

# Quarterly Commentary

March 29, 2024

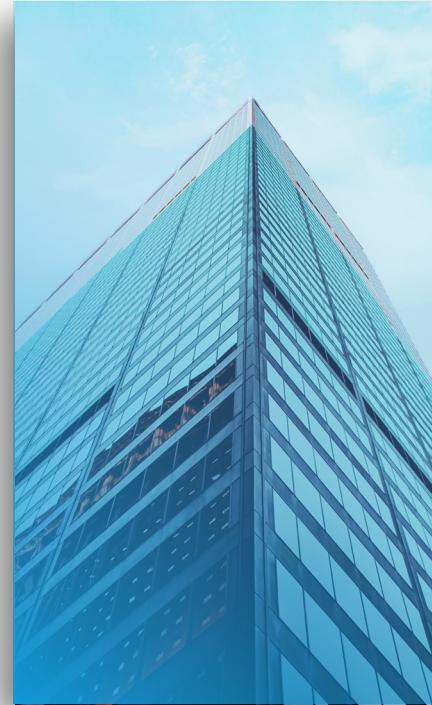
Andrew Manton

Chief Equity Strategist, Senior Portfolio Manager

## Portfolio Review

The OneAscent Emerging Market ETF (OAEM) performed inline with the benchmark in the 1st quarter of 2024 (see performance table below). Once again, global markets rose sharply driven by the expectation of lower interest rates in the near future.

The biggest contributors to the portfolio's performance were Harmony Gold Mining Co Ltd (0.83% of portfolio), ASMPT Ltd (3.1% of portfolio), and Lig Nex1 Co Ltd (2.3% of portfolio). The biggest detractors were HDFC Bank (2.5% of portfolio), DB Hitek Co Ltd (1.4% of portfolio), and Accton Technology Corp (3.1% of portfolio). Consumer Discretionary, Materials, and Industrial contributed the most in the quarter, while Financials, Consumer Services, and Technology detracted the most. Asia and MENA were the best performing regions while Canada and Central Asia detracted. Stock selection was positive but a higher-than-normal cash position was a drag in the quarter.



## Macro that Mattered

- » Most of the major ongoing **geopolitical conflicts** escalated in intensity in 1Q24:
  - US and British navy ships traded missile strikes with Houthis in Yemen after the terrorist organization shot at container ships in the Red Sea, causing major disruptions.
  - A drone attack by another Iran-backed group killed three American soldiers in Jordan. The US struck 85 targets in Iraq and Syria in response.
  - The Biden Administration took significant steps to distance itself from Israel. From calling IDF counterstrikes on Hamas in Palestine overly excessive to the sudden announcement that Israeli settlements are unlawful, the US President continues to pander to his far-left radical constituents while further isolating Israel, a country the US has supported since its inception, in the process.
  - Putin threatens to launch nuclear weapons if any other country sends in troops to Ukraine.
  - China continues to finance Iran and Russian wars through the oil purchases. China is now virtually the only buyer of Iranian oil.
  - China resumed aggressive methods of enforcing or otherwise propagating land and sea claims in the South China Sea mostly, but also in places such as Russia. Cartographers were busy renaming and redrawing lines on Chinese produced maps. Altercations in the SCS became dangerous again with Chinese naval ships provoking Philippine and Taiwan ships with the use water cannons and dangerous maneuvers.
  - ISIS attacked territories in Russia.

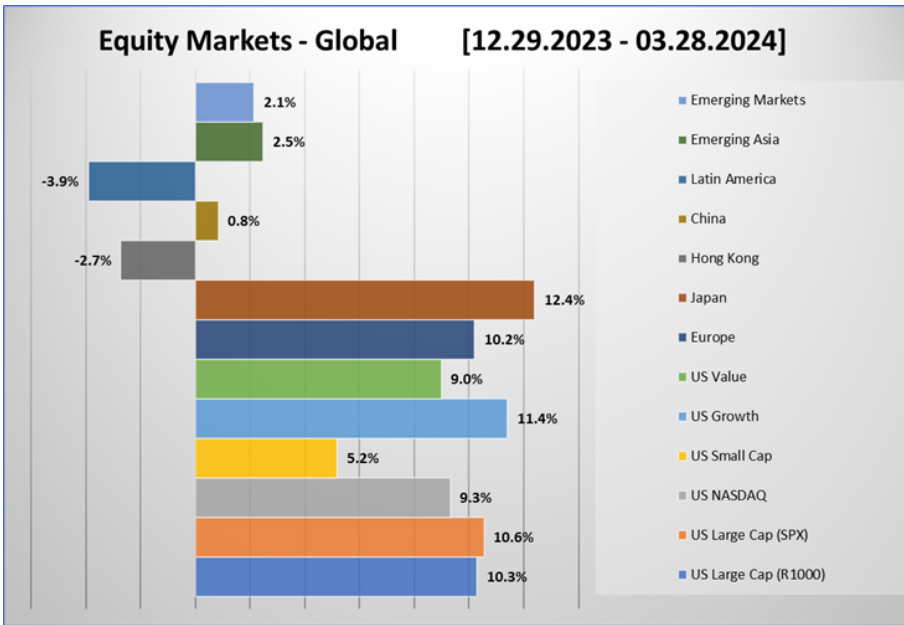
- » The Taiwan presidency was won by the DPP party for the third consecutive time. This will keep the status quo within Taiwan but was a major loss for the CCP who wanted a more Beijing friendly president in office. Beijing Has called Lai a “separatist” and the candidate that invites war.
- » Indonesia elected a new president with hopes of continuing the policies of the highly popular outgoing president Joko Widodo.
- » Nigeria’s currency went into a free fall in Q1 as rampant inflation remains out of control, slashing profits of Nigeria-based conglomerates.
- » Mexico’s central bank made it’s first interest rate cut this cycle. They followed Peru, Chili, and Brazil’s central bank who has aggressively cutting rates six times already.
- » China started the quarter trying to stop the economic bleeding caused by the real estate crisis, a reversal of foreign investment, and anemic consumer demand – **all the result of the autocratic communist system with imperialistic ambitions that kicked into high gear last year.**
- » In January the Chinese central bank cut reserve requirements for banks and injected 1trl yuan into the market.
- » This came on the heels of the **Chinese government’s direct support in the stock market:** A combination of rules prohibiting stock owners from selling stock in certain circumstances plus a \$278bln package of direct buying through state-owned companies in an attempt to stem the mass exodus of foreign investors. The head of the securities regulator was replaced by a regulatory veteran nicknamed “the broker butcher,” a signal that further market intervention is coming. **More importantly, it signals that, much like the economy, the Chinese stock market is in no way a free and flowing system where real price discovery occurs.**
- » Evergrande Group, once the biggest real estate developer in the world by market cap, was ordered to liquidate by a Hong Kong court and became Asia’s biggest ever bankruptcy. This was followed by at least 23 more developers who were also ordered to liquidate.
- » Hong Kong’s nationalist government, injected into power by the CCP, voted into law a “national security law” akin to the new mainland law that greatly curbs individual freedoms – a **final nail in the coffin of Hong Kong independence.**
- » China reported final GDP for 2023 of 5.2%, right on the official target of 5.0%. The growing skepticism about these “official” numbers fanned much debate about what the real number likely might be. Rhodium, a research organization focused on China, thinks the real GDP growth for 2023 was closing to 1.5%.
- » China’s CPI index fell by 0.8% in January.
- » US CEO’s met with Chinese President Xi Jinping after the China Development Forum with the usual traitorous organizations desperate for more revenue for their respective organizations, arranging the meetings. The US-China business Council and the National Committee on US-China Relations were the same organizations that arranged the meeting in San Fransisco with Xi last year.
- » China’s years of state-sponsored cyber crimes were targeted by multiple western governments who claimed China’s vast hacker army is seeking to not only conduct routine espionage but also to manipulate elections, and **position hackers into sensitive computer networks in preparation for a potential conflict and to weaken the functioning of democratic systems.**

## Outlook

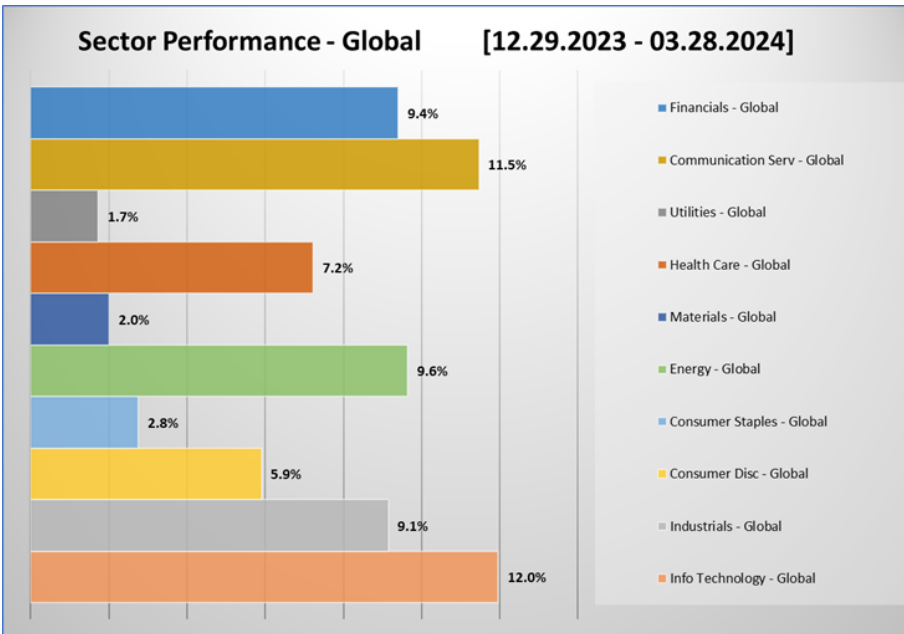
Macro Matrix	
Possible Tailwinds / Strengths	Possible Headwinds / Risks
1 Inflation slows more than expected as demand abates - soft landing (however, wages now growing faster than inflation)	1 "US equity market" large cap indexes now <b>highly skewed</b> by handful of top mega-cap companies. Sustainable with the many anti-trust lawsuits around them?
2 Still a lot of parked cash - institutional + retail.	2 Inflation stays stubbornly above the Fed's 2% target, leading to high rates for long period which increases risk of stagflation/recession.
3 Russia/Ukraine War ends - Putin gone.	3 Fed balance sheet unwinding (QT) leads to bond market illiquidity & instability.
4 Fed lowers rates more than necessary: Equity markets will love this but it will ultimately be a huge mistake and continue to perpetrate unhealthy risk taking (including debt expansion), massive inequality, and market volatility globally.	4 Economy slows considerably due to inflation, stimulus cash spent, demand down. Real wage growth goes negative.
	5 Housing market reversal: neg wealth effect bleeding into other markets. Potential for collapse.
	6 Rollover Risk: companies and countries, now highly levered coming out of lowest interest rate environment in history, issuing new debt at higher rates. Servicing costs rising substantially, especially in US Treasuries.
	7 Corporate Earnings decline on falling margins and/or demand - US equity market is <b>still</b> not expecting any kind of earnings drop (quite the opposite in fact).
	8 Consumer leverage, already above pre-COVID levels, necessitates a cooling of spending and/or much higher loan losses in banking sector.
	9 US Government debt, now at 130% of GDP, along with budget deficit equating to over 6% of GDP per year, is unsustainable. Higher taxes, lower spending, or miracle GDP growth are only prescription options.
	10 Continued weak U.S. leadership leads to more unchecked geopolitical turmoil: escalation of war in Middle East, Russia/ Ukraine War, China's continued South China Sea provocations and illegal land grabs, etc.
	11 China's ongoing pivot toward internal development greatly increases likelihood of isolation and deglobalization.
	12 China's escalated plans of annexing Taiwan greatly increases risks of conflict.
	13 Out of desperation, Russia's Putin resorts to the use of nuclear weapons.

- » Several events unfolded that greatly increased geopolitical tensions were in the 3rd quarter. China was at the center of many of these events but there is also growing concerns that Iran, North Korea, and Russia could spark some sort of global emergency in the absence of strong American leadership. **Geopolitics, led by Chinese aggression and disregard of international law, is by far our biggest concern presently.**
- » GDPs around the world are slowing following the artificial demand binge borne out of unnecessary monetary and fiscal stimulus (mostly from the US), subsequent inflation, and now rising interest rates. Stock markets will not be immune to the slowing.
- » Higher-for-longer interest rates will wreak havoc in some countries, some industries, and in some companies. **We remain vigilant in our company selection and overall portfolio allocation.**

## Quarterly Data



Source: Bloomberg



Source: Bloomberg

## Performance Table

Name	Ticker	Total Return 1Q24	Total Return YTD	Total Return 1 YR <sup>1</sup>	Total Return Since Inception <sup>2</sup>
ONEASCENT EMRG MARKETS ETF - NAV	OAEM	2.22%	2.22%	7.04%	13.52%
ONEASCENT EMRG MARKETS ETF - Price	OAEM	2.36%	2.36%	6.91%	13.69%
MSCI EM NR	MLEF Index	2.37%	2.37%	8.15%	7.84%
		-0.15%	-0.15%	-1.11%	5.68%

<sup>1</sup> Total Return from 3/31/23 through 3/29/24

<sup>2</sup> Inception Date is 9/15/22. Performance is through 3/29/24

Since Inception and all other time periods greater than 1 year are shown as annualized returns.

Price on 3/29/24: \$29.97

NAV on 3/29/24: \$29.90

Pricing Source: Morningstar

Market Price represents the fund's closing market price through March 29, 2024.

*Performance date quoted represents past performance and past performance does not guarantee future results, investment return and principal value will fluctuate, investor's shares, when redeemed, may be worth more or less than their original cost, and current performance may be lower or higher than past performance quoted here. To obtain performance data current to the most recent month-end, please call 1-800-222-8274 or visit our website at <https://investments.oneascent.com/etfs>.*

**Annual Fund Operating Expenses** (expenses that you pay each year as a percentage of the value of your investment)

Management Fees	0.74%
Other Expenses	0.99%
Total Annual Fund Operating Expenses	1.73%
Fee Waiver and/or Expense Reimbursement <sup>1</sup>	(0.48)%
Total Annual Fund Operating Expenses (After Fee Waiver and/or Expense Reimbursement)	1.25%

1-The Fund's adviser, OneAscent Investment Solutions, LLC (the "Adviser") has contractually agreed to waive its management fee and/or reimburse expenses so that total annual Fund operating expenses, excluding portfolio transaction and other investment-related costs (including brokerage fees and commissions); taxes; borrowing costs (such as interest and dividend expenses on securities sold short); acquired fund fees and expenses; fees and expenses associated with investments in other collective investment vehicles or derivative instruments (including for example option and swap fees and expenses); any administrative and/or shareholder servicing fees payable pursuant to a plan adopted by the Board of Trustees; expenses incurred in connection with any merger or reorganization; extraordinary expenses (such as litigation expenses, indemnification of Trust officers and Trustees and contractual indemnification of Fund service providers); and other expenses that the Trustees agree have not been incurred in the ordinary course of the Fund's business, do not exceed 1.25% of the Fund's average daily net assets through December 31, 2024. This expense cap may not be terminated prior to this date except by the Board of Trustees upon sixty days' written notice to the Adviser. Each waiver/expense payment by the Adviser is subject to recoupment by the Adviser from the Fund in the three years following the date the particular waiver/expense payment occurred, but only if such recoupment can be achieved without exceeding the annual expense limitation in effect at the time of the waiver/expense payment and any expense limitation in effect at the time of the recoupment.

### IMPORTANT RISK DISCLOSURES RELATED TO CHARTS:

US Large Cap (R1000) = Russell 1000 Index  
 US Large Cap (SPX) = S&P 500 INDEX  
 US NASDAQ = NASDAQ Composite Index  
 US Small Cap = Russell 2000 Index  
 US Growth = Russell 1000 Growth Index  
 US Value = Russell 1000 Value Index  
 Europe = EURO STOXX 50 Price EUR  
 Japan = Nikkei 225  
 Hong Kong = Hang Seng Index  
 China = Shanghai Shenzhen CSI 300 Inde  
 Latin America = MSCI Emerging Markets Latin Am  
 Emerging Asia = Bloomberg Asia Emerging Market  
 Emerging Markets = MSCI Emerging Markets Index  
 Info Technology - US = Russell 1000 Index Technology  
 Industrials - US = Russell 1000 Index Industrials  
 Consumer Disc - US = Russell 1000 Index Consumer Di  
 Consumer Staples - US = Russell 1000 Index Consumer St  
 Energy - US = Russell 1000 Index Energy  
 Materials - US = Russell 1000 Index Basic Mater  
 Health Care - US = Russell 1000 Index Health Care  
 Utilities - US = Russell 1000 Index Utilities  
 Communication Serv - US = Russell 1000 Index Basic Mater  
 Financials - US = Russell 1000 Index Financials

Note: All returns are in USD



## Andrew Manton

### Chief Equity Strategist

### Senior Portfolio Manager

Andrew Manton is the Chief Equity Strategist and Senior Portfolio Manager at OneAscent Investments. He manages OneAscent's International, Emerging Market, and US Large Cap equity strategies.

Prior to joining OneAscent, Andrew was most recently Senior Portfolio Manager at Shelton Capital Management, where he was the Lead Portfolio Manager for the Shelton International Select and the Shelton Emerging Markets funds. Andrew has over 20 years of investing experience and was previously with WHV Investments, Victory Capital Management, Deutsche Asset Management, and Merrill Lynch. His thought leadership has been featured on outlets such as the Faith Driven Investor Podcast and Advisor Perspectives. Andrew earned an MBA from the Tepper School of Business at Carnegie Mellon University and a B.S. from the University of Illinois at Chicago.

Andrew and his wife, Karin, are members of Fellowship Church in Frisco, TX and are active in the We Want More ministry in Bridgeport, CT.



**Investors should carefully consider the investment objectives, risks, and charges and expenses of the fund before investing. The prospectus contains this and other information about the fund, and it should be read carefully before investing. Investors may obtain a copy of the prospectus by calling 1-800-222-8274 or clicking the link above. The fund is distributed by Northern Lights Distributors, LLC, Member FINRA/SIPC, which is not affiliated with OneAscent Investment Solutions, LLC.**

Important Risk Information:

Exchange-traded funds involve risk including the possible loss of principal. Past performance does not guarantee future results.

The Adviser invests in equity securities only if they meet both the Fund's investment and values-based screening requirements, and as such, the returns may be lower than if the Adviser made decisions based solely on investment considerations.

Larger, more established companies may be unable to attain the high growth rates of successful, smaller companies during periods of economic expansion.

The Fund faces numerous market trading risks, including the potential lack of an active market for Fund sharers, losses from trading in secondary markets, and periods of high volatility and disruption in the creation/redemption process of the Fund. These factors may lead to the Fund's shares trading at a premium or discount to NAV.

The Fund is a new ETF and has a limited history of operations for investors to evaluate. The Adviser has not previously managed a mutual fund or an ETF.