

Weekly Update – August 18, 2025

Key Events: The Alaskan summit disappoints

President Trump's meeting with Vladimir Putin in Alaska yielded little progress toward ending the war in Ukraine. Putin remains firm in his demand that Ukraine relinquish control of certain territories as a condition for peace.

Domestically, inflation data came in slightly hotter than expected, dampening hopes for near-term rate cuts that had gained traction following July's weak jobs report. Meanwhile, a strong earnings season has helped keep equity markets in positive territory.ⁱ

Market review: Rate cut expectations support stocks

Global equity markets rose, led by small and mid-cap US stocks and international stocks. In contrast, US large cap technology stocks paused after a strong run and bonds remained largely flat.

Outlook: Earnings, capital spending and the future

With roughly 90% of earnings season complete, results have been broadly positive. About 80% of companies beat earnings estimates, driving overall earnings growth of 12%. However, consumer discretionary stocks lagged, with only a 72% beat rate. Companies like Nike highlighted ongoing consumer weakness.

Technology earnings were strong, but with a caveat: tech firms are reinvesting aggressively, spending more than their earnings on capital expenditures. (see chart below) This surge in spending on data centers, chips, and cloud infrastructure appears to be driven by real demand. Still, there's a risk that these investments may not translate into bottom-line growth, especially with tech sector margins already at historically high levels.

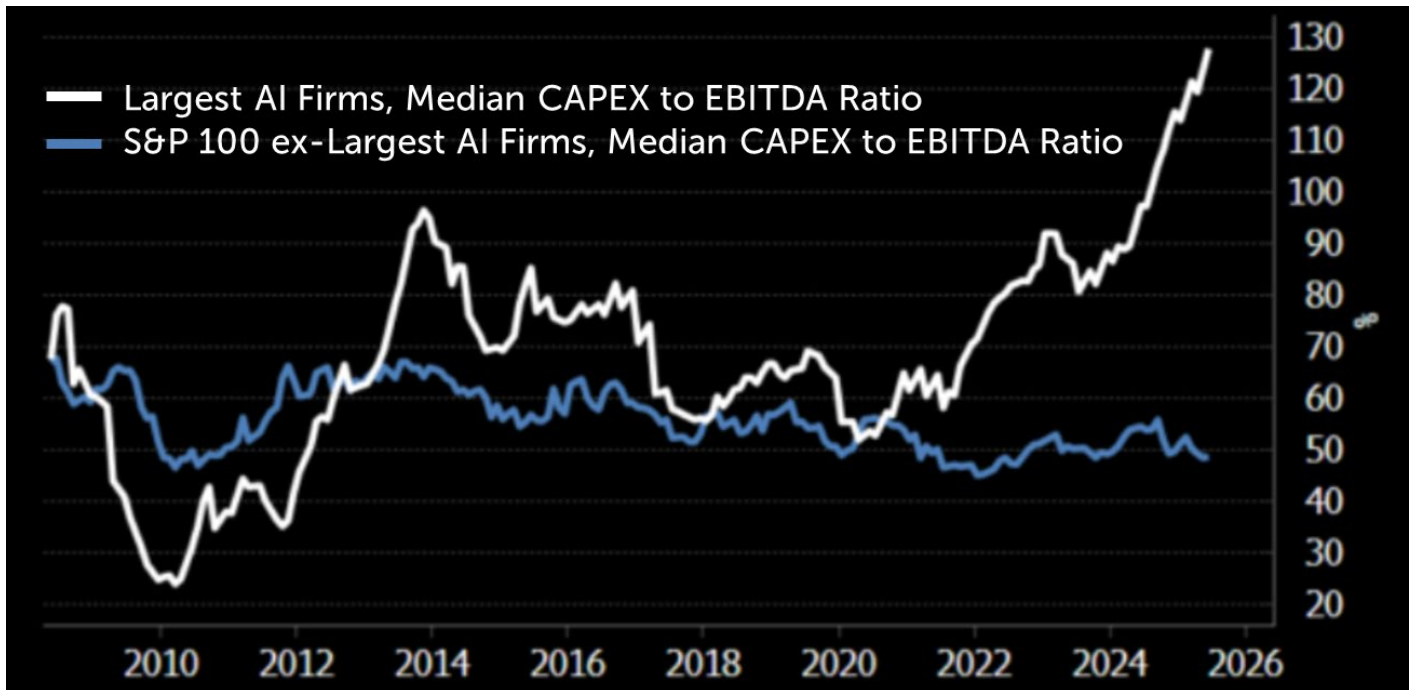
We continue to advocate for broad diversification across asset classes and market caps. Mid-cap stocks, while overshadowed by mega-cap tech names, offer attractive valuations and should not be overlooked.

Market Returns Ending 8/15/2025			
Category	1 Week	QTD	YTD
US			
Large Cap	1.0%	4.1%	10.5%
Mid Cap	2.5%	4.2%	4.6%
Small Cap	3.1%	5.3%	3.4%
International			
Developed	2.4%	3.5%	24.1%
Emerging	1.6%	4.6%	20.8%
Bonds			
Aggregate	0.0%	0.3%	4.4%
High Yield	0.3%	1.0%	5.6%

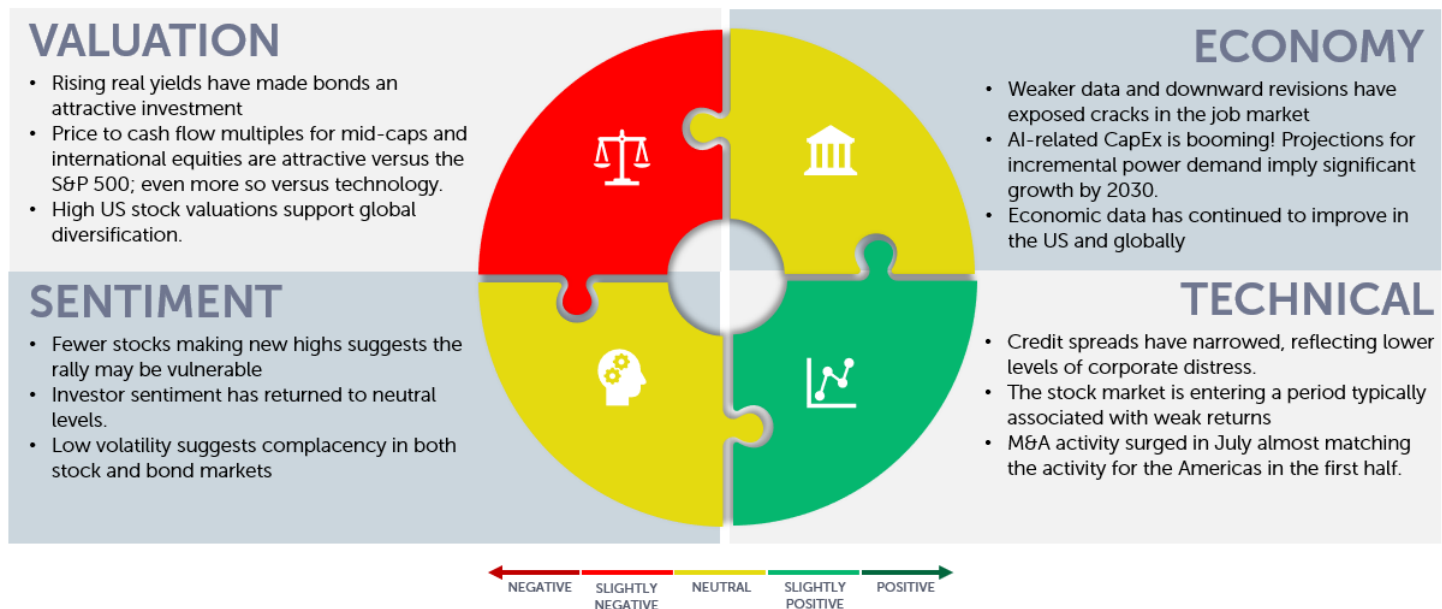
US Equity Style Returns			
	<u>Weekly</u>		
	Value	Core	Growth
Large	1.4	1.0	0.7
Mid	1.7	1.4	0.8
Small	3.5	3.1	2.8
	<u>YTD</u>		
	Value	Core	Growth
Large	8.2	10.3	12.2
Mid	6.1	7.4	10.7
Small	2.3	3.4	4.4
Source: Bloomberg			



AI Firms are spending 1.3x their earnings on capital expendituresⁱⁱ



OneAscent Navigator Outlook: August 2025



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ⁱ Source: JP Morgan

ⁱⁱ Source: Bloomberg, Macrobond.

ⁱⁱⁱ 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