Quarterly Commentary

March 29, 2023
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Portfolio Review

The OneAscent Large Cap ETF (OALC) underperformed 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 Tesla (0.3% of portfolio), WR Berkley Corp (3.1% of portfolio), and Pure Storage Inc (0.8% of portfolio). The biggest detractors were Qualys Inc (1.7% of portfolio), Adobe Inc (3.0% of portfolio), and Bunge Global SA (2.0% of portfolio). Financials, Consumer Discretionary, Industrials contributed the most in the quarter, while Consumer Staples, Healthcare, and Utilities detracted the most. Sector allocation was a positive contribution to performance but stock selection was negative.

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.

- 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.**
- The Fed left interest rates unchanged in their January meeting but signaled a more hawkish tone. Market expectations for rate decreases for 2024 began to drop significantly following the meeting and even more following January jobs numbers that came in stronger than expected.
- Earnings growth for S&P 500 companies in 4Q23 would have been negative if not for the Magnificent Seven. Meanwhile, the Mag 7 accounted for 45% of the S&P 500's performance in January.
- Home prices kept rising in 2023 and with mortgage rates near 7%, the monthly mortgage payment for a median house in the US rose 90% in just 3 years – perhaps the biggest illustration of just how unnecessary and reckless the COVID fiscal stimulus (certainly the last $2trl President Biden approved) turned out to be.
- Both Biden and Trump locked in nominations for their parties in March.
- Underlying inflation once again topped estimates in January.
- Terrorist threats toward the US have reached a "whole other level" since the Oct. 7 attack by Hamas on Israel and the war that followed, FBI Director Christopher Wray told lawmakers. He went on to warn of cyber attack risks from China multiple times in March.
- Delinquencies on credit card and auto loans hit the highest point in more than a decade and corporate defaults are happening at the fastest rate since the financial crisis.
    - US consumers paid almost 50% more in credit card expenses last year than in 2020, the year before President Joe Biden took office, putting pressure on family budgets and firing up an election issue. Data shows that credit card interest and fees increased by $51bn in that time to $157bn, with delinquencies on credit card loans running at their highest level in almost 13 years.
- The Fed left rates unchanged again in their March meeting.

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Outlook

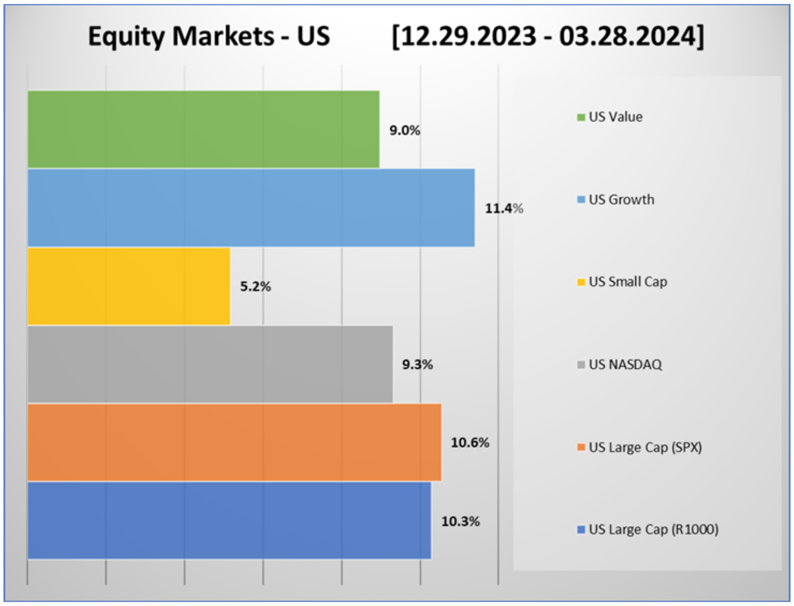
Macro Matrix			
	Possible Tailwinds / Strengths		Possible Headwinds / Risks
1	Inflations slows more than expected as demand abates - soft landing (however, wages now growing faster than inflation)	1	"US equity market" large cap indexes now **highly skewed** by handful of top mega-cap companies. Sustainable 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 ***still*** 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.**

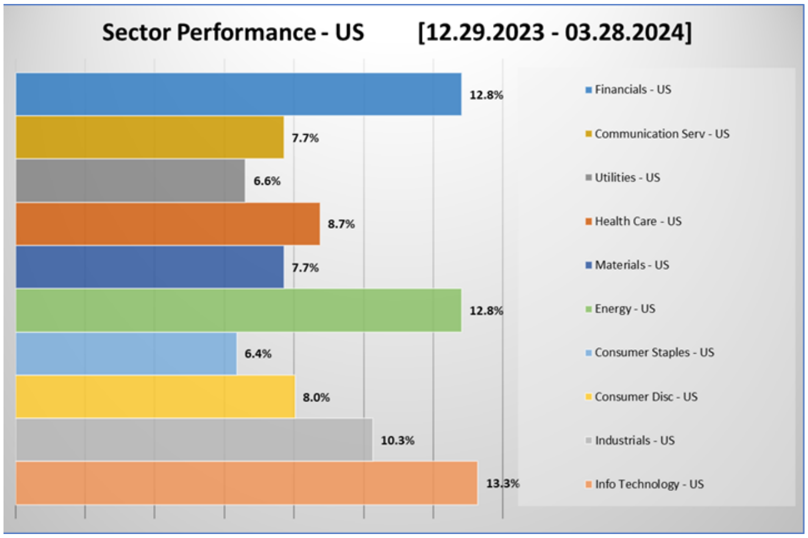
» GDPs around the world are slowing following the artificial demand binge borne out of unnecessary monetary and fiscal stimulus (mostly from the US), subsequent inflation, and now rising interest rates. Stock markets will not be immune to the slowing.

» 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[1]	Total Return Since Inception[2]
ONEASCENT LARGE CAP CORE - NAV	**OALC**	9.46%	9.46%	24.14%	4.15%
ONEASCENT LARGE CAP CORE - Price	**OALC**	9.67%	9.67%	24.32%	4.22%
S&P 500 Total Return	SPXT Index	10.56%	10.56%	29.88%	6.68%
		-1.10%	-1.10%	-5.74%	-2.53%

[1] Total Return from 3/31/23 through 3/28/24

[2] Inception Date is 11/15/21. Performance is through 3/28/24

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

Price on 3/28/24: $27.35

NAV on 3/28/24: $27.30

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.

Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy, hold and sell shares of the Fund. You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the table and examples below.

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.35%
Other Expenses	0.51%
Total Annual Fund Operating Expenses	0.86%
Total Annual Fund Operating Expenses	0.86%

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
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.

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