Weekly Update –December 15, 2025

Market Returns Ending 12/12/2025			
Category	1 Week	QTD	YTD
US			
Large Cap	-0.6%	2.3%	17.5%
Mid Cap	1.0%	2.9%	8.8%
Small Cap	1.2%	4.9%	15.8%
International			
Developed	0.9%	3.5%	30.3%
Emerging	0.4%	3.6%	32.8%
Bonds			
Aggregate	-0.2%	0.6%	6.7%
High Yield	-0.1%	0.7%	8.0%

US Equity Style Returns

Weekly

	Value	Core	Growth
Large	0.6	-0.5	-1.5
Mid	0.7	0.6	0.0
Small	2.0	1.2	0.5

YTD

	Value	Core	Growth
Large	16.1	17.1	18.0
Mid	12.2	11.9	10.4
Small	15.7	15.8	16.0

Source: Bloomberg

Key Events: The Fed cuts rates – for the last time?

The Federal Reserve delivered its third rate cut of the year, as expected. But don't expect a flurry of cuts ahead; their latest projections show stronger economic growth, inflation still above target, and only a slight dip in unemployment. In short, the bar for more easing is now much higher.

Market review: Continued broadening

Stocks generally moved higher, but a sharp 2.3% drop in technology pulled U.S. large caps slightly negative. Bonds also lost ground as hopes for additional rate cuts faded. Two interesting numbers tell a story worth thinking hearing:

- Silver has run from $30 to $62 this year and is higher than a barrel of oil for the first time since 1980.
- Nvidia's market cap is now larger than the market cap of the S&P 500 energy sector.

Outlook: Power needs and portfolio allocations

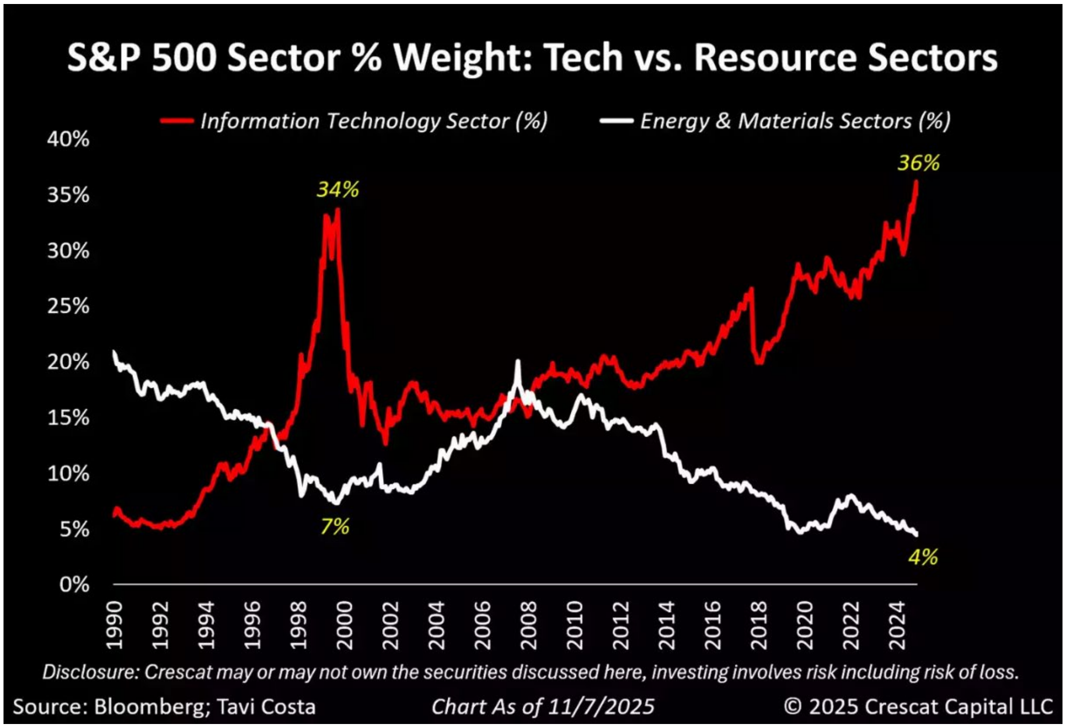
These data points bear important relevance to each other. Energy prices are exceedingly low relative to most other assets while Nvidia is larger than the energy sector as AI data center demand drives growth. Producing and delivering the energy to power those data centers, however, is generally considered to be one of the biggest roadblocks to faster rollout AI[i].

A look at the two charts below illustrates the point: **Sector extremes**: The first chart shows the historical market cap of the technology (larger than ever) and energy (smaller than ever) sectors.

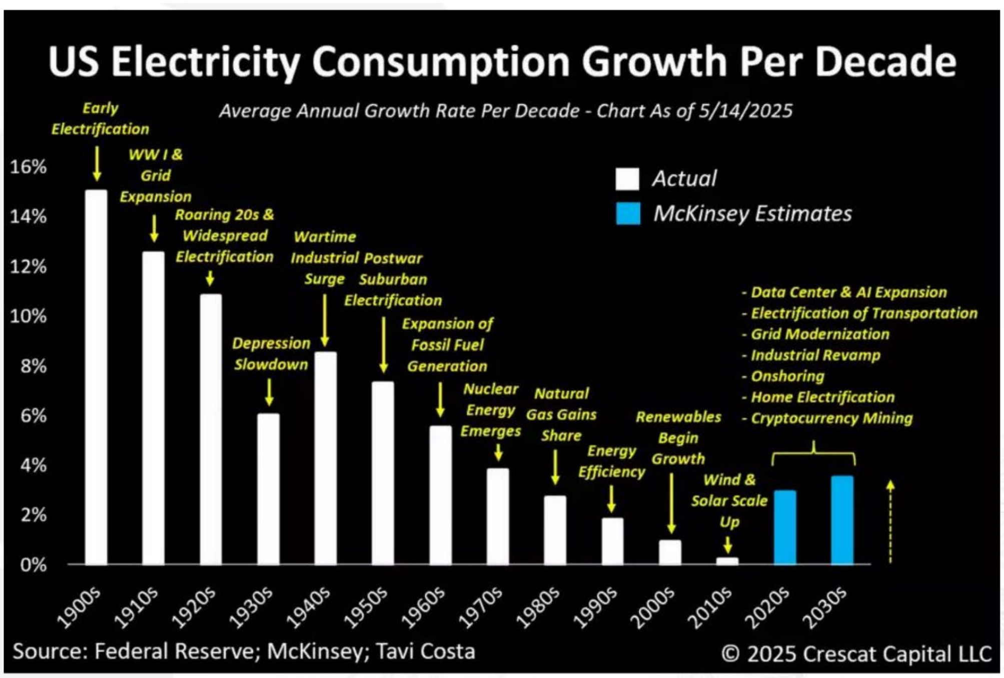
Potential Catalyst: The second chart suggests AI may reverse the trend of lower consumption.

A diversified portfolio construction is the starting point for success; our Navigator process also helps us position for economic reality. Our stock and bond portfolios have exposure to various energy themes, and we are not dependent solely on the technology sector for equity returns in coming years. We encourage investors to maintain discipline and diversification as they allocate portfolios.

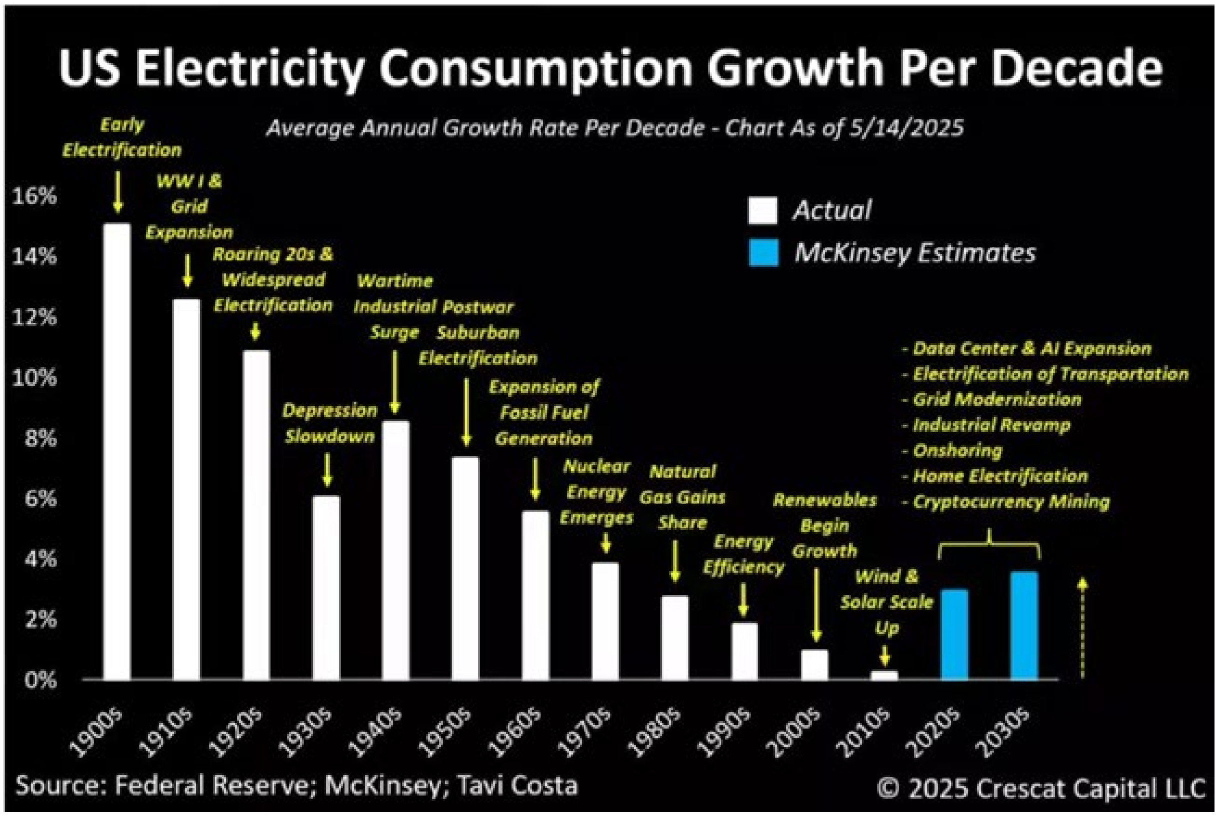
Energy and Technology – shifting weights



AI Growth drives higher demand for energy and infrastructure



The scale-up in growth compared to recent decades is profound and poses an impossible challenge to the nation's aging grid infrastructure, which cannot accommodate such a rapid increase.



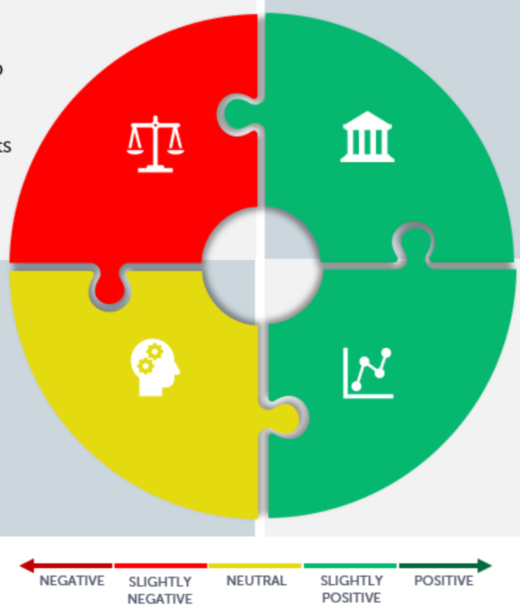
OneAscent Navigator Outlook: December 2025

VALUATION

- Despite high US large cap valuations, mid-cap and international opportunities abound.
- Trailing P/E multiples for the Information Technology sector remain more than 10 points above the S&P 500.
- Bond yields are attractive relative to inflation, but credit spreads are near all-time lows.

ECONOMY

- Inflation remains a persistent concern.
- Slowing payroll growth suggests sluggish economic growth.
- AI-related capital spending is expected to remain strong in 2026.



SENTIMENT

- Weakening jobs outlook leads confidence lower, continuing the post-COVID trend.
- Investor sentiment has grown bearish despite stocks' month-end recovery.
- Federal Reserve sentiment shifted lower, reflecting lower employment and inflation.

TECHNICAL

- Mid-cap stocks are leading small caps, with a larger portion of index members advancing.
- Global stocks are in a strong uptrend but vulnerable to short-term volatility.
- Momentum and earnings revisions have been the key to recent outperformance.

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[i] Source: Rand https://www.rand.org/pubs/research_reports/RRA3572-1.html

[ii] 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