

## Weekly Update – May 30, 2023

Market Returns Ending 5/26/2023			
Category	1 Week	YTD	1 Year
<b>US</b>			
Large Cap	0.3%	10.3%	5.4%
Mid Cap Growth	-0.5%	8.3%	8.3%
Mid Cap Value	-1.4%	-2.1%	-7.4%
Small Cap	0.0%	1.2%	-2.1%
<b>International</b>			
Developed	-2.8%	8.6%	6.5%
Emerging	-1.3%	1.7%	-2.6%
<b>Bonds</b>			
Aggregate	-0.6%	1.23%	-3.7%
High Yield	-0.4%	3.2%	0.4%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	-1.2	0.3	1.7
Mid	-1.4	-1.0	-0.5
Small	0.1	0.0	-0.1
	YTD		
	Value	Core	Growth
Large	-0.7	9.9	21.2
Mid	-2.1	1.5	8.3
Small	-3.7	1.2	6.1

Source: Bloomberg

### Key Events: Crunch time

Debt ceiling negotiators inched towards a deal that would cap increases in federal spending.

Two more Fed presidents signaled that rate hikes may not be finished, and hot inflation data supported the notion.

More companies mentioned AI on earnings calls than any quarter in ten years, driving optimism over the technology.<sup>i</sup>

### Market Review: AI optimism and inflation pessimism

Broad stock returns were subdued; the S&P rose 0.3% for the week, and small to mid-cap stocks lost ground slightly.

Large growth stocks carried the week as technology stocks rose 4.6%, driven by artificial intelligence hype.

Bonds lost money as the market reacted to higher inflation.

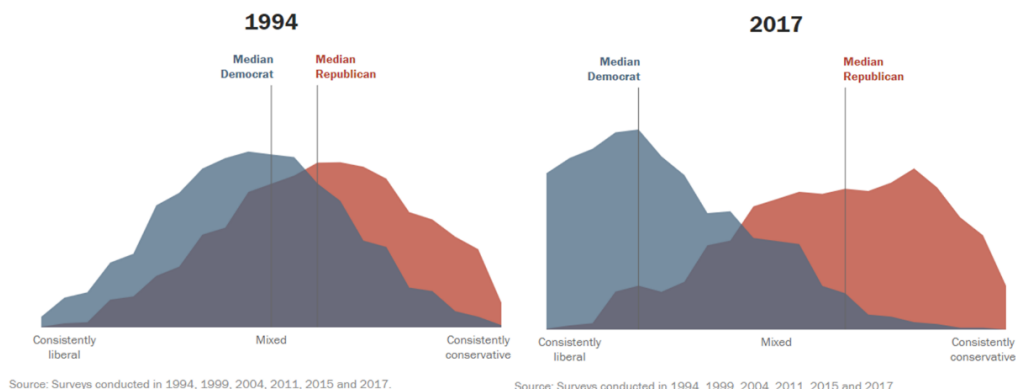
### Outlook: Uncertainty – volatility and opportunity

The frenzy over AI feels familiar to the dotcom frenzy. Pets.com went bankrupt nine months after raising \$82.5 million in a February 2000 IPO<sup>ii</sup>. “Everything AI” is on a tear, but which companies will thrive remains the question.

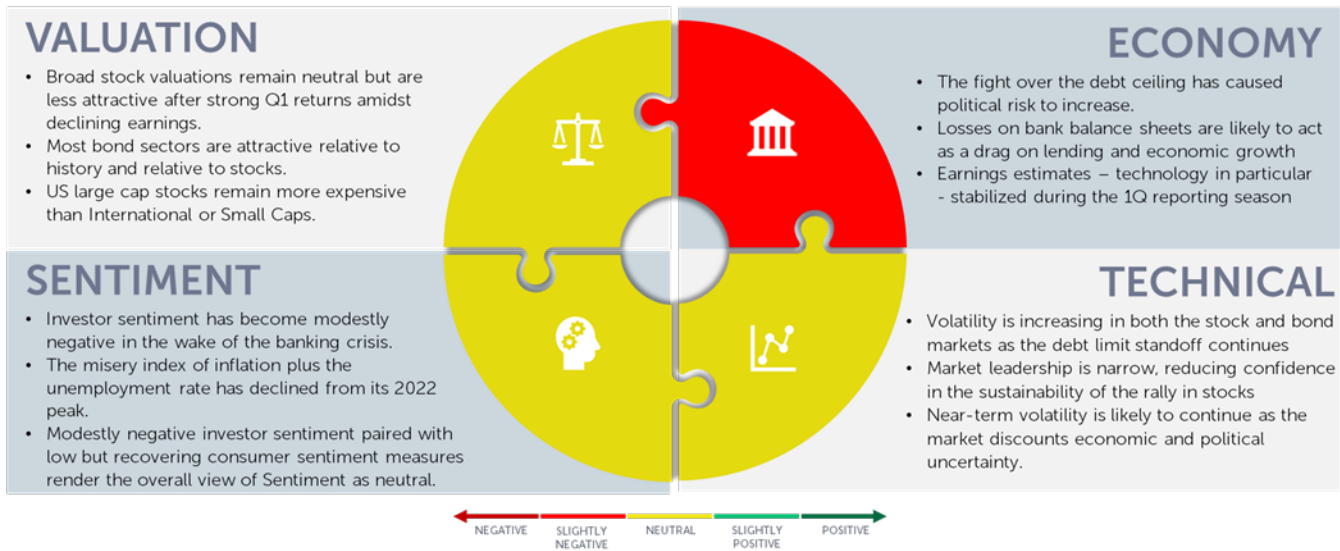
Most stocks, however, are not faring well. The S&P 500 is up 10% for the year, but the equal-weighted S&P 500 is actually down over 1%, such narrow leadership does not bode well for returns going forward.

OneAscent portfolios include allocations that may do well in a tech-driven rally and positions which may hold their value if AI gains evaporate. Importantly, we are prepared to take advantage of volatility rather than be a victim of it.

### Political Polarization has increased significantly<sup>iii</sup>



# Navigator Outlook: May 2023



*This material is intended to be educational in nature<sup>iv</sup>, 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.*

<sup>i</sup> Source: Factset

<sup>ii</sup> Source: Investopedia

<sup>iii</sup> Source: Pew Research [The shift in the American public's political values | Pew Research Center](#)

<sup>iv</sup> 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

