Monthly Investment Update

March 2022

Any attempts for an investment management firm to accurately describe the horror and tragedy that is occurring in Ukraine would undoubtedly fall short. The potential silver lining to these awful events is that they are occurring in the age of social media, in which the raw truth of the human suffering has spread across the globe uniting nations and peoples in a singular resolute voice not seen in our lifetimes. Because it is our role to navigate and communicate the economic implications of these events, the balance of this letter will focus there.

Markets continued to decline in February, with the S&P 500 falling another 3% during the month and continuing to decline during the first few days of March resulting in a 9% year-to-date loss for the index as of March 4, 2022. Oil prices have risen more than 50% this year on top of the 50%+ advance witnessed in 2021. National average gasoline prices have topped $4 per gallon, nearly double the cost to start 2021.[1] The spike in energy prices comes at a precarious time for the US economy when inflation has already been draining household savings and sentiment, and the rise in prices has pushed the US Federal Reserve toward a position of normalizing monetary policy (i.e., raising interest rates) faster than they may have wanted.

The confluence of forces at play today across geopolitics, monetary policy, and asset prices can be bewildering for investors, and the urge to take cover may be setting in. We will attempt to untangle all the forces impacting investment markets, with the caveat that no human, other than Vladimir Putin, knows what Vladimir Putin will do at this point. To put the Russian economy in context, it accounts for roughly 2% of total global economic activity and 11% of global oil production, as well as 11% each of precious metals and wheat production[2]. Assuming the western world bans the import of these goods, it is logical that prices should rise, particularly in the shorter-term, and will further exacerbate the global supply chain disruptions created by the COVID-19 pandemic. Assuming the military element of the Russia / Ukraine conflict does not spread beyond those countries, we view the factors below as key to the direction of the US and global economies.

1. **Inflation.** The Russia / Ukraine conflict has already pushed costs higher for households, more immediately at the gas pump, but likely later in the form of higher costs for food and materials. With respect to energy, the US has significant production capacity that can come online to address higher costs and fill the gap in supply. The White House has already stated that they intend to release 60 million barrels of oil from the nation's strategic petroleum reserve.

2. **Monetary Policy.** The US Federal Reserve follows a dual mandate of price stability and maximum employment. The February employment report showed that labor markets are nearly "full" and almost back to pre-COVID levels. Additionally, prices have been anything but stable. It stands to reason that the Fed must begin normalizing monetary policy. However, if the rise in prices is not due to excessive demand, but rather from supply disruptions, particularly disruptions that have already resulted in meaningfully lower household sentiment, it may not be prudent for the Fed to embark on an overly swift normalization path.

3. **Households.** The average American household, when surveyed about their feelings of their financial condition and economic outlook, are more concerned today than any time in the last 10 years (including the earliest days of the COVID pandemic). When asked why, inflation and its eroding effect on living standards is one of the most commonly cited answers (the most recent survey occurred before the Ukraine

[1] Source: YCharts

[2] Source: Goldman Sachs

invasion, so the future surveys will undoubtedly be worse)[3]. Simultaneously, asset prices have been in decline, mortgage rates have been rising, and stimulus checks are a thing of the past. Outside of a healthy labor market, the American household is being squeezed. A psychological shift where spending declines drastically could have a material adverse impact on the economy, but may also serve to cool inflation, giving the Federal Reserve some cover to normalize monetary policy more gradually.

4. **Businesses.** Imagine being a corporate executive today and watching energy and labor prices rise at their fastest paces in more than a decade with significant geopolitical and economic risks on the horizon and your company's stock in decline. That executive, on average, is likely to preserve cash and focus on necessities rather than growth initiatives. Like the household example above, this psychological shift can have lasting impacts on the economy but may also serve as a natural balancing mechanism to cool inflation.

Implications for Portfolio Management

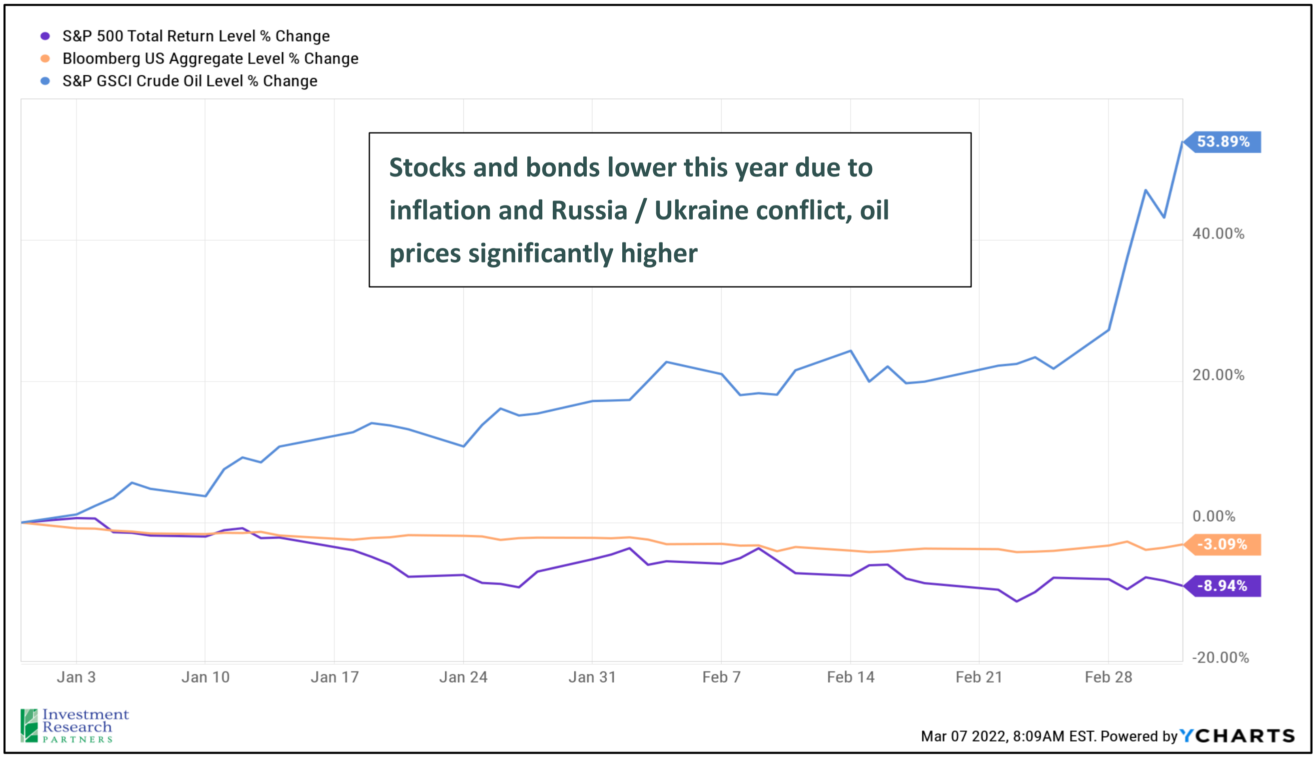
The chart immediately below highlights how the S&P 500 has performed in the face of significant geopolitical events (some being more similar to Russia / Ukraine than others). For long-term investors, we believe that now is not the time to sell, despite the storm clouds on the horizon. We believe that 2022 will be a year of economic rebalancing, though we do not yet see evidence of a recession. During the volatility of 2022, we have been carefully monitoring asset classes and sectors that may be presenting attractive entry points for long-term gains. With the significant geopolitical uncertainty, we do not yet feel comfortable giving the "all clear" signal, but a market recovery could come swiftly if the Russia / Ukraine conflict cools. We advocate that investors work with their financial advisor to revisit their long-term goals and tolerance for investment risk as it is healthy to understand your investing disposition in both good times and bad in order to provide more steadiness and clarity for the next eventual bout of market volatility.

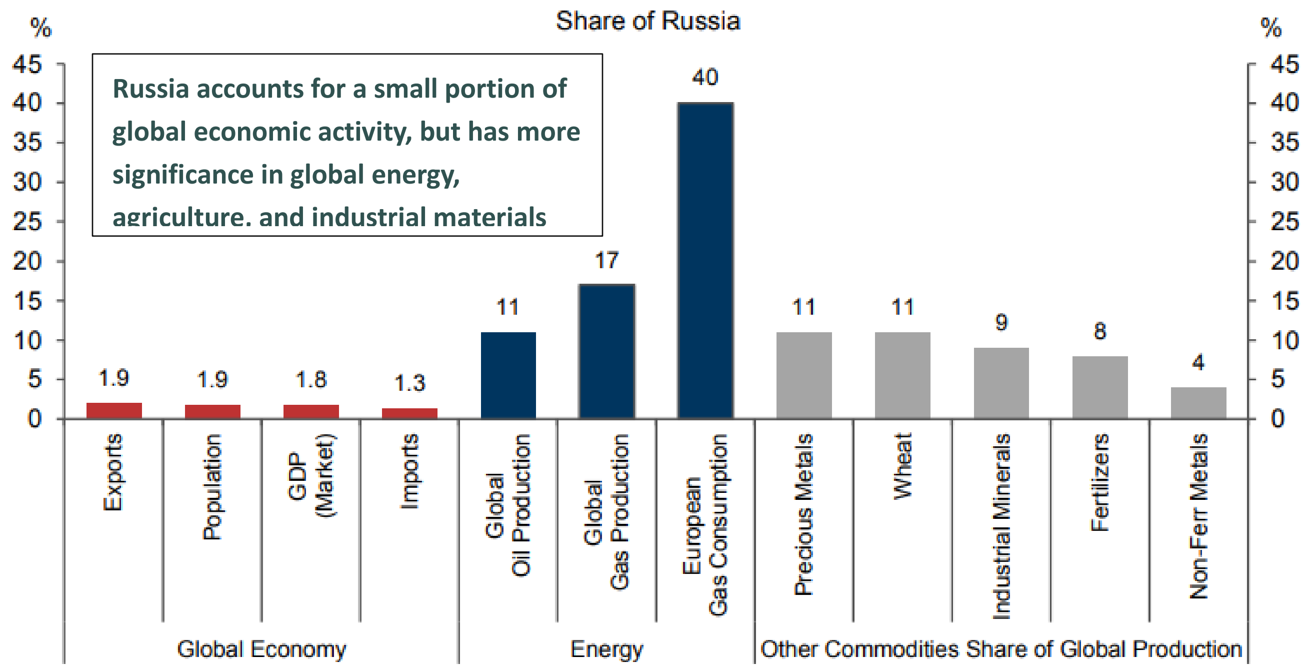
S&P 500 Index And Geopolitical Events

		S&P 500 Returns		Days	
Market Shock Events	Event Date	One Day	Total Drawdown	Bottom	Recovery
U.S. Pulls Out of Afghanistan	8/30/2021	0.4%	-0.1%	1	3
Iranian General Killed In Airstrike	1/3/2020	-0.7%	-0.7%	1	5
Saudi Aramco Drone Strike	9/14/2019	-0.3%	-4.0%	19	41
North Korea Missile Crisis	7/28/2017	-0.1%	-1.5%	14	36
Bombing of Syria	4/7/2017	-0.1%	-1.2%	7	18
Boston Marathon Bombing	4/15/2013	-2.3%	-3.0%	4	15
London Subway Bombing	7/5/2005	0.9%	0.0%	1	4
Madrid Bombing	3/11/2004	-1.5%	-2.9%	14	20
U.S. Terrorist Attacks	9/11/2001	-4.9%	-11.6%	11	31
Iraq's Invasion of Kuwait	8/2/1990	-1.1%	-16.9%	71	189
Reagan Shooting	3/30/1981	-0.3%	-0.3%	1	2
Yom Kippur War	10/6/1973	0.3%	-0.6%	5	6
Munich Olympics	9/5/1972	-0.3%	-4.3%	42	57
Tet Offensive	1/30/1968	-0.5%	-6.0%	36	65
Six-Day War	6/5/1967	-1.5%	-1.5%	1	2
Gulf of Tonkin Incident	8/2/1964	-0.2%	-2.2%	25	41
Kennedy Assassination	11/22/1963	-2.8%	-2.8%	1	1
Cuban Missile Crisis	10/16/1962	-0.3%	-6.6%	8	18
Suez Crisis	10/29/1956	0.3%	-1.5%	3	4
Hungarian Uprising	10/23/1956	-0.2%	-0.8%	3	4
N. Korean Invades S. Korea	6/25/1950	-5.4%	-12.9%	23	82
Pearl Harbor Attack	12/7/1941	-3.8%	-19.8%	143	307
Average		**-1.1%**	**-4.6%**	**19.7**	**43.2**

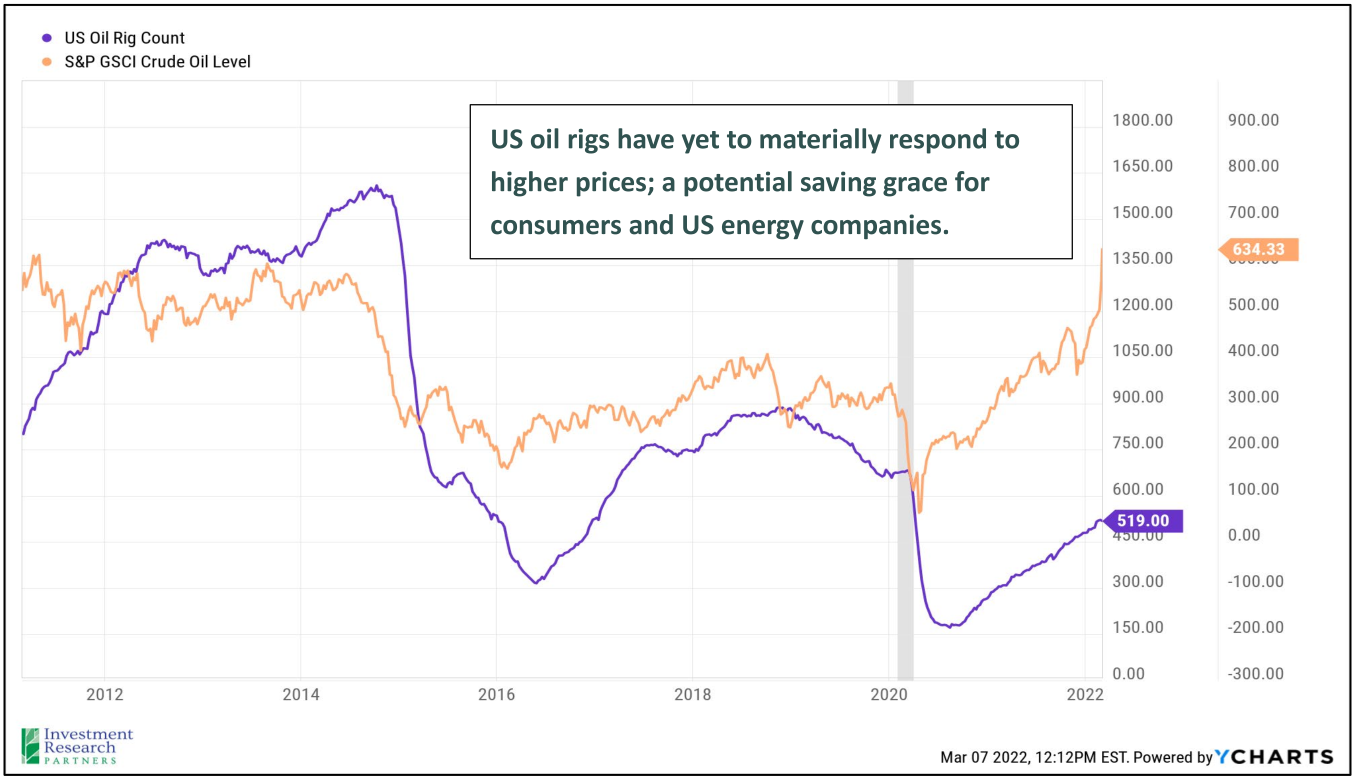
Source: LPL Research, S&P Dow Jones Indices, CFRA, 01/24/2021
All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.
The modern design of the S&P 500 Index was first launched in 1957. Performance before then incorporates the performance of its predecessor index, the S&P 90.

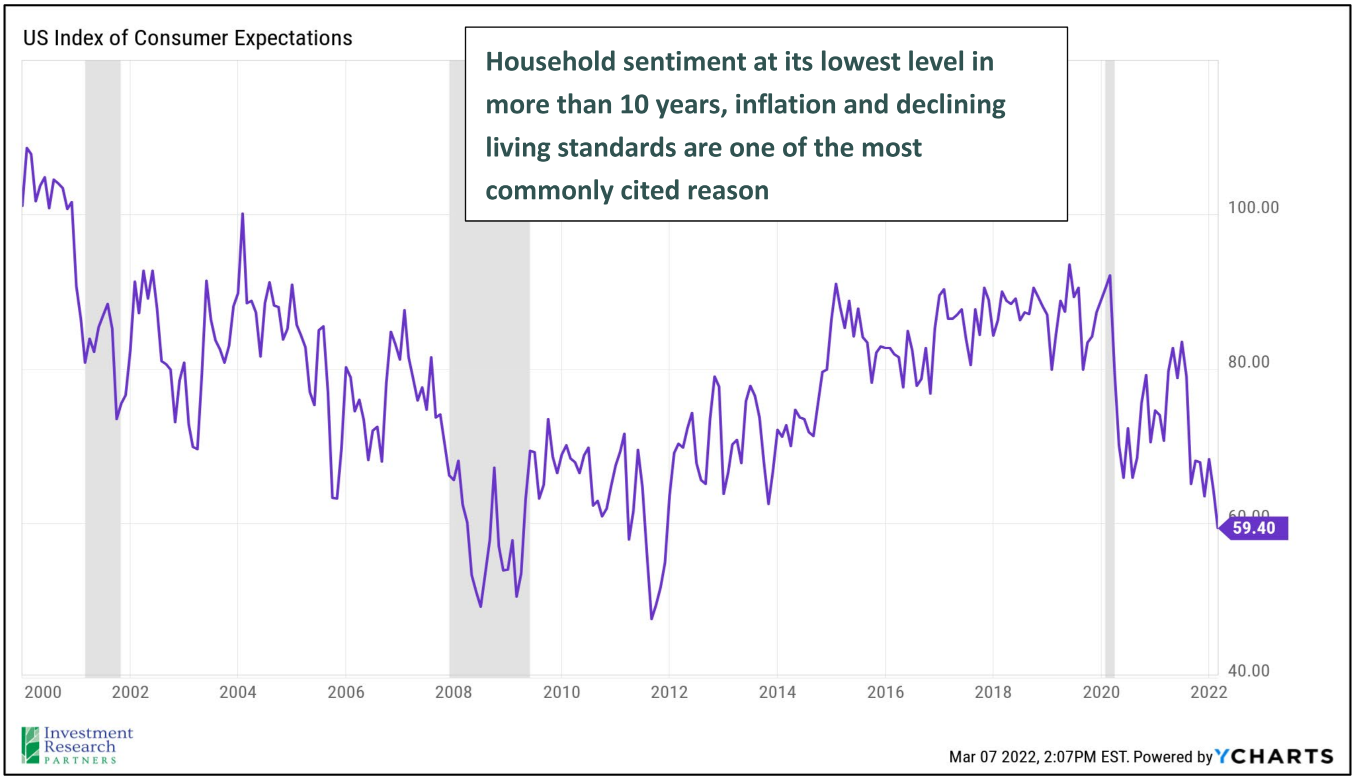
[3] Source: YCharts and University of Michigan Survey of Consumers





Source: IMF, Goldman Sachs Global Investment Research


US Oil Rig Count
S&P GSCI Crude Oil Level
US oil rigs have yet to materially respond to higher prices; a potential saving grace for consumers and US energy companies.
1800.00
1650.00
1500.00
1350.00
1200.00
1050.00
900.00
750.00
600.00
519.00
300.00
150.00
0.00
900.00
800.00
700.00
634.33
500.00
400.00
300.00
200.00
100.00
0.00
-100.00
-200.00
-300.00
2012
2014
2016
2018
2020
2022
Investment Research PARTNERS
Mar 07 2022, 12:12PM EST. Powered by YCHARTS


US Index of Consumer Expectations
Household sentiment at its lowest level in more than 10 years, inflation and declining living standards are one of the most commonly cited reason
100.00
80.00
59.40
40.00
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
Investment Research PARTNERS
Mar 07 2022, 2:07PM EST. Powered by YCHARTS

Risk-Taking Score Subcomponents

Fundamentals

- Labor
- Earnings
- Sentiment
- Inflation
- Financial Conditions

Valuations

- Equity
- Credit

Technical

- Trend
- Sentiment

- Leading Economic Indicators continue to imply growth in 2022, but commodity price spike resulting from Russia / Ukraine conflict may have a material adverse impact on household & business sentiment.

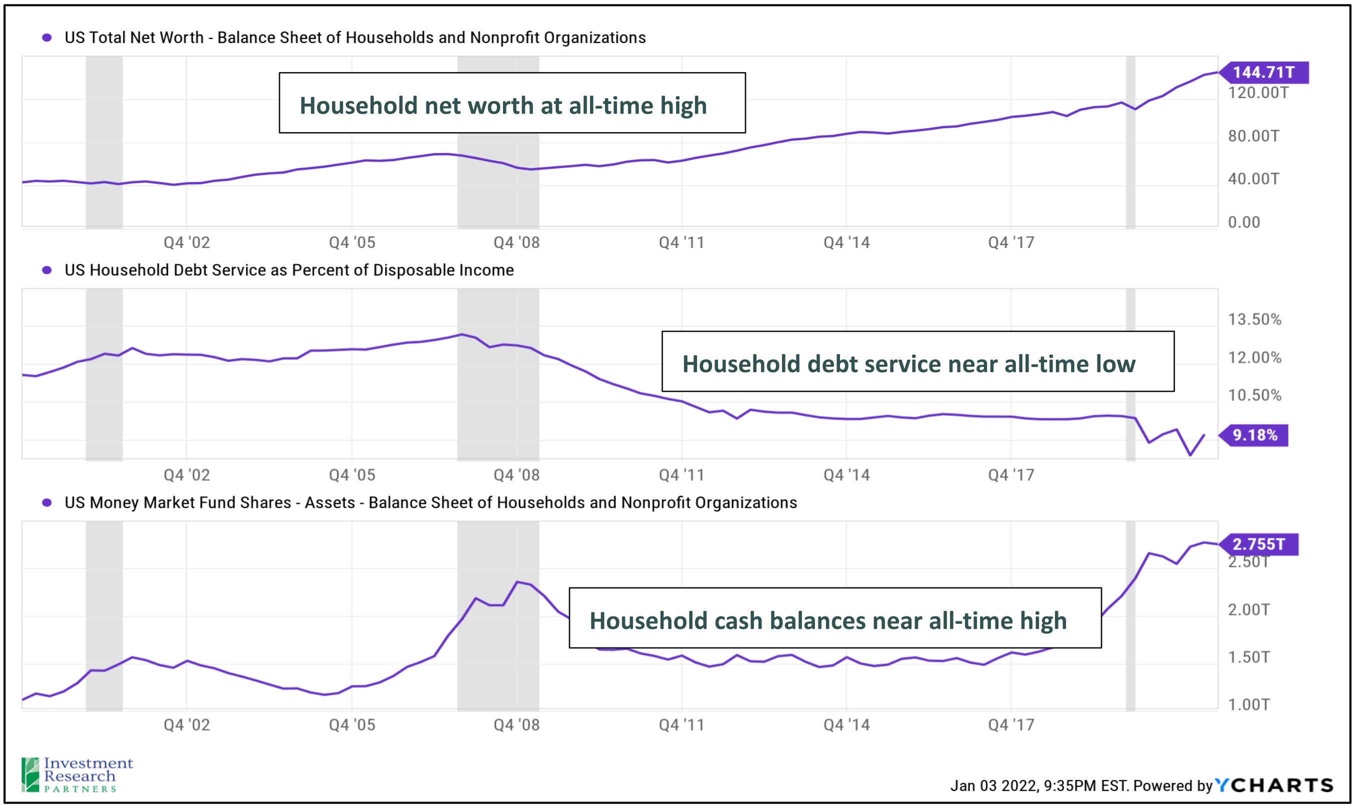
- On the surface, equity and credit valuations appear fair. Beneath the surface, a very high level of dispersion of valuation exists across sectors, industries, and companies today, presenting opportunity for active portfolio managers.

- Long-term technical trends still have us holding risk assets, particularly commodities. Investor sentiment has declined, but only briefly has extreme bearishness been shown (a hallmark of a market bottom).

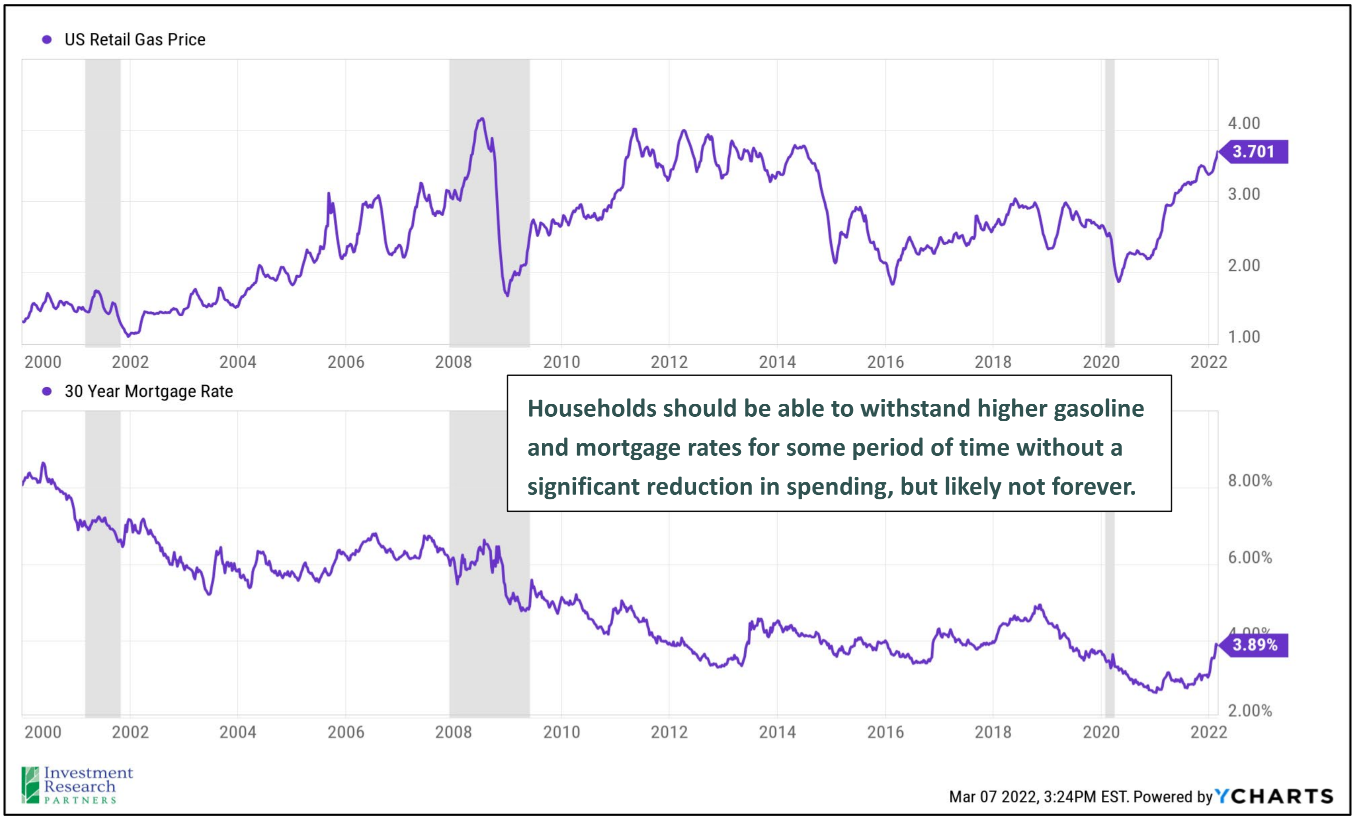
Fundamentals

The Bureau of Labor Statistics announced that the US economy added 678,000 jobs in February and the unemployment rate declined to 3.8%, outperforming a consensus estimate of economists. The gains were led by the leisure and hospitality industries (179,000 jobs added), which is not surprising given the significant decline in new COVID-19 cases and the anticipation of warmer weather in the US. Federal Reserve Chair, Jerome Powell, said last year that the US Central Bank did not expect to raise interest rates until employment reached pre-pandemic levels. As the Fed is expected to raise interest rates by at least 0.25% at its March 15-16th meeting, the move would be reasonably timed given Powell's previous comments given that total US nonfarm payrolls are now just 2 million jobs below their pre-pandemic high.

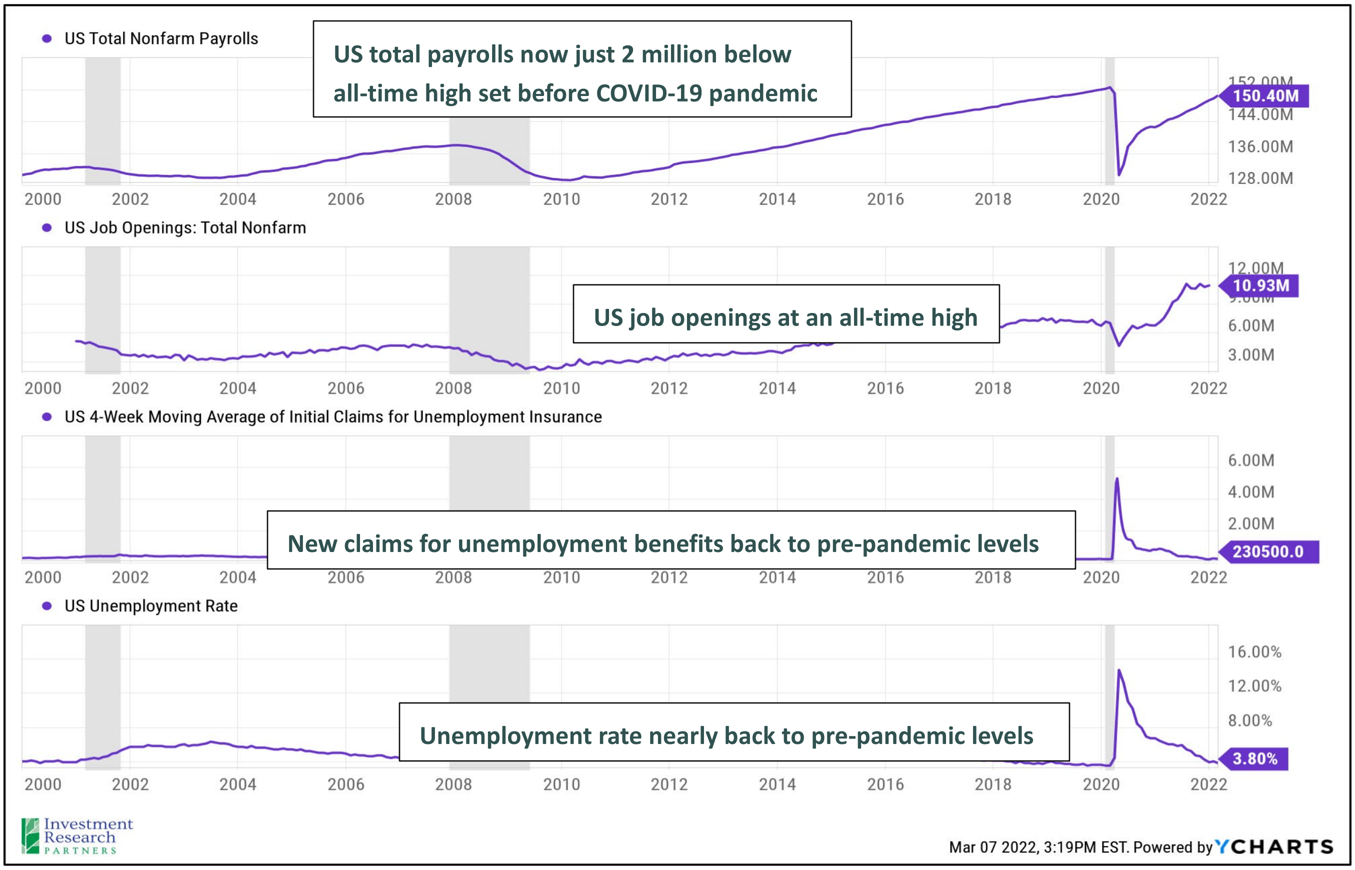
Mortgage rates have already moved meaningfully higher in anticipation of the Fed's path while at the same time the energy price spike stemming from the Russia / Ukraine conflict has meaningfully increased gasoline prices (amongst nearly all other energy-related inputs to US activity). Households are going into these challenges in good financial shape and should be able to weather the storm for some time. Higher energy and borrowing costs should serve to dampen consumption, which in turn should cool inflation and potentially give the Fed some cover to raise interest rates more gradually than market participants are currently anticipating. April's reports of Q1 earnings will be a significant test for markets to determine if consumers have slowed spending and / or rising input costs have sapped company profitability.



US Total Net Worth - Balance Sheet of Households and Nonprofit Organizations
Household net worth at all-time high
144.71T
120.00T
80.00T
40.00T
0.00
Q4 '02
Q4 '05
Q4 '08
Q4 '11
Q4 '14
Q4 '17
US Household Debt Service as Percent of Disposable Income
Household debt service near all-time low
13.50%
12.00%
10.50%
9.18%
US Money Market Fund Shares - Assets - Balance Sheet of Households and Nonprofit Organizations
Household cash balances near all-time high
2.755T
2.50T
2.00T
1.50T
1.00T
Investment Research Partners
Jan 03 2022, 9:35PM EST. Powered by YCHARTS

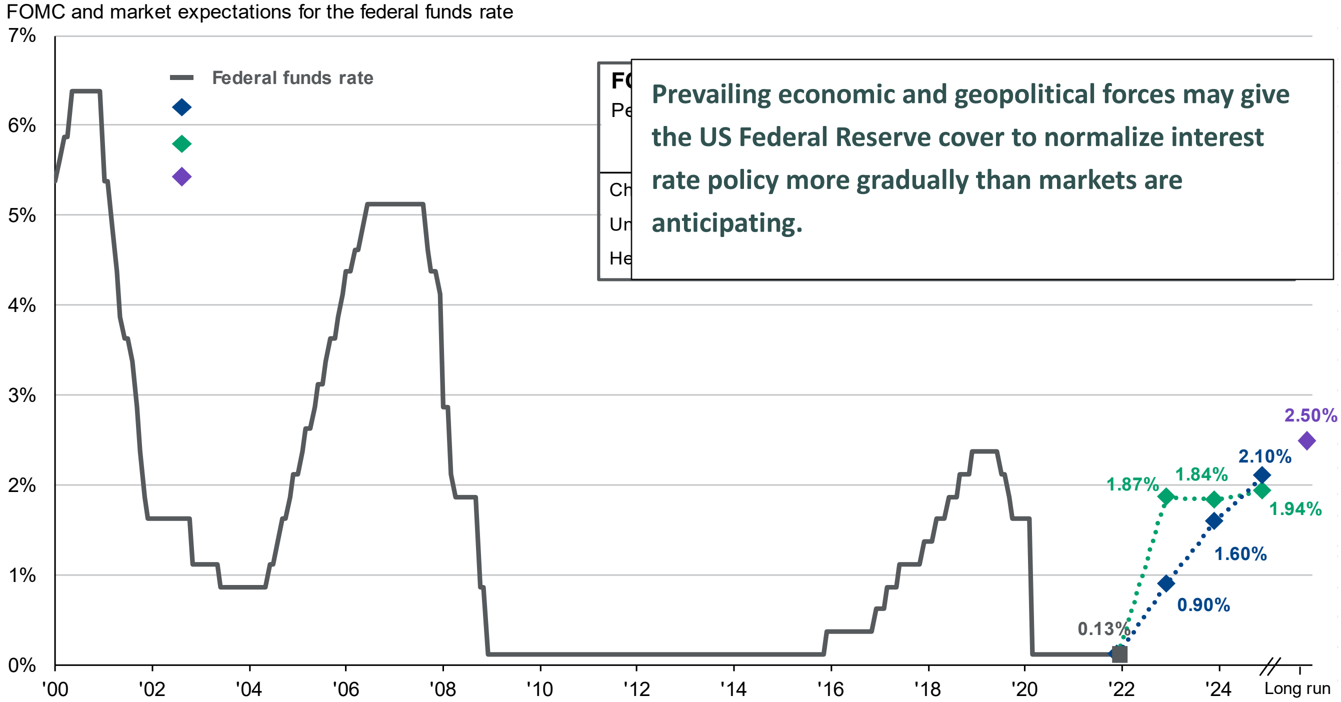


US Retail Gas Price
4.00
3.701
3.00
2.00
1.00
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
30 Year Mortgage Rate
Households should be able to withstand higher gasoline and mortgage rates for some period of time without a significant reduction in spending, but likely not forever.
8.00%
6.00%
4.00%
3.89%
2.00%
Investment Research Partners
Mar 07 2022, 3:24PM EST. Powered by YCHARTS



Federal funds rate expectations

FOMC and market expectations for the federal funds rate

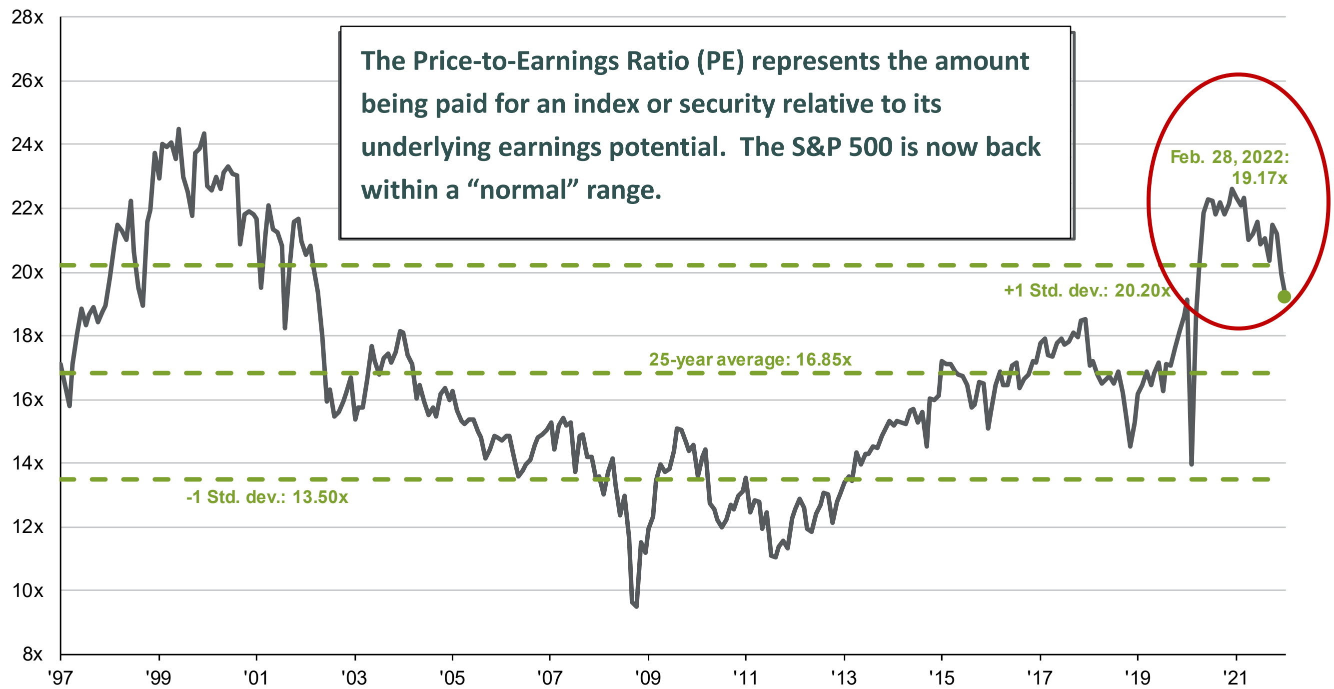


OneAscent

Valuation

Market declines in 2022 have pushed the valuation of broad stock and bond indices back toward long-term average levels. However, the index had become historically top-heavy in high growth companies such as Tesla and Nvidia. The index itself has become reasonably more attractive relative to a year ago, but we continue find opportunities within sectors, industries, and companies beneath the surface. Opportunities typically consist of assets beyond those found in the S&P 500, such as foreign and small cap equities.

S&P 500 Price-to-Expected Earnings

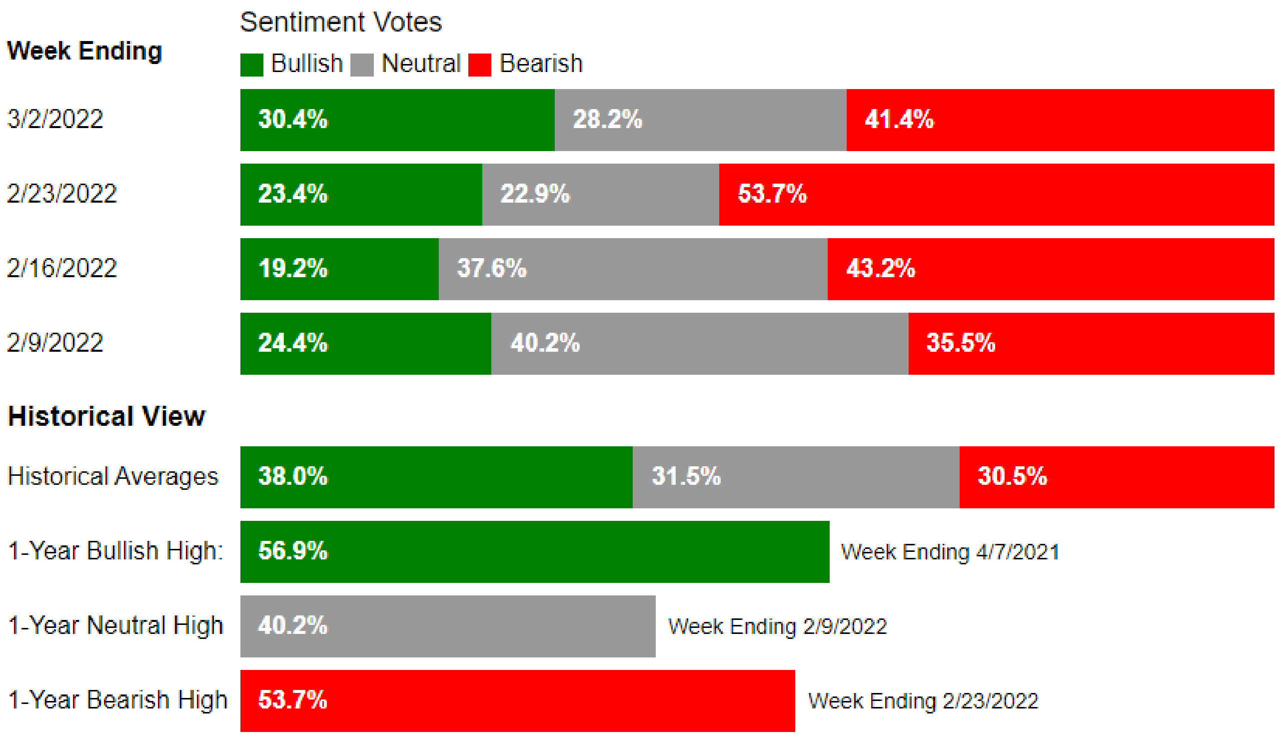


Top 10 holdings of the S&P 500 now represent nearly the largest share of the index in history. So, index averages don't tell the complete story of the potential underlying opportunity.

Technical

Our technical analysis of markets involves multiple tools that seek to identify buy / sell signals and trends across various asset classes and securities. In January, many parts of the market that had been in strong upward trends for nearly two years, such as technology stocks, broke down. This breakdown has been further exacerbated by the Russia / Ukraine conflict (with the expectation of perhaps commodities which are in a very strong uptrend). We are now looking for signs of a “bottoming process”, which simply means that selling is no longer overwhelming buying of a particular asset or asset class, and a new uptrend may be emerging.

Since 1987, The American Association of Individual Investors (AAII) has been asking its members the same question every week: “What direction will the stock market be in the next six months?” The results are compiled into bulls, neutral, and bears. Extreme bullishness or bearishness have often represented useful contrarian signals for investors (reminiscent of Warren Buffet’s famous quote- “be greedy when others are fearful, and fearful when others are greedy”). It is potentially concerning that despite such significant turmoil and upheaval in geopolitics and markets that investors remain fairly neutrally balanced in their view. We typically watch for a washout in investor sentiment in order to help confirm that a market bottom may be forming.



Source: AAII as of March 7, 2022

Prices & Interest Rates

Representative Index	February 2022	Year-End 2021
Crude Oil (US WTI)	$95.72	$75.21
Gold	$1,899	$1,828
US Dollar	96.71	95.97
2 Year Treasury	1.44%	0.73%
10 Year Treasury	1.83%	1.52%
30 Year Treasury	2.17%	1.90%

Source: Morningstar, YCharts, and US Treasury as of February 28, 2022

Asset Class Returns

Category	Representative Index	February 2022	YTD 2022
Global Equity	MSCI All-Country World	-2.6%	-7.4%
Global Equity	MSCI All-Country World ESG Leaders	-3.2%	-13.2%
US Large Cap Equity	S&P 500	-3.0%	-9.0%
US Large Cap Equity	Dow Jones Industrial Average	-3.3%	-9.4%
US All Cap Equity	Russell 3000 Growth	-4.0%	-18.2%
US All Cap Equity	Russell 3000 Value	-1.0%	-5.7%
US Small Cap Equity	Russell 2000	1.1%	-13.0%
Foreign Developed Equity	MSCI EAFE	-1.8%	-6.5%
Emerging Market Equity	MSCI Emerging Markets	-3.0%	-4.8%
US Fixed Income	Bloomberg Barclays Municipal Bond	-0.4%	-3.5%
US Fixed Income	Bloomberg Barclays US Agg Bond	-1.1%	-3.3%
Global Fixed Income	Bloomberg Barclays Global Agg. Bond	-1.2%	-4.0%

Source: YCharts as of February 28, 2022