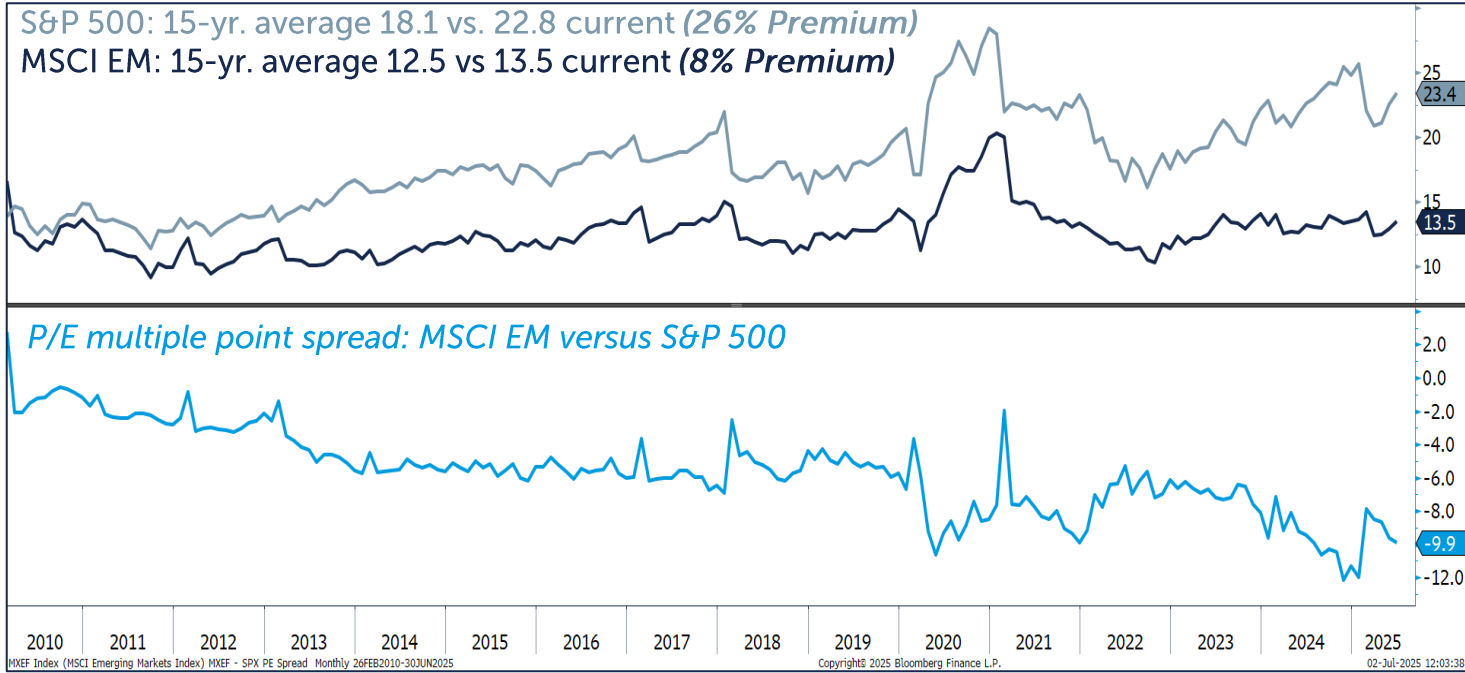


Multi-decade relative performance



Source: Callum Thomas of Topdown Charts via Linked-In.

Forward P/E: S&P 500 versus Emerging Markets



Source: Bloomberg.

Navigator Outlook: July 2025

VALUATION

- Bond yields remain compelling as dividend yields continue to decline.
- Emerging markets are trading at a multi-decade discount relative to the S&P 500.
- S&P Equal Weight remains far more reasonably valued than the cap-weighted S&P 500.

SENTIMENT

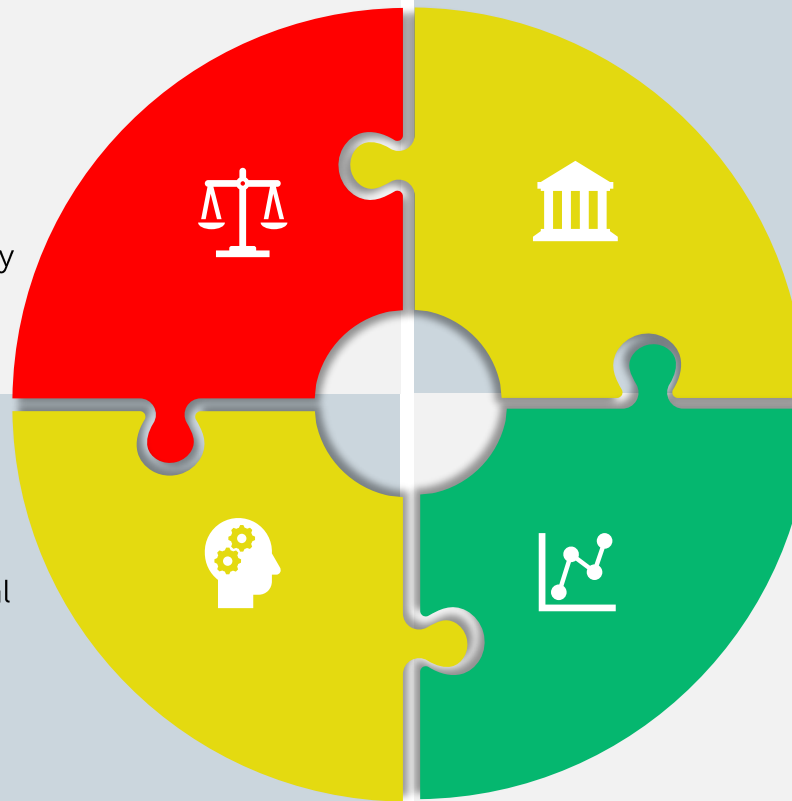
- Federal Reserve sentiment remains neutral despite expectations for 2 cuts in 2025.
- AAI investor sentiment has returned to neutral levels.
- Surge in high-risk trading as leveraged ETF's and ODTE Options hit new highs.

ECONOMY

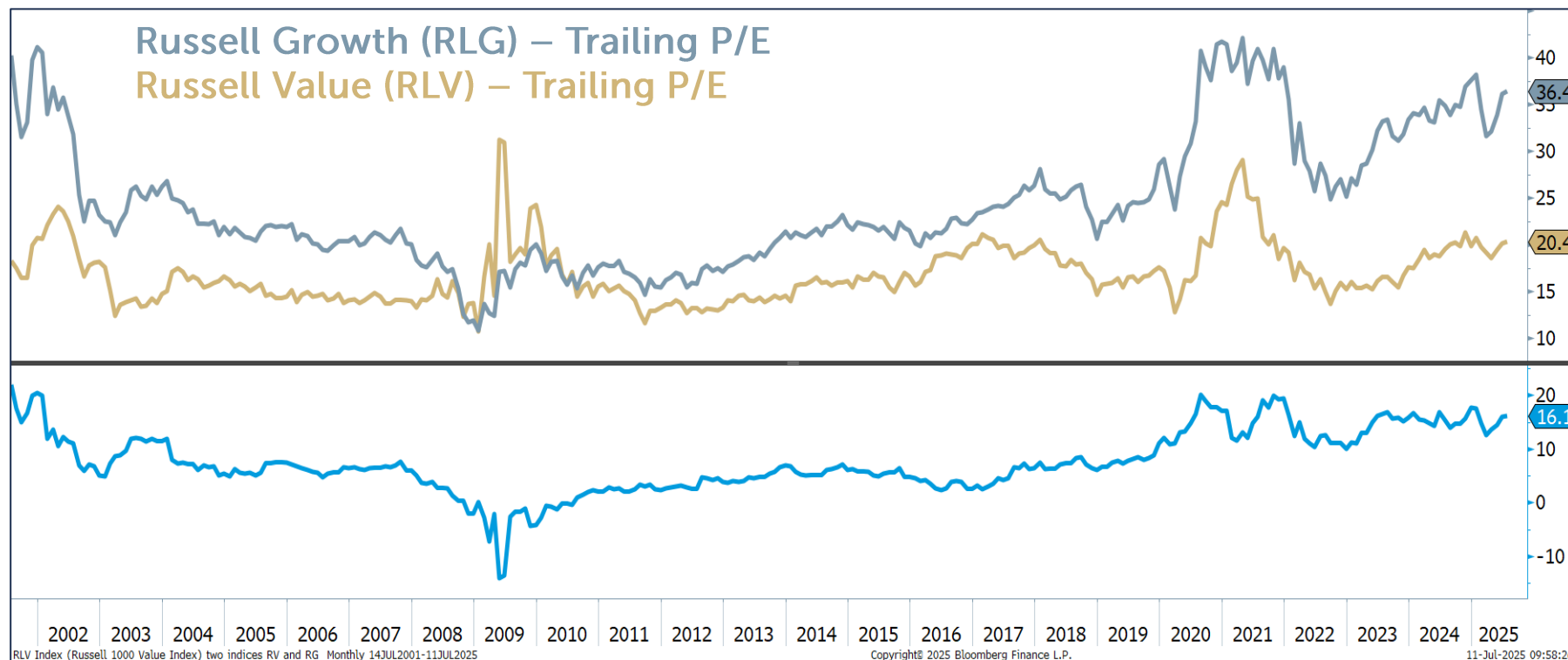
- Tariffs and fiscal stimulus have yet to derail the disinflationary trend.
- Economic outlook brightens as recession worries fade.
- Potential weakness in unemployment should reduce some inflation pressure.

TECHNICAL

- Stock gains often continue after losses are recovered.
- While international stocks are extended, participation is broad.
- Strong breadth suggests mid-caps may catch up to large caps.



Growth premium fading (won't go easily)



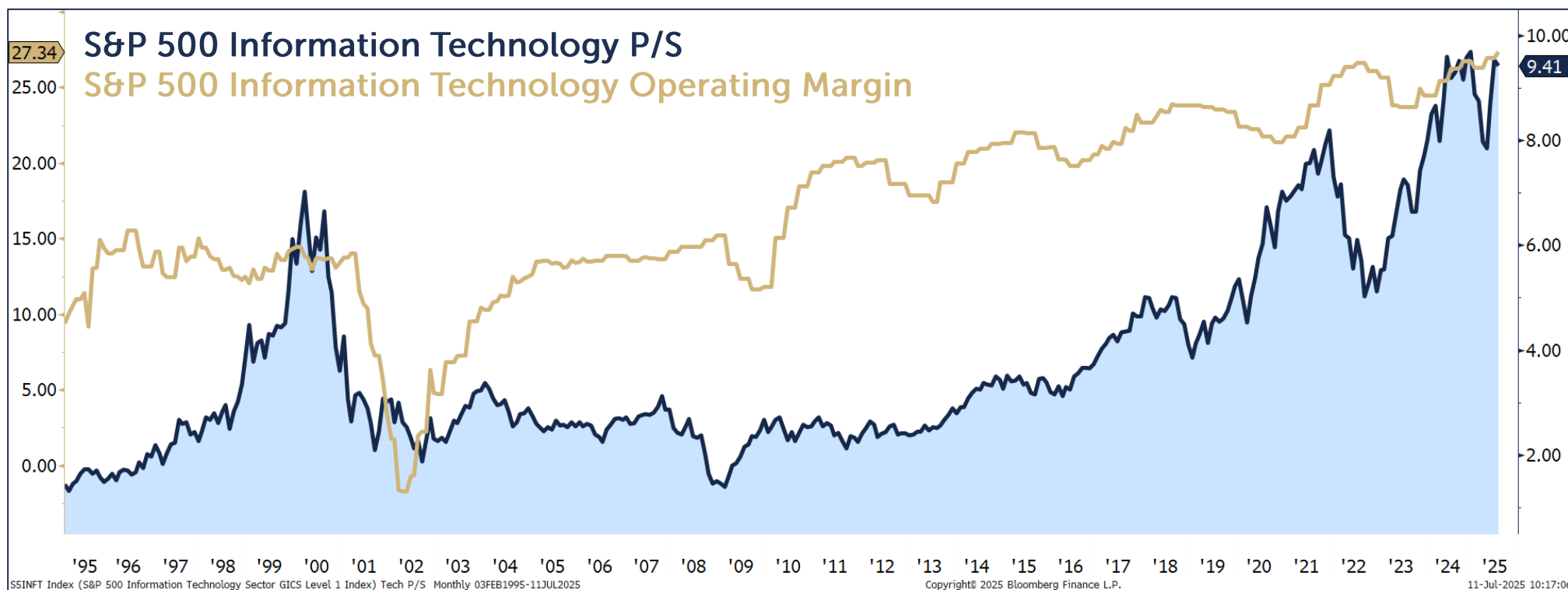
➤ 2Q valuation recovery for growth - back to start of the year

➤ Valuation spread jumped back up to high end of range

Source: Bloomberg.

Historically high Price to Sales for Tech

Potent combination of high profitability and growth has been driving P/S for tech ever higher. We question the sustainability of both current levels of growth and profitability. Examples include Palantir at 105x trailing sales (otherworldly) and Nvidia at 27.5x. These multiples are not sustainable.



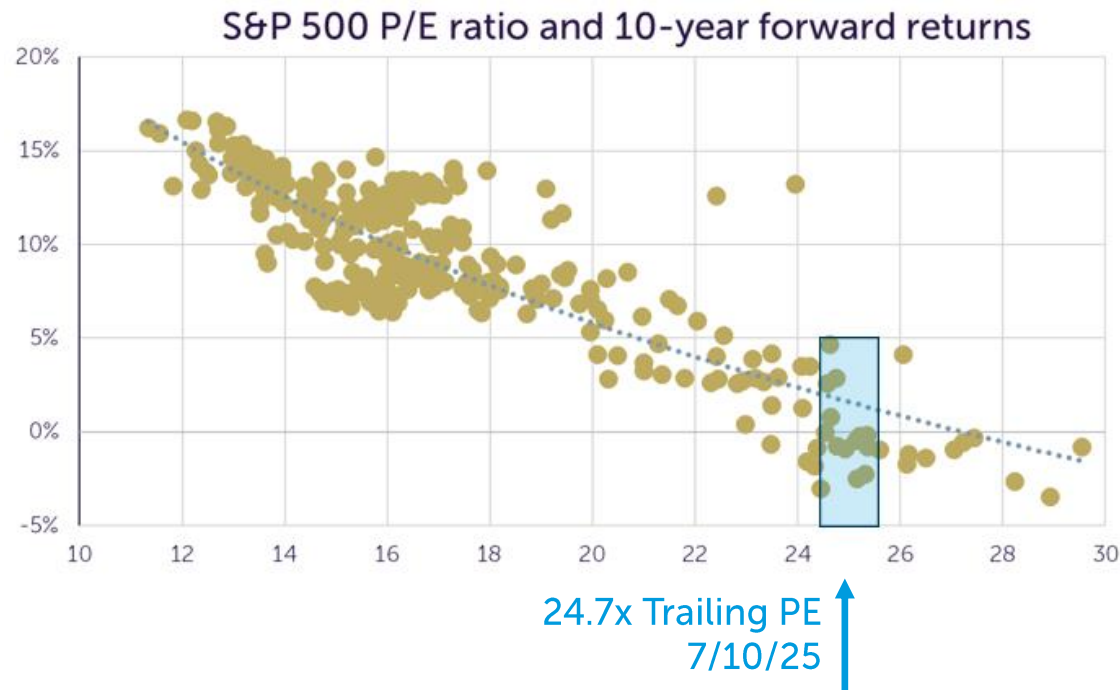
Source: Bloomberg.

“...as long as the music is playing, you’ve got to get up and dance.” – Chuck Prince, Former CEO of Citigroup, July 2007.

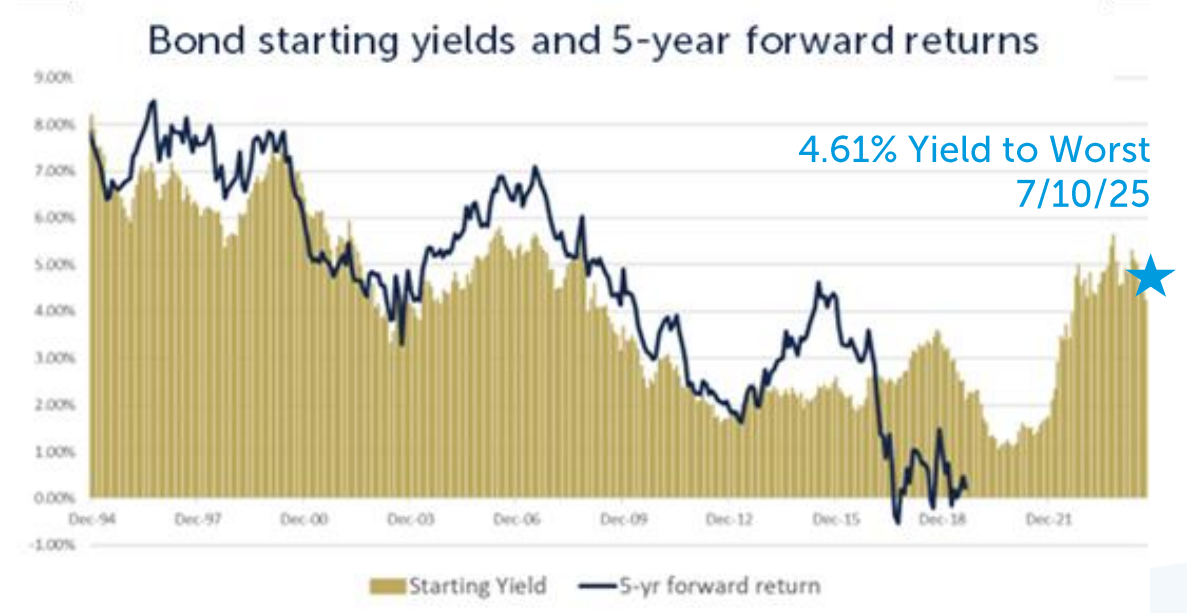
Asset Class Positioning: July 2025

Asset Class		Positioning	Comment
STOCKS	US Large Cap	Neutral	Valuations have jumped back to the high end of the range with market recovery. Risks to profitability are present as growth slows and supply chain issues from tariffs become reality.
	US Mid and Small Cap	Neutral	Significant valuation discounts remain in place. However, technical picture remains weak, and earnings revisions have been relatively weak versus large caps.
	International	Positive	Relative valuation still attractive, relative strength better than US and earnings revisions are better.
	Emerging Markets	Positive	Relative valuation remains attractive, and earnings revisions have turned positive.
BONDS	Core	Positive	Bond dropped in June and are near the bottom of the range of the last year. Yield levels remain compelling relative to the valuations of risky assets.
	Treasuries	Neutral	Treasury yields remain rangebound, reflecting a balance of inflation and recessionary risks.
	Corporates	Neutral	The yield premium of risky bonds narrowed yet again in June, reflecting low corporate default expectations.
	Mortgages	Positive	Mortgage yield spreads remain attractive relative to their credit risk, providing improved risk/reward relative to corporate bonds.

High equity valuations limit balanced portfolio upside and increase the risk of volatility



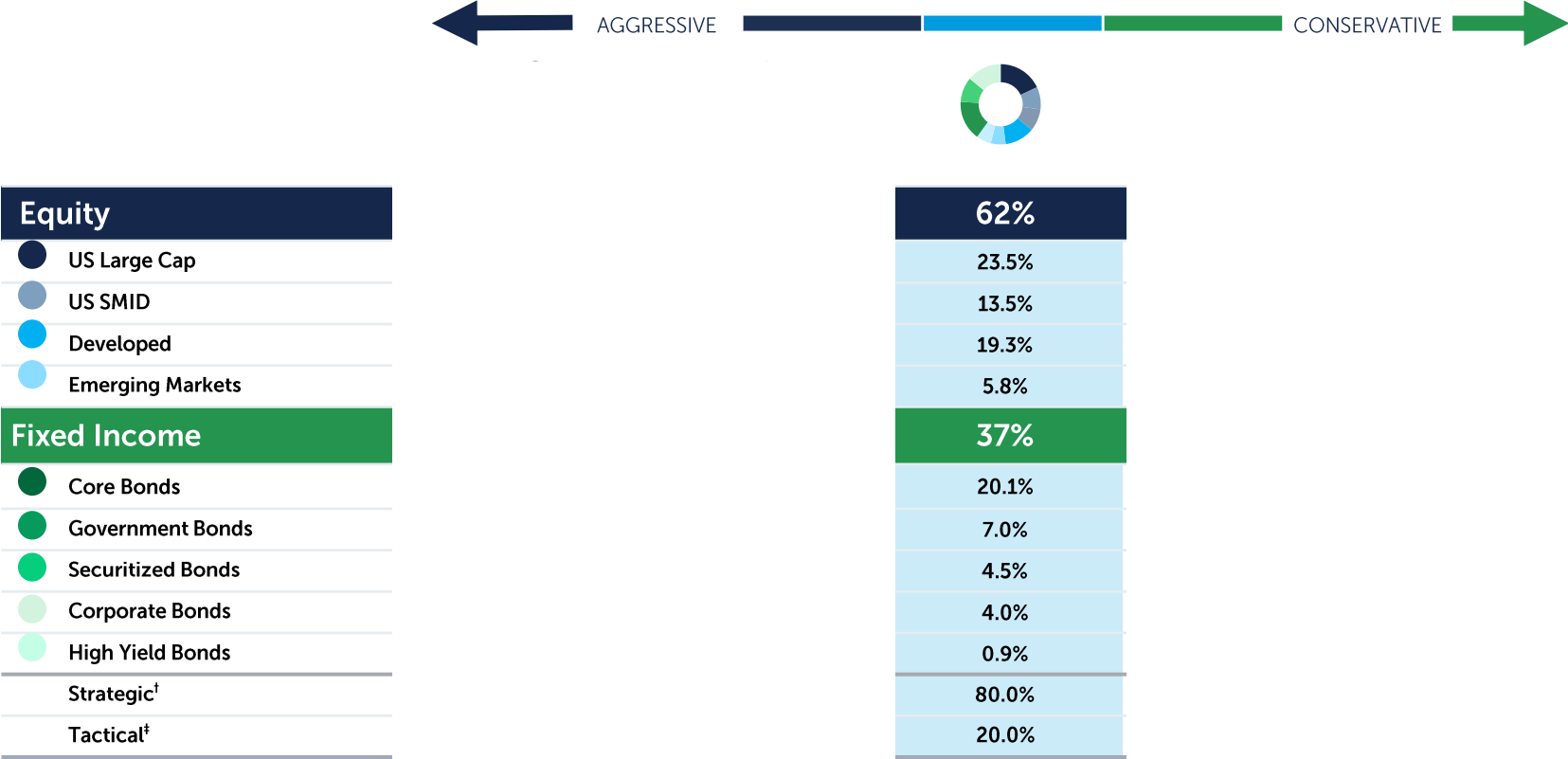
*High trailing PE suggest
below average S&P 500 returns*



*Higher yield suggests
solid Bloomberg Aggregate Bond returns*

Source: Bloomberg

Asset Allocation – July 2025



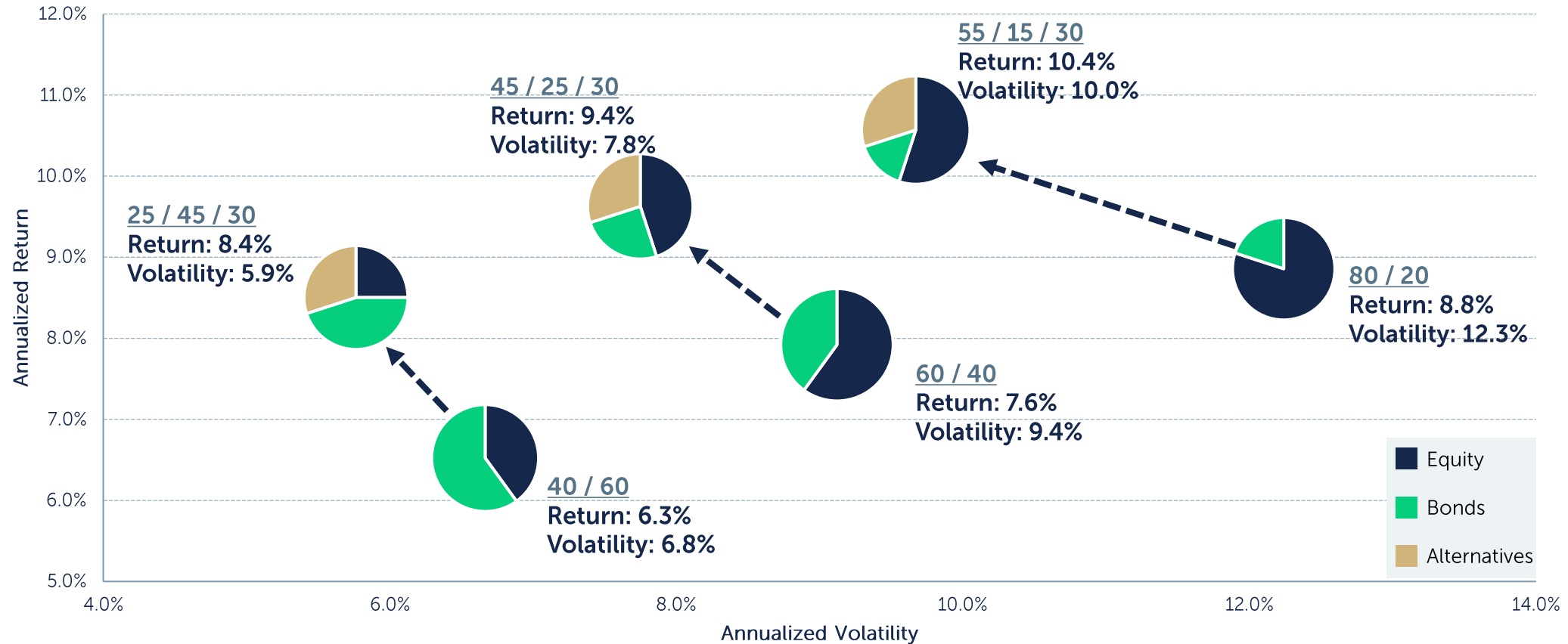
Source: OneAscent Investment Solutions. Represents target allocations as of 7/03/2025 and may not sum to 100% due to rounding.

[†]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.

Non-Correlated Diversification

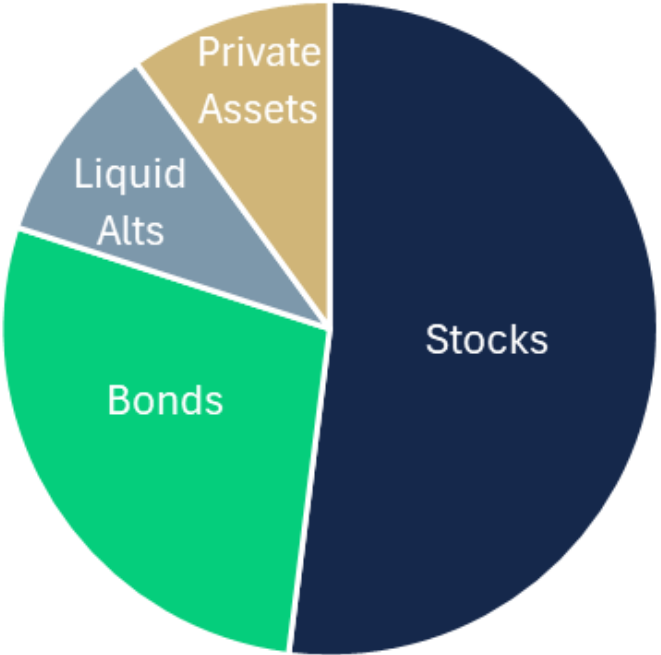
Over the last 20 years, an allocation to Alternatives and Private Markets has decreased volatility and increased return.



See Disclosures slide for Descriptions and Details on the data sources. Data as of June 30, 2024

The balanced portfolio is dead long live the balanced portfolio

Equity	62%
US Large Cap	23.5%
US SMID	13.5%
Developed	19.3%
Emerging Markets	5.8%
Fixed Income	37%
Core Bonds	20.1%
Government Bonds	7.0%
Securitized Bonds	4.5%
Corporate Bonds	4.0%
High Yield Bonds	0.9%



Source: OneAscent Investment Solutions. Represents target allocations as of 7/3/2025 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.

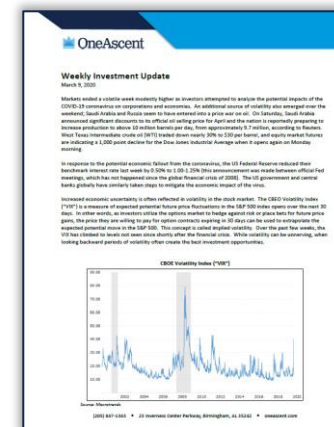
If you'd like to learn more about our solutions, visit us at investments.oneascent.com or email us at info@oneascent.com



Allocation
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Fact Sheets



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Important Disclosures

For Slide titled “Non-Correlated Diversification” - The base portfolios represent the performance of hypothetical portfolios invested in public markets equities (represented here using the performance of the S&P 500 Total Return Index) and fixed income (represented here as the Bloomberg Aggregate Bond Index.) The modified portfolios represent the performance of hypothetical portfolio invested in public markets equities, fixed income, and in “alternatives”, where “alternatives” is comprised of equal weights (5% each) of private equity, venture capital, private real assets, private credit, private real estate, and hedge funds. As each of the source data sets for this analysis is an index, the fees and expenses associated with investing are excluded from the performance of each index, as one cannot invest directly in an index. The source data for the “alternatives” performance information is from Pitchbook from June 2004 until September 2023, and from Bloomberg since September 2023 to June 2024. The performance of each of these indices is subject to certain biases. For example, any index purporting to be a representation of the entire private equity universe would be subject to reporting bias, as not every private equity fund or direct investment reports their performance to Pitchbook or Bloomberg. In addition, these indices are also subject to survivor bias, because the longer a fund or fund manager is in existence, the more likely they are to report their performance (or have that performance be public) and the more likely they are to have positive performance.

The hypothetical performance results in these materials have several inherent limitations. Unlike an actual performance record, hypothetical results do not represent actual performance and numerical values presented are intended only to help illustrate how such hypothetical portfolios may have behaved over time. There are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved.

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Performance represented assumes portfolios were rebalanced quarterly.

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