Weekly Update – June 23, 2025

Market Returns Ending 6/20/2025			
Category	1 Week	QTD	YTD
US			
Large Cap	-0.1%	6.7%	2.1%
Mid Cap	0.8%	5.5%	-2.4%
Small Cap	0.4%	5.1%	-4.8%
International			
Developed	-1.6%	8.5%	16.1%
Emerging	-1.0%	7.8%	11.1%
Bonds			
Aggregate	0.2%	0.1%	2.9%
High Yield	0.1%	2.3%	3.3%

US Equity Style Returns

Weekly

	Value	Core	Growth
Large	0.3	-0.1	-0.4
Mid	0.5	0.6	0.8
Small	0.3	0.4	0.6

YTD

	Value	Core	Growth
Large	3.4	2.1	0.9
Mid	0.6	2.0	6.3
Small	-5.9	-4.8	-3.8

Source: Bloomberg

Key Events: US strikes Iran while Fed stays on hold

Even though President Trump signaled a preference for giving diplomacy a chance before considering military action against Iran last Friday, the US moved ahead with unexpected strikes against Iran over the weekend.

Last week, the Federal Reserve's Open Market Committee decided to maintain current interest rates. Their economic outlook has remained largely stable over the past three months, though expectations for economic growth have softened. The dot-plot continues to suggest two rate cuts for 2025[i]. On Friday, Fed Governor Waller suggested that rate reductions could begin as early as July, noting that "inflation from tariffs is likely to be short-lived"[ii].

Market review: Stocks mark time

U.S. equities displayed varied performance last week. Small and mid-cap stocks saw slight gains, while large-cap stocks experienced a modest decline. International and emerging market equities pulled back. Oil prices rose due to heightened geopolitical risks, while interest rates eased slightly.

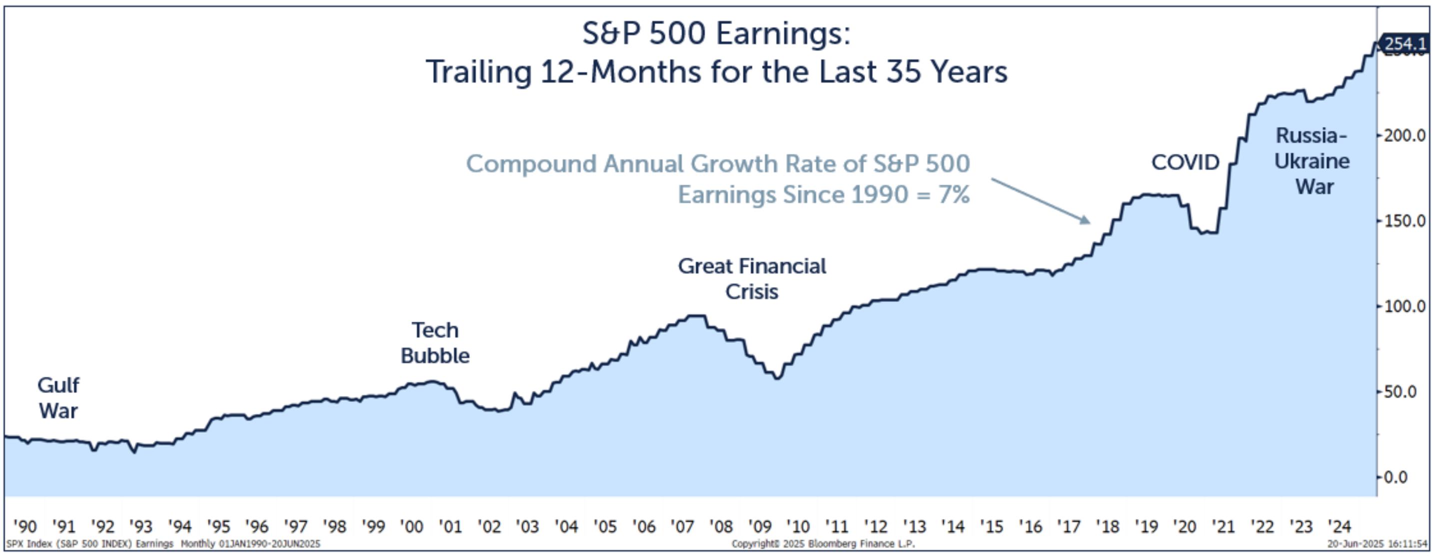
Outlook: Earnings progress is key to second half

The U.S. equity market continues to demonstrate resilience despite challenges, including tariff-related recession concerns, long-term U.S. debt sustainability issues, a softer U.S. dollar, and escalating tensions between Israel and Iran that now includes US involvement. The labor market shows some softening, but with a low unemployment rate, consumer spending remains robust, fueled by the service-driven U.S. economy. Consumer strength has been a cornerstone of earnings growth for the past three decades, supporting consistent long-term equity returns.

S&P 500 earnings estimates for 2025 have declined about 3.6% since the start of the year, but they have stabilized since mid-May[iii] and growth of 7-9% is still in the cards. Given the hurdles that the market has overcome, that's a notable achievement (especially after factoring in normal estimate degradation as analysts always start the year with optimistic projections).

The U.S. economy's adaptability has underpinned earnings growth for over 35 years despite numerous crisis events. This resilience supports our continued advocacy for a low-turnover investment strategy focused on diversification, quality, and compelling valuations.

Consistent and resilient earnings growth supports solid long-term compounding for US equities



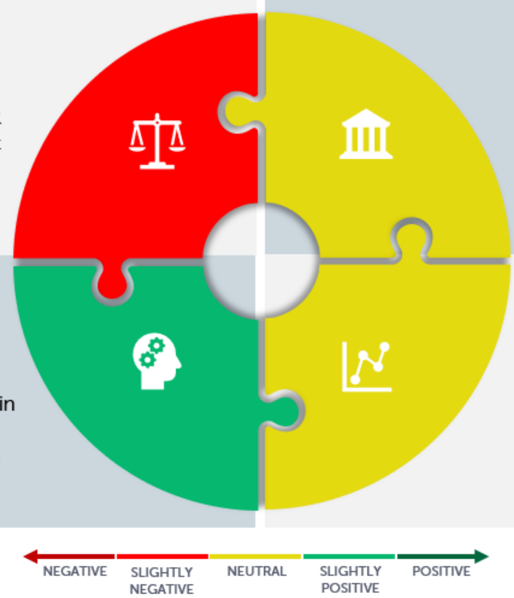
OneAscent Navigator Outlook: June 2025

VALUATION

- International stocks trade at a meaningful valuation discount to the S&P 500, justified in part by a larger technology weight in the S&P.
- Mid-cap stocks trade at a significant discount to large cap stocks on a free cash flow basis.
- Bonds have regained their attractiveness, but credit spreads remain tight.

ECONOMY

- Core PCE, the Fed's preferred inflation measure, continues its downward trend.
- Despite a murky outlook, growth data came in positive during the month of May.
- Negative earnings revisions have hit stocks this year, with a greater magnitude of cuts hitting small and mid cap stocks.



SENTIMENT

- Credit Default Swap pricing suggests the United States credit has declined, reflected in Moody's downgradee of US Treasury debt.
- Increased tariff uncertainty is being reflected in corporate earnings calls and presentations
- Investor sentiment remains bearish but is less negative than during April's declines.

TECHNICAL

- Reduced volatility allowed stocks to turn positive YTD but not recapture February highs.
- Breadth of US stock market performance is improving modestly.
- International stocks' advance/decline has moved above its 2024 trend, signifying stronger breadth than US markets.

This material is intended to be educational in nature[iv], and not as a recommendation of any particular strategy, approach, product or concept for any particular advisor or client. These materials are not intended as any form of substitute for individualized investment advice. The discussion is general in nature, and therefore not intended to recommend or endorse any asset class, security, or technical aspect of any security for the purpose of allowing a reader to use the approach on their own. Before participating in any investment program or making any investment, clients as well as all other readers are encouraged to consult with their own professional advisers, including investment advisers and tax advisors. OneAscent can assist in determining a suitable investment approach for a given individual, which may or may not closely resemble the strategies outlined herein.

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[i] Source: Bloomberg article by John Authers: "War and Food Prices Could heat up Powell's Summer."

[ii] Source: Bloomberg article by John Authers: "War and Food Prices Could heat up Powell's Summer."

[iii] Source: Bloomberg data.

[iv] 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