

Navigator Outlook

March 2024



Investing that elevates

Navigator Outlook: March 2024

VALUATION

- Earnings, and the potential for a soft landing, have begun to drive stock prices rather than probability of interest rate cuts.
- Bonds offer a compelling alternative to stocks, despite a narrowing of corporate spreads.
- Small stocks remain near long-term average valuations; large cap stocks remain expensive.

SENTIMENT

- Investor sentiment, a contrarian indicator, remains quite bullish. The percent of bullish investors was 46.5% at the end of February.
- Consumers continue to feel better about the future according to a Conference Board survey.
- Significant amounts of cash may be deployed if rates begin to decline.

ECONOMY

- A Bloomberg survey illustrates increasing global growth estimates, led by the US.
- The Fed's preferred inflation gauge words continues its downward path.
- Corporate revenue growth seems to have turned a corner, improving in 3Q and 4Q.

TECHNICAL

- In the large cap market, breadth continues to be positive with an upward sloping advance/decline line supporting the strong price trend.
- While stocks remain well above 50-day and 200-day moving averages, a lower percentage of stocks are above those averages, indicating fewer stocks are driving the current market momentum.

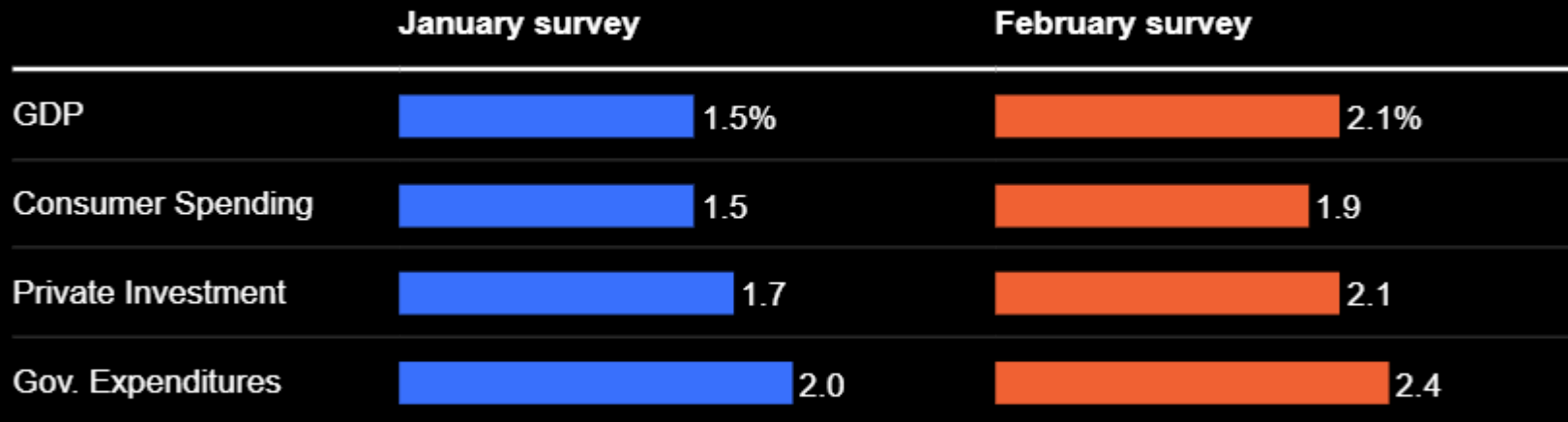


Economists are increasing economic growth estimates



Economic Outlook Brightens for 2024

Wall Street economists lift projections for growth and spending



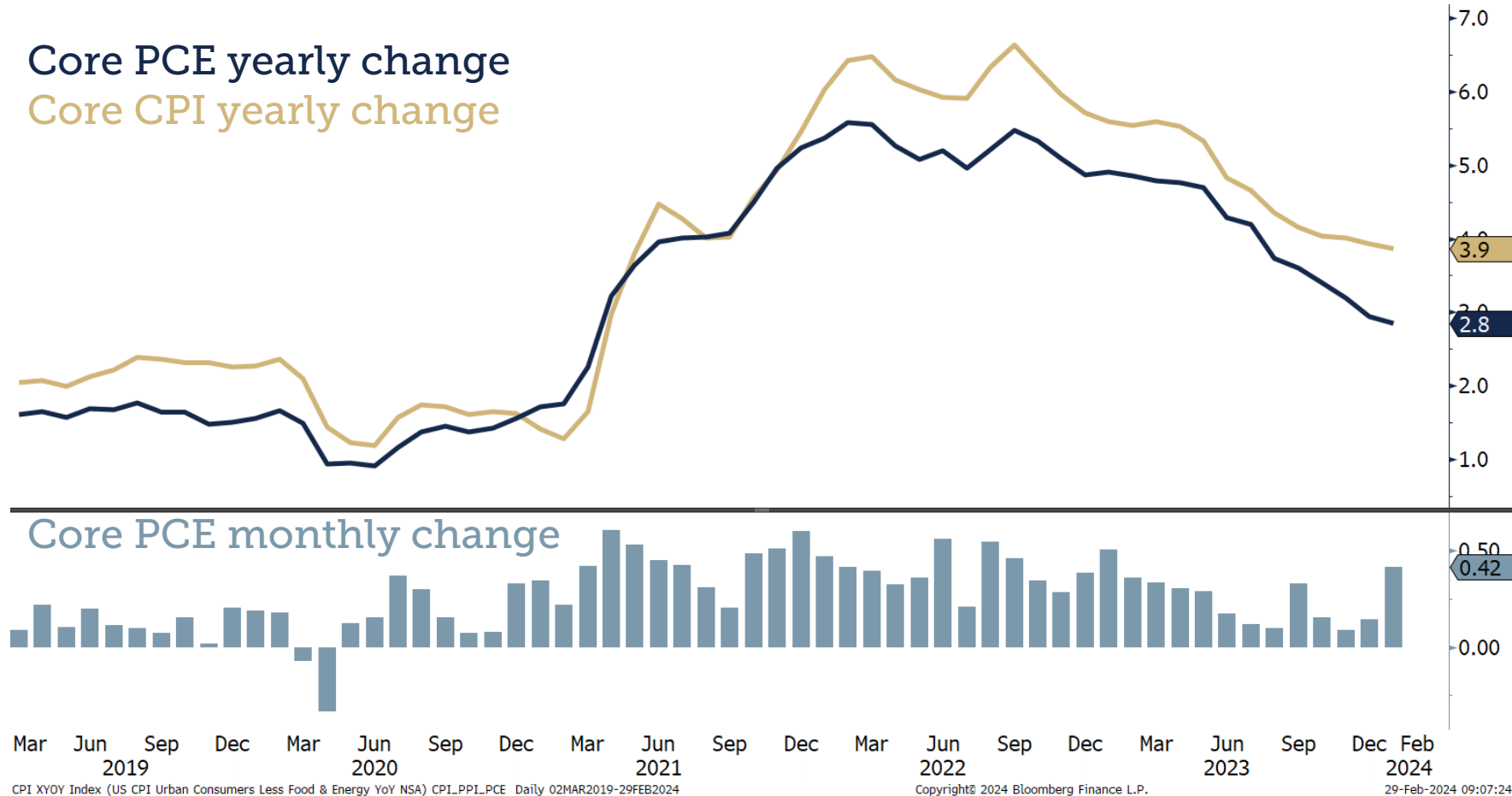
Source: Bloomberg monthly survey

Note: Estimates are YoY

Bloomberg

Source: Bloomberg

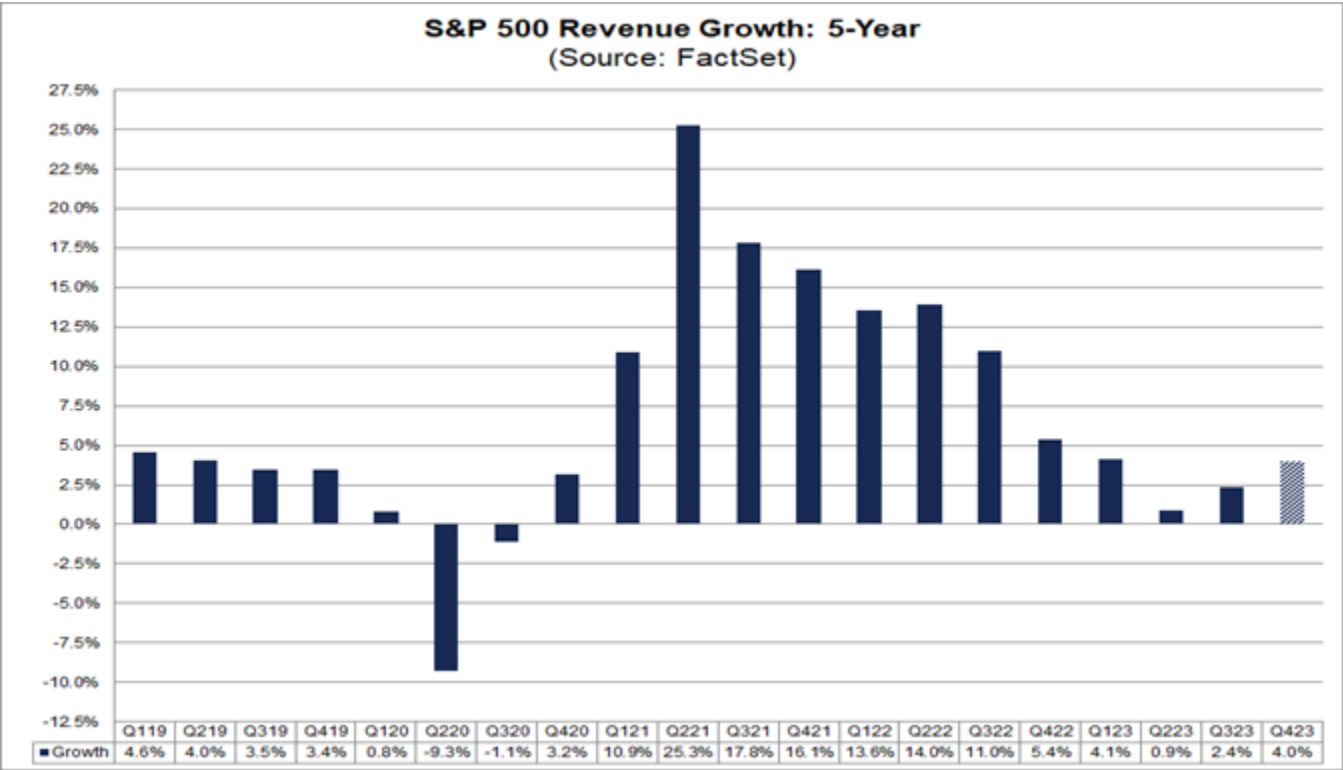
Inflation continues its decline despite a slight bump in February



Source: Bloomberg, Bureau of Economic Analysis, Bureau of Labor Statistics

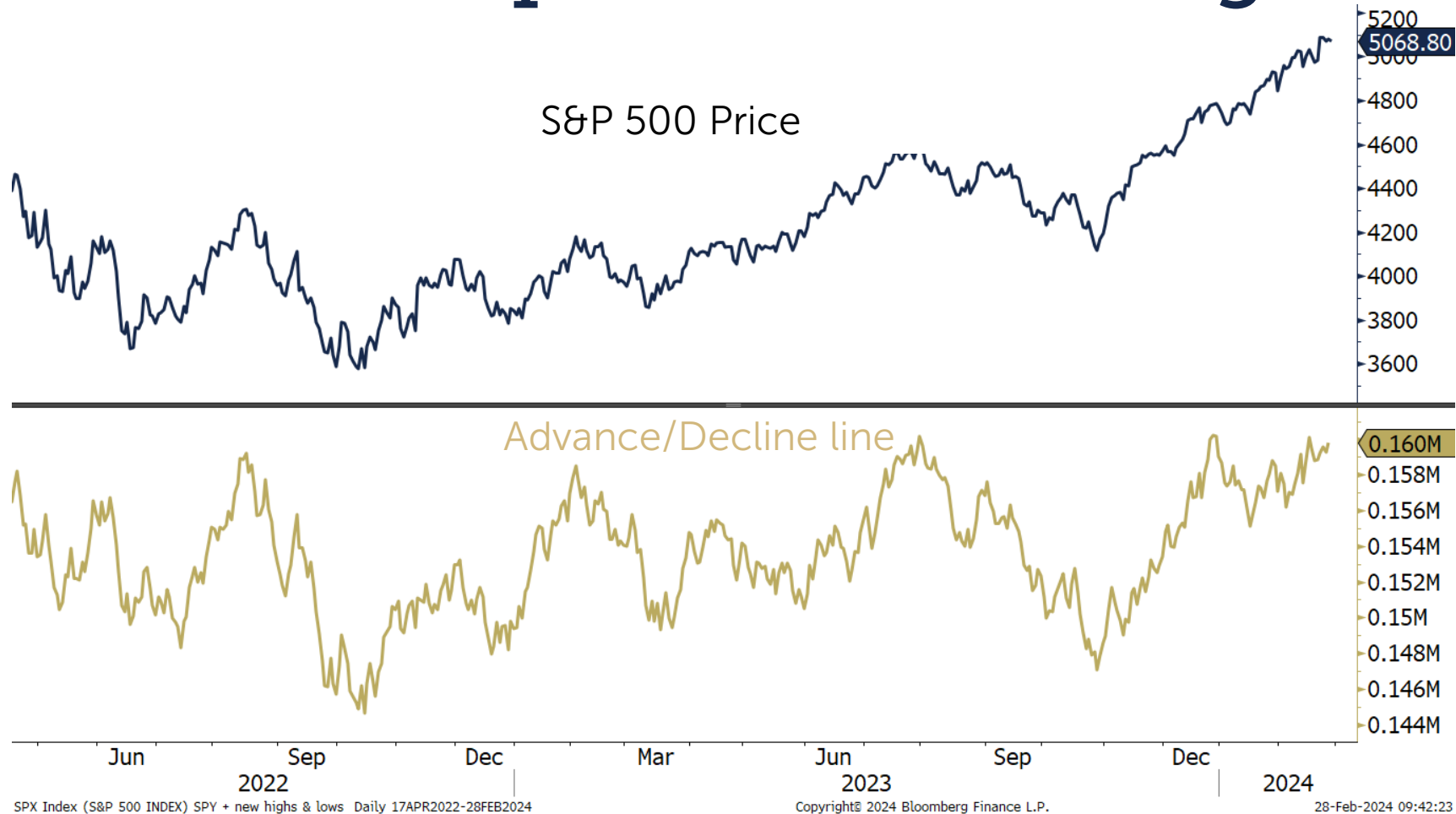
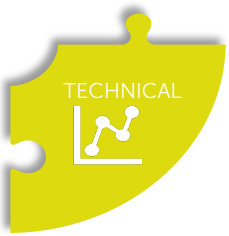


Corporate revenue growth has bottomed; 3Q and 4Q 2023 are trending positively



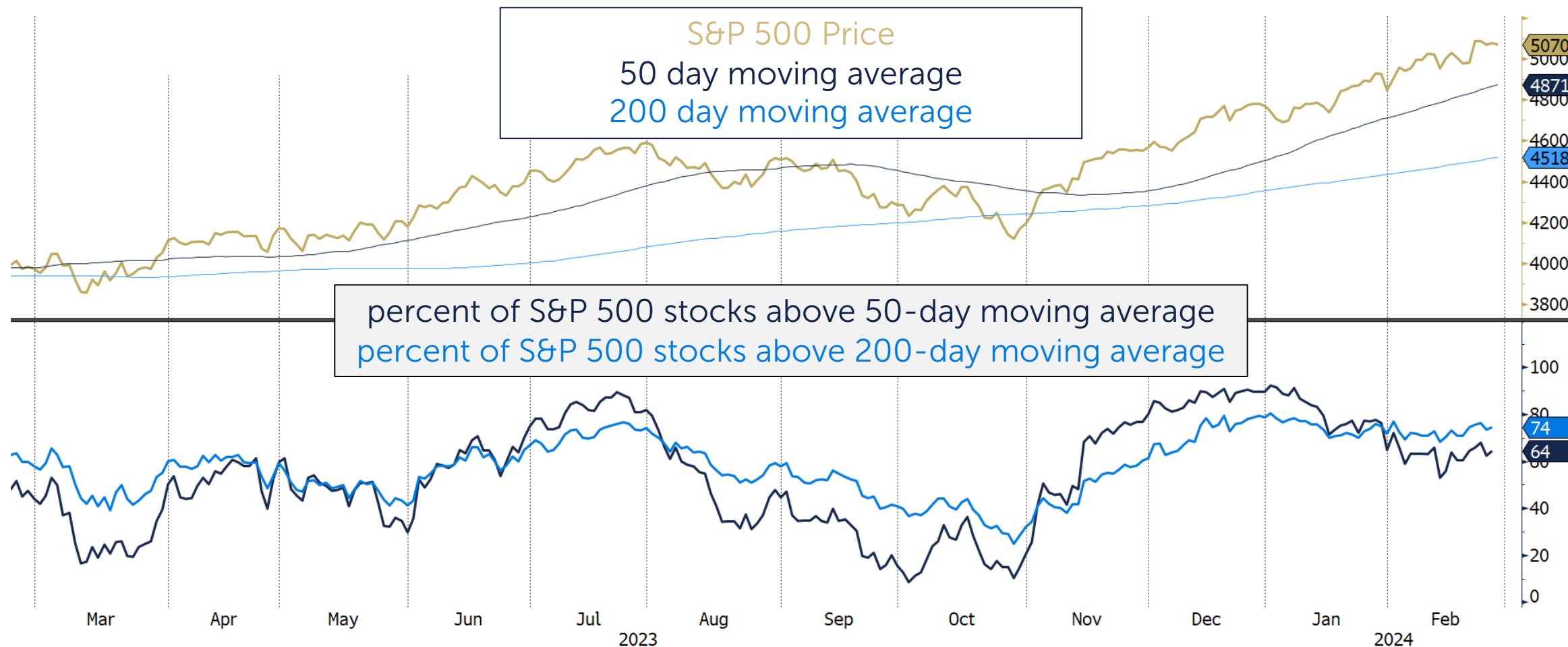
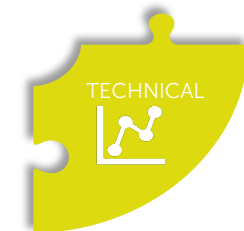
Source: FactSet Research Systems

Breadth continues to be supportive after S&P 500 eclipsed all-time highs



Source: Bloomberg

Stocks remain in an up trend in 2024, but with more narrow momentum



SPX Index (S&P 500 INDEX) % Members above 200D MA Daily 21FEB2023-28FEB2024
Source: Bloomberg Data

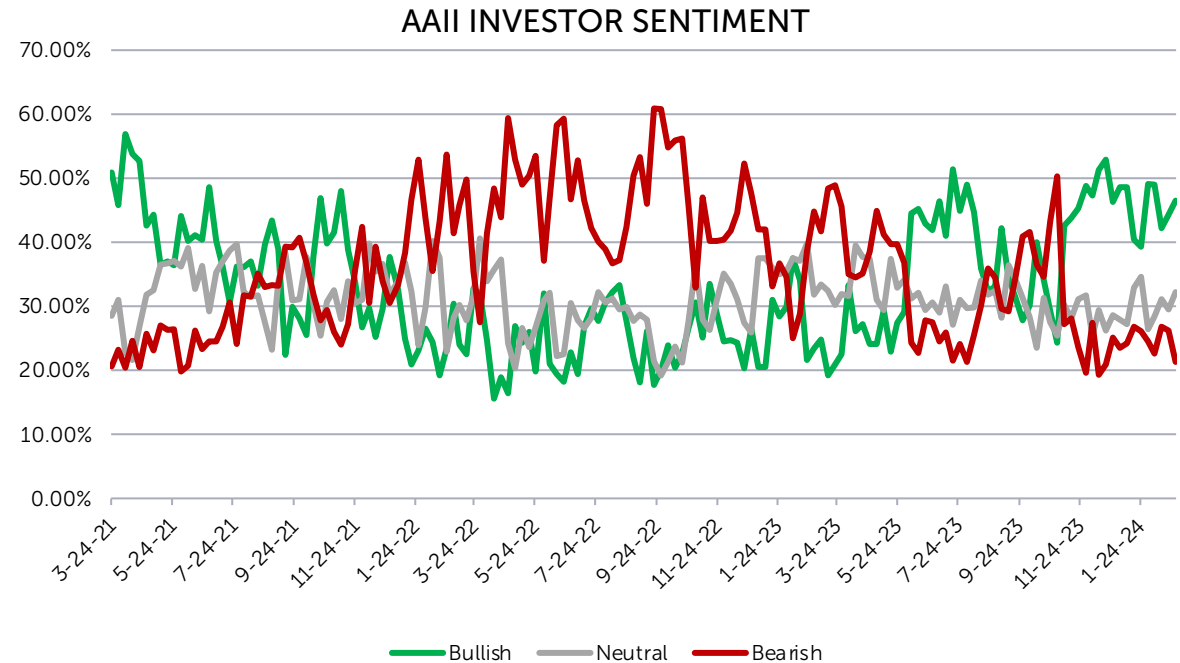
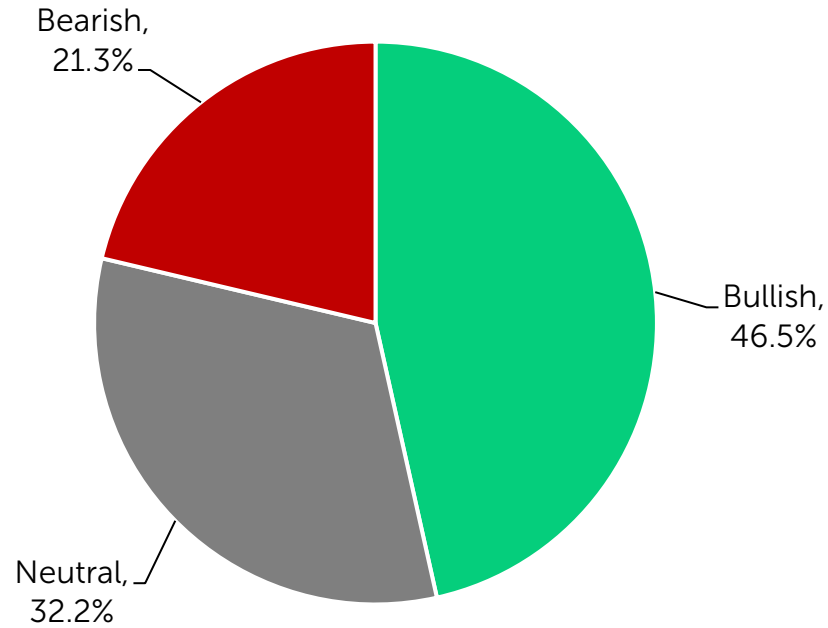
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Investor sentiment remains bullish



AAll Sentiment Survey
2/28/2024

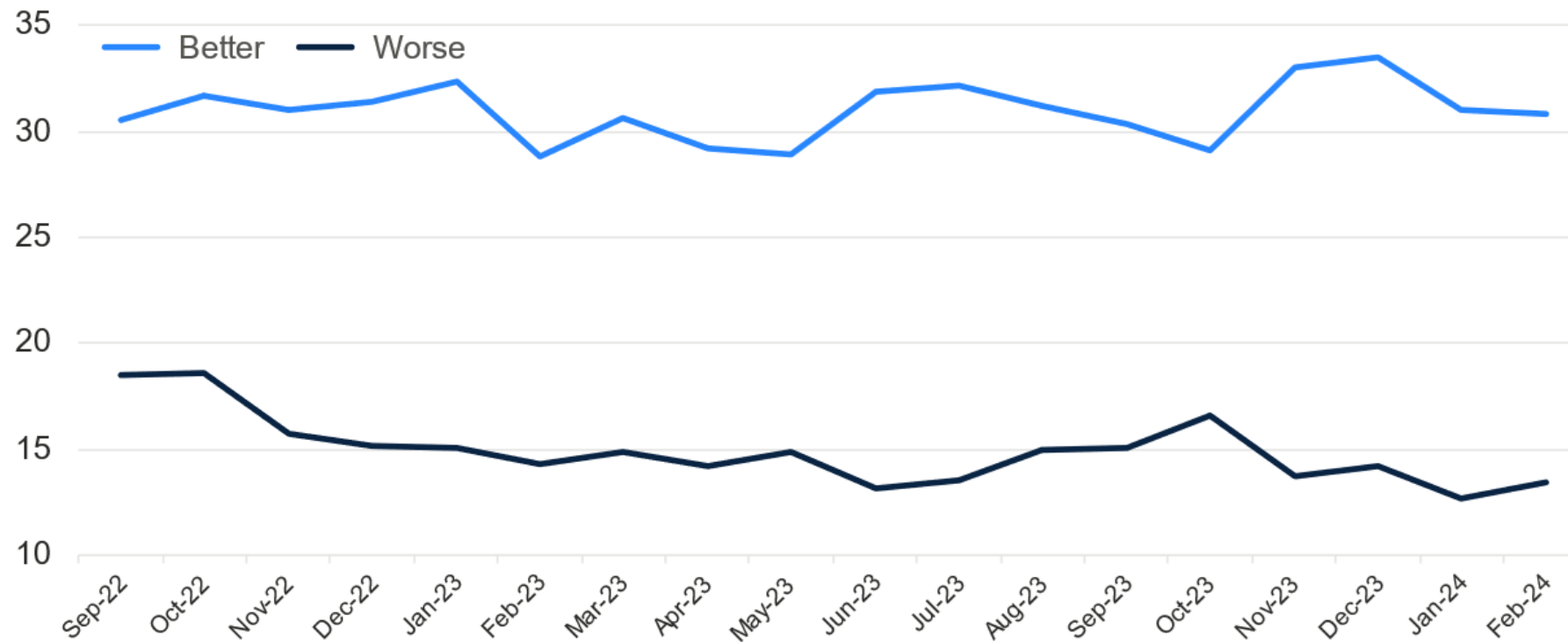


Source: AAll Sentiment Survey

Consumer confidence measures remain stable

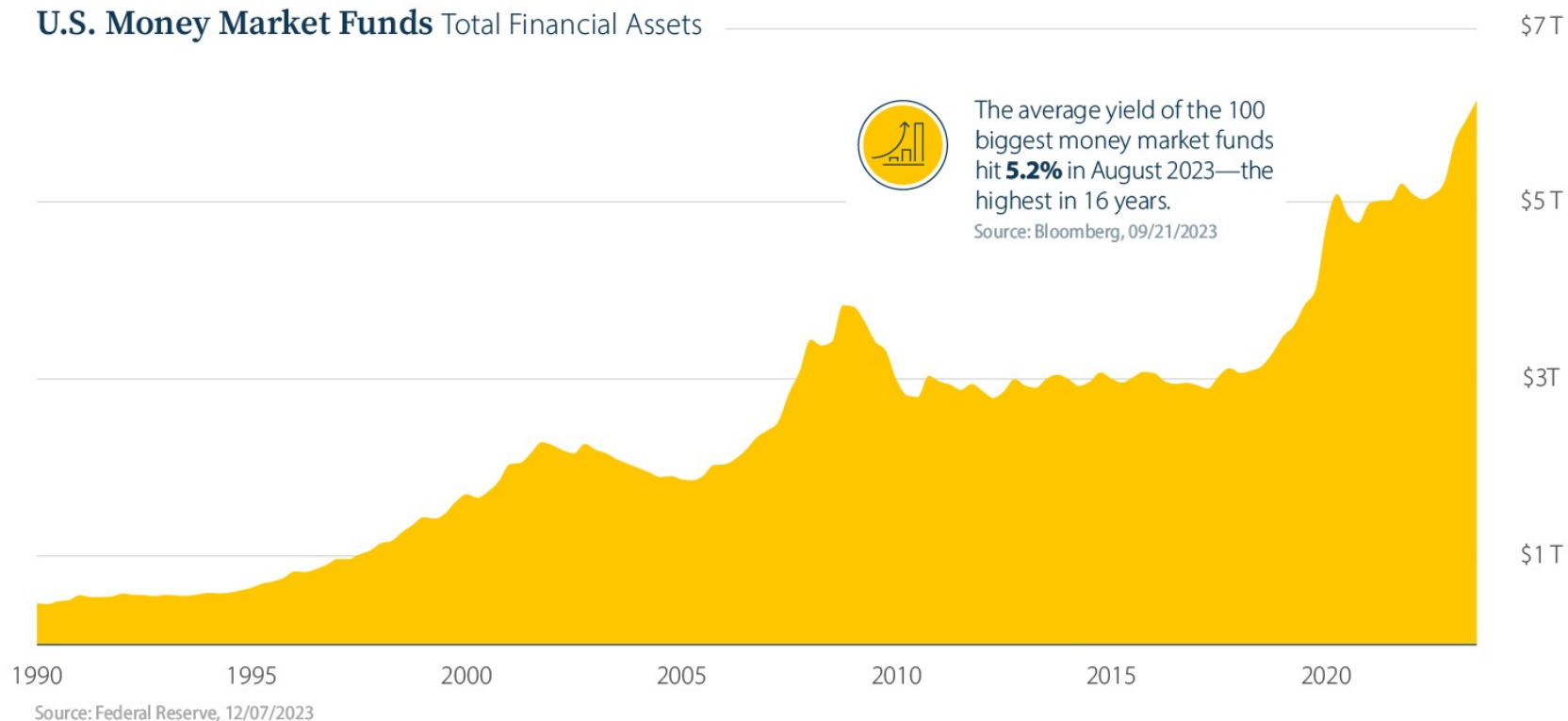


Family's *Expected* Financial Situation, Six Months Hence
(Percent)



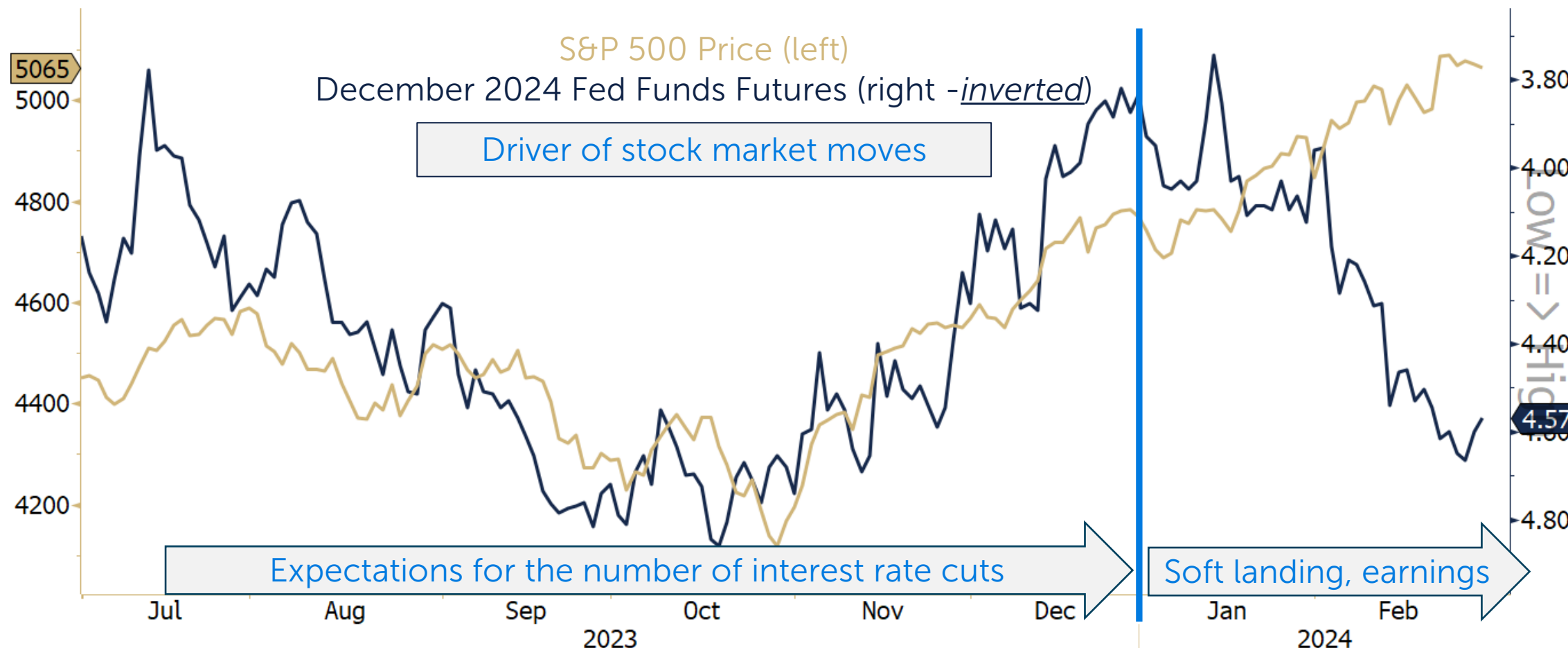
Source: The Conference Board, Consumer ConfidenceSurvey®

Investors may begin to deploy cash stockpile when interest rates decline



Source: Visual Capitalist [Visualizing the Record \\$6 Trillion in Cash on the Sidelines](https://visualcapitalist.com/visualizing-the-record-6-trillion-in-cash-on-the-sidelines) (visualcapitalist.com)

Earnings and a potential soft landing drove stocks in February – not rate cut expectations



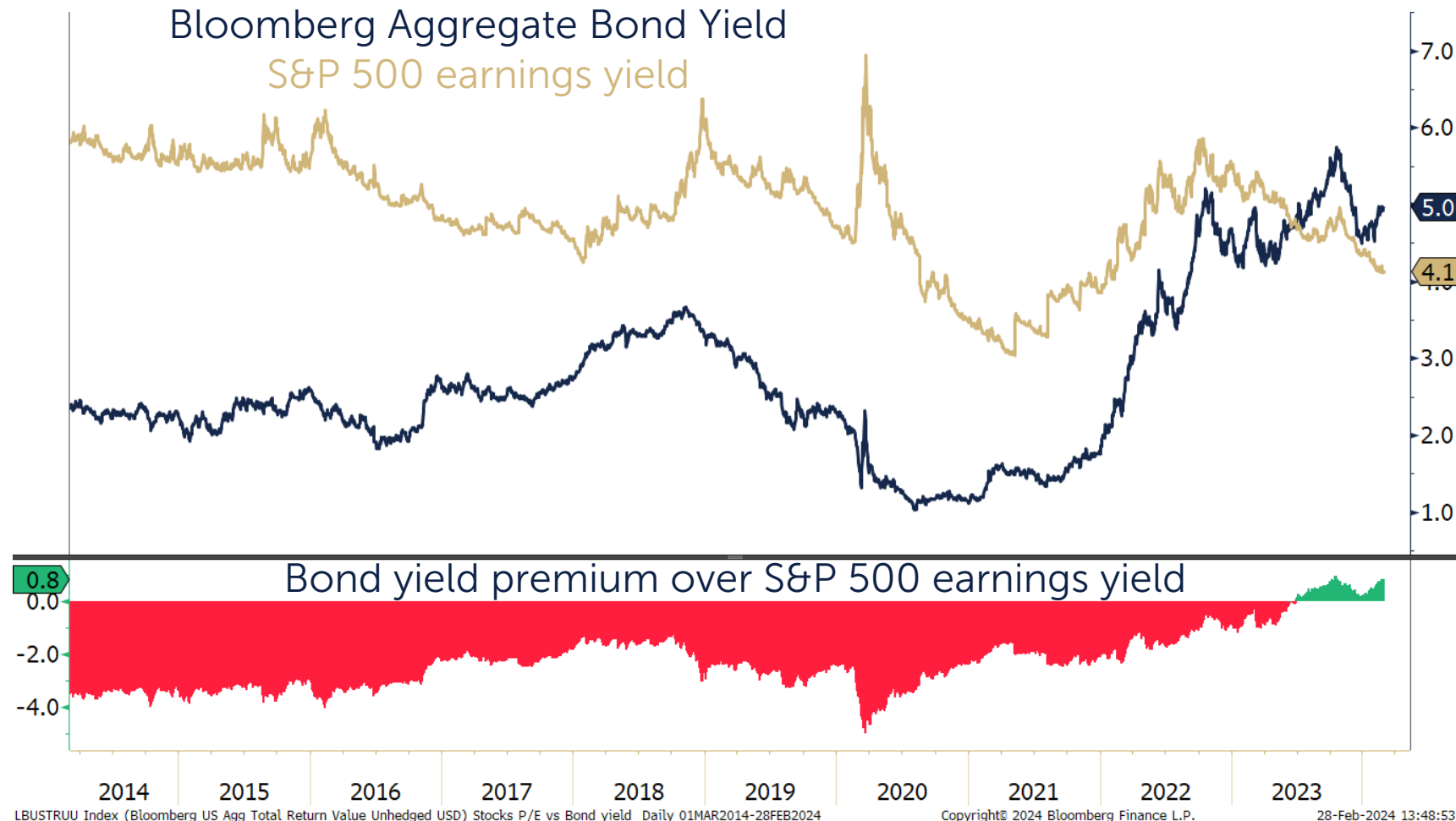
BM7T Index (Bloomberg Magnificent 7 Total Return Index) Stock price v Bond yld Daily 30JUN2023-29FEB2024

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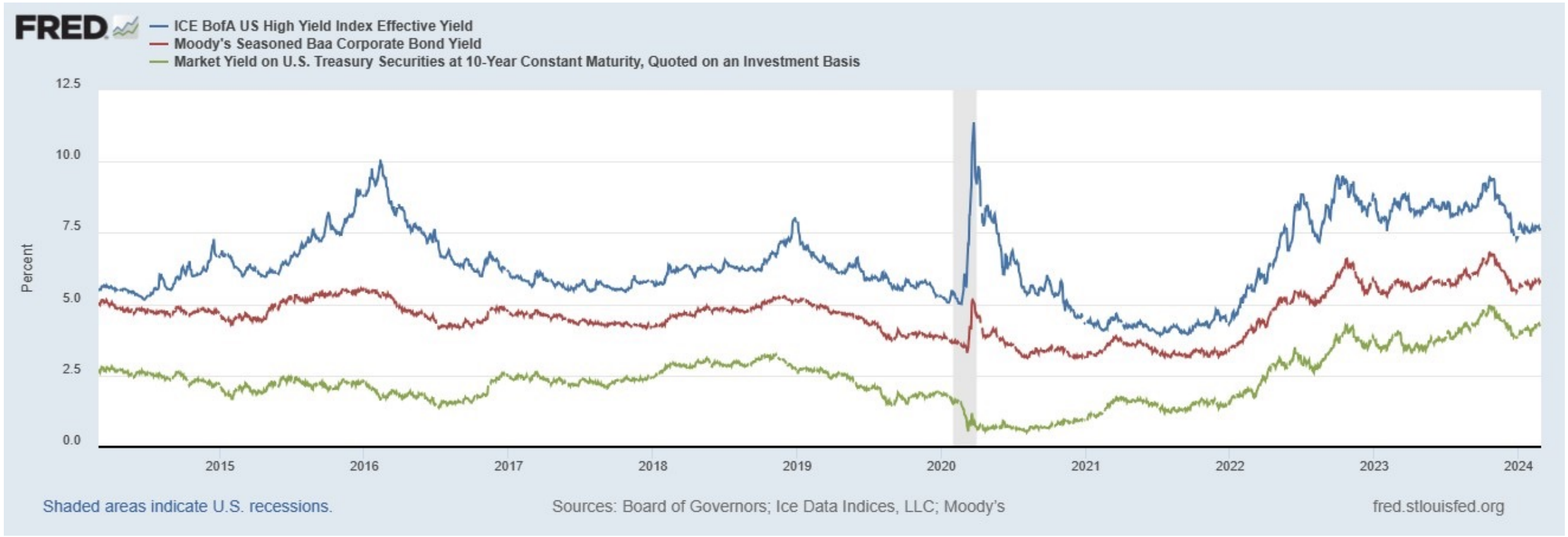
Source: Bloomberg, rate cut expectations are based on change Fed Funds futures for 12/18/2024 Federal Reserve Meeting

Bond yields offer a compelling alternative to S&P 500 earnings yield

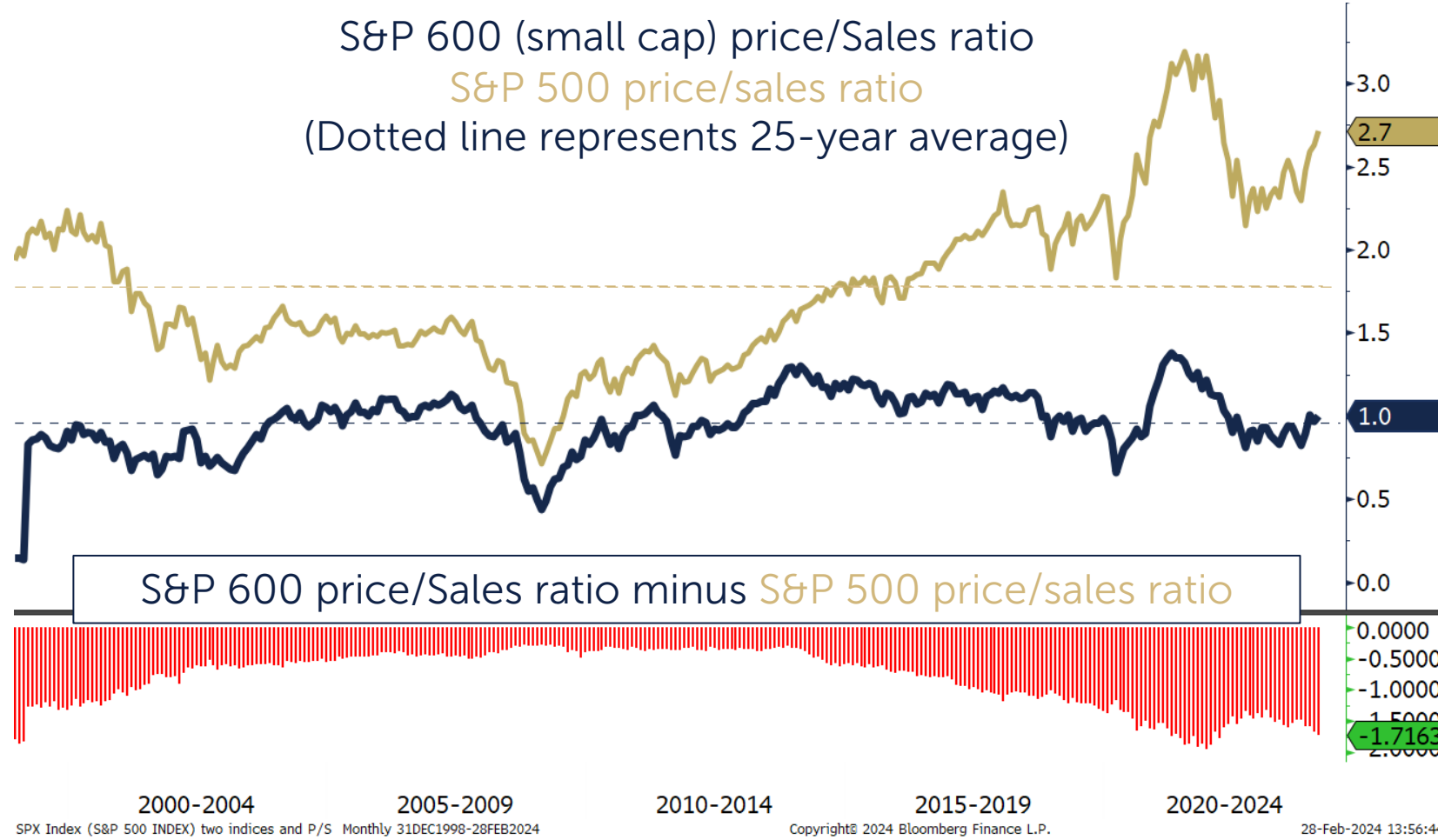


Source: Bloomberg

Bond yields remain compelling despite narrowing of credit spreads



Small cap stocks trade at average valuations, far cheaper than large stocks



Source: Bloomberg

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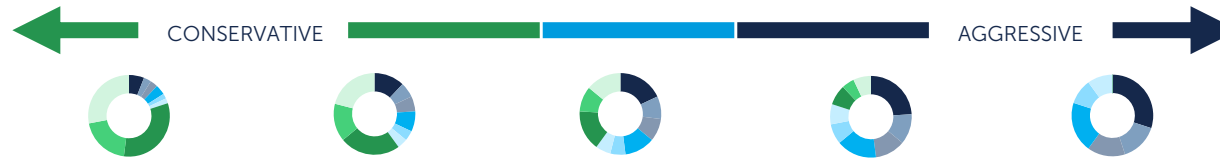
Asset Allocation – Strategic



Equity	20%	40%	60%	80%	100%
US Large Cap	5.0%	10.0%	15.0%	20.0%	25.0%
US SMID	7.0%	14.0%	21.0%	28.0%	35.0%
Developed	8.0%	12.0%	18.0%	24.0%	30.0%
Emerging Markets	-	4.0%	6.0%	8.0%	10.0%
Fixed Income	80%	60%	40%	20%	-
Government Bonds	28.4%	21.3%	14.2%	7.1%	-
Corporate Bonds	19.0%	14.3%	9.5%	4.8%	-
High Yield Bonds	13.1%	9.9%	6.6%	3.3%	-
Securitized Bonds	19.4%	14.5%	9.7%	4.8%	-

Source: OneAscent Investment Solutions. Represents target allocations as of 2/29/2024 and may not sum to 100% due to rounding.

Asset Allocation – Peak



Equity	21%	42%	62%	82%	96%
US Large Cap	6.8%	12.6%	18.5%	23.5%	25.5%
US SMID	8.2%	15.9%	23.5%	30.5%	34.5%
Developed	6.0%	9.8%	15.0%	21.0%	27.0%
Emerging Markets	0%	3.2%	5.0%	7.0%	9.0%
Fixed Income	79%	58%	38%	18%	4%
Government Bonds	28.7%	21.7%	14.7%	7.6%	2.0%
Corporate Bonds	17.8%	12.5%	7.1%	2.4%	-
High Yield Bonds	12.3%	8.6%	4.9%	1.6%	-
Securitized Bonds	20.2%	15.7%	11.3%	6.4%	2.0%
Strategic [†]	90.0%	85.0%	80.0%	80.0%	90.0%
Tactical [‡]	10.0%	15.0%	20.0%	20.0%	10.0%

Source: OneAscent Investment Solutions. Represents target allocations as of 2/29/2024 and may not sum to 100% due to rounding.

[†]Strategic allocations represent a majority of the portfolio and are updated annually based on capital market assumptions. The strategic component of a portfolio is intended to provide the appropriate level of market exposure to stocks and bonds based on the intended risk-tolerance.

[‡]Tactical allocations represent a smaller portion of the portfolio and are updated quarterly based on an assessment of relative strength. The tactical component of a portfolio is intended to capitalize on near-term opportunities as the market environment changes.

Asset Allocation – Peak w/ Alts



Equity	-	34%	52%	62%	76%
US Large Cap	-	10.3%	15.5%	18.5%	20.5%
US SMID	-	13.8%	20.5%	23.5%	27.5%
Developed	-	7.5%	12.0%	15.0%	21.0%
Emerging Markets	-	2.5%	4.0%	5.0%	7.0%
Fixed Income	-	51%	28%	18%	4%
Government Bonds	-	19.0%	11.1%	7.6%	2.0%
Corporate Bonds	-	10.7%	4.8%	2.4%	-
High Yield Bonds	-	7.4%	3.3%	1.6%	-
Securitized Bonds	-	13.9%	8.8%	6.4%	2.0%
Alternatives	-	15%	20%	20%	20%
Gold	-	2.3%	3.0%	3.0%	3.0%
Broad Commodities	-	1.5%	2.0%	2.0%	2.0%
Managed Futures	-	3.8%	5.0%	5.0%	5.0%
Hedged Equity	-	3.8%	5.0%	5.0%	5.0%
Event Driven	-	3.8%	5.0%	5.0%	5.0%
Strategic [†]	-	85.0%	80.0%	80.0%	90.0%
Tactical [‡]	-	15.0%	20.0%	20.0%	10.0%

Source: OneAscent Investment Solutions. Represents target allocations as of 2/29/2024 and may not sum to 100% due to rounding.

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