

Weekly Update – August 25, 2025

Market Returns Ending 8/22/2025			
Category	1 Week	QTD	YTD
US			
Large Cap	1.3%	4.4%	10.9%
Mid Cap	5.4%	7.1%	7.6%
Small Cap	6.5%	8.8%	6.8%
International			
Developed	2.0%	3.1%	23.6%
Emerging	0.8%	3.7%	19.9%
Bonds			
Aggregate	-0.1%	0.3%	4.3%
High Yield	0.2%	0.9%	5.5%

Key Events: Powell provides a path to lower rates

Fed Chair Jay Powell delivered a dovish message in Jackson Hole Friday in what many observers dubbed his 'last stand'.ⁱ He acknowledged that "risks to inflation are tilted to the upside, and risks to employment to the downside", but emphasized that "with policy in restrictive territory, ...the shifting balance of risks may warrant adjusting our policy stance".ⁱⁱ

While tariff implementation could drive inflation higher, the impact is expected to be "relatively short-lived".ⁱⁱⁱ

Downside risks to employment appear to outweigh inflation concerns among Fed governors, increasing the likelihood of rate cuts resuming in September.

Market review: Market rallies on rate cut expectations

After five days of declines, the US equity market surged to new highs on Friday. Small and mid-cap stocks led the charge, reinforcing the trend of broadening performance. International stocks also rose as the US dollar fell approximately 1% on Friday. Bonds were mixed even though US interest rates declined for the week.

Outlook: Easing monetary policy supports broadening

The US equity market showed healthy signs of broadening participation last week with small and mid-cap stocks outperforming large caps and value surpassing growth.

Concentration risk in the S&P 500 may be peaking. According to Bloomberg strategist Gillian Wolff, from the April 8 low to August 20, the market-cap-weighted S&P 500 outpaced the equal-weighted index by 6.6%.^{iv} High historical valuation spreads set the stage for reversal, and renewed rate cuts provide fundamental support for broader market gains. The prospect of converging earnings growth across sectors has strengthened. The

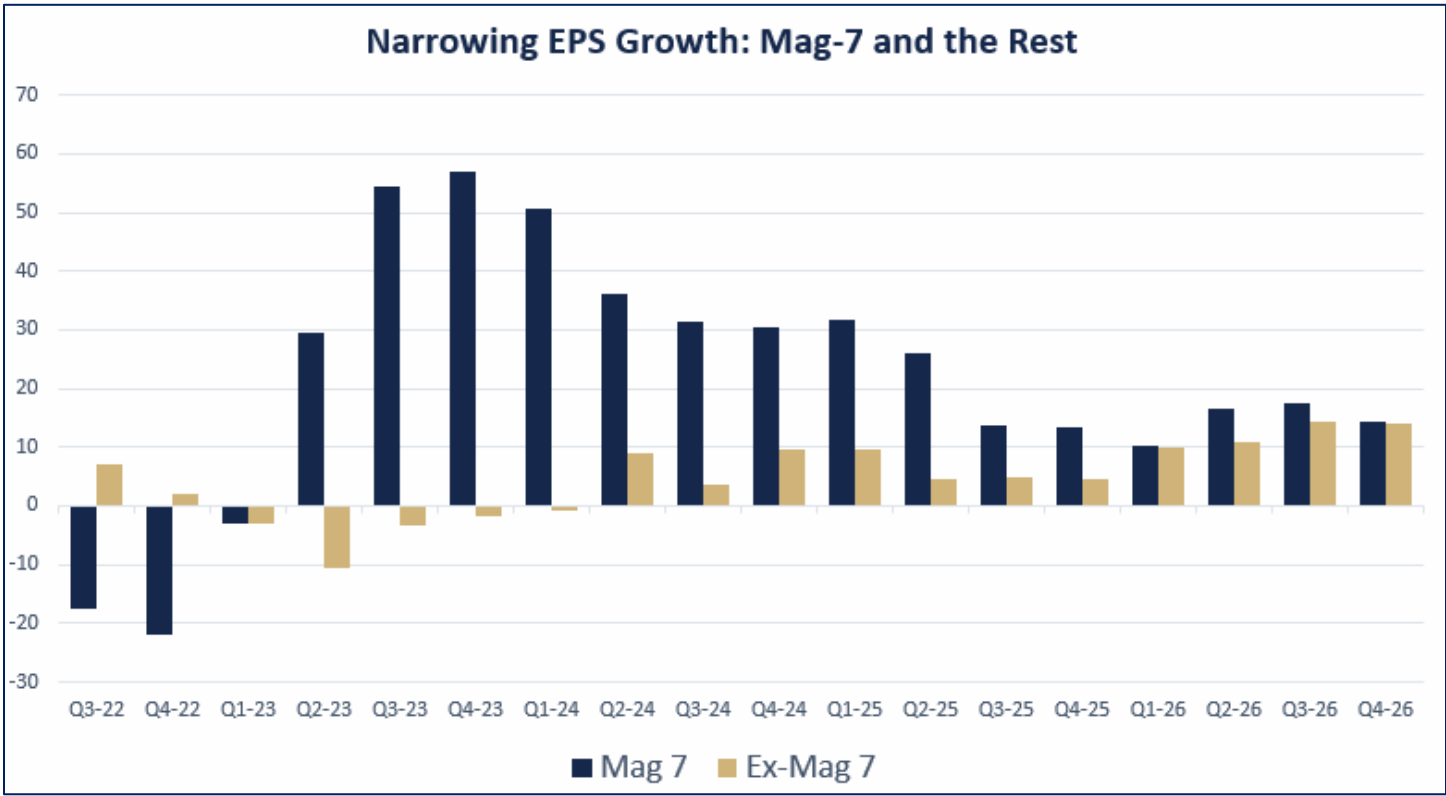
US Equity Style Returns			
<u>Weekly</u>			
	Value	Core	Growth
Large	3.2	1.4	-0.2
Mid	4.0	3.5	2.2
Small	7.7	6.5	5.5
<u>YTD</u>			
	Value	Core	Growth
Large	10.1	10.8	11.3
Mid	8.6	9.6	12.2
Small	6.6	6.8	7.1
<i>Source: Bloomberg</i>			

chart below illustrates current estimates for S&P 500 earnings progression over the next 12-18 months.



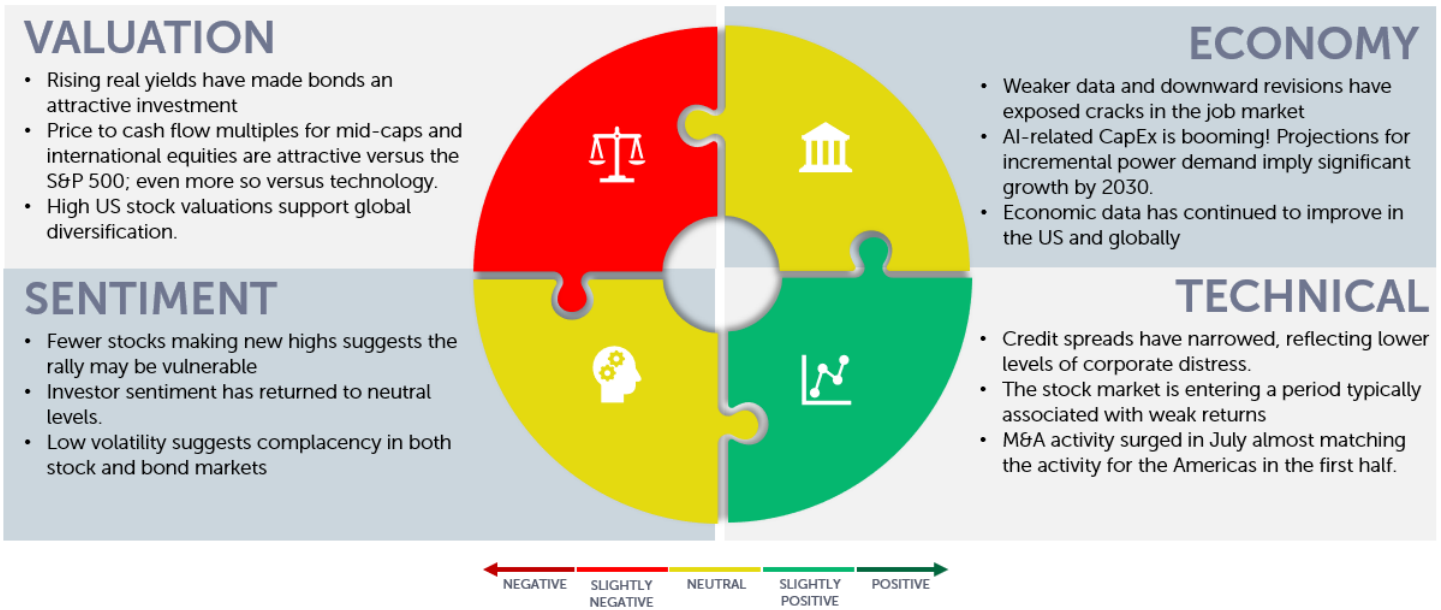
As this dynamic unfolds, we would continue to advocate for broad diversification across asset classes, market caps and geographies to benefit from the normalization of exceptionalism.

Earnings growth prospects improving for the rest of the market^v



Source: Bloomberg Intelligence

OneAscent Navigator Outlook: August 2025



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ⁱ Source: *Barrons'* cover article dated August 18, 2025, mentioned 'Powell's Last Stand'.

ⁱⁱ Source: Powell's speech: "Labor Markets in Transition: Demographics, Productivity, and Macroeconomic Policy," an economic symposium sponsored by the Federal Reserve Bank of Kansas City, Jackson Hole, Wyoming, 8/22/2025.

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^{iv} Source: Bloomberg Intelligence: "SPX's Rare Rebound Edge Over SPW Echoes Tech-Bubble Pattern" by Gillian Wolff, 8/22/2025.

^v Source: Bloomberg Intelligence: "Narrowing EPS Growth Gap Might Shine Light on Unloved Segments", 8/21/2025.

^{vi} 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