Market Overview

Market Overview

Ascent Wealth STRATEGIES

THE MONTH AT A GLANCE

	JUN
S&P 500	6.61%
MSCI EAFE	4.55%
MSCI Emerging Markets	3.80%
Bloomberg US Aggregate	-0.36%

All returns are total returns as of the month end of the report unless otherwise noted.

Indices are unmanaged and cannot be invested into directly. The returns do not reflect fees, sales charges, or expenses. The results don't reflect any particular investment. Past performance is not indicative of future results.

STOCKS SURGE, INFLATION IMPROVES, FEDS TURNS MORE HAWKISH

Stocks continued to rise, continuing their late May momentum – at least in the US – with the S&P 500 returning 6.61% in June and putting year-to-date gains at 16.88%. From the 2022 lows, the S&P 500 has recovered nearly 25% but remains over 7% away from its all-time high in early 2022. While US large cap, mega cap in particular, sit on top of the year-to-date leaderboard, mid and small cap stocks surged in June, outpacing the S&P 500 for the month. Globally, developed and emerging international equities lagged through the month, though developed markets are still ahead of US mid and small caps on a year-to-date basis.

Following the Federal Reserve's June meeting, their tone shifted to be more hawkish than before. While they have long had a fairly hawkish stance in their fight against inflation, some recent language shifts appeared to begin to tone that down. Also, the market had been expecting a significant pivot in terms of policy and the Fed to be able to move into an easing stance and begin rate cuts later this year or early next. However, the Fed has made a seemingly concerted effort to change those expectations by alluding to multiple more rate hikes this year, and that they were a couple of years away from cutting rates. Despite the shift in language and tone, the market still believes better probabilities lie in rate cuts in the first half of next year.

While the market still expects rate cuts, the Fed's language did shift yields upward in the short-to-intermediate section of the yield curve. The upward shift in yields put pressure on bond prices, where the Bloomberg US Aggregate fell 0.36% in June, putting its year-to-date gains at 2.09%.

Source: Helios Quantitative Research, Bloomberg

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Equity Markets	MTD	YTD	1 Year	3 Year	5 Year	10 Year
S&P 500	6.61%	16.88%	19.56%	14.58%	12.28%	12.84%
Russell Midcap	8.34%	9.00%	14.90%	12.48%	8.44%	10.30%
Russell 2000	8.13%	8.06%	12.27%	10.79%	4.17%	8.23%
MSCI ACWI	5.81%	13.93%	16.53%	10.99%	8.10%	8.75%
MSCI EAFE	4.55%	11.67%	18.77%	8.93%	4.39%	5.41%
MSCI Emerging Markets	3.80%	4.89%	1.75%	2.32%	0.93%	2.95%
Fixed Income Markets						
Bloomberg US Aggregate	-0.36%	2.09%	-0.94%	-3.96%	0.77%	1.52%
Bloomberg US Treasury	-0.75%	1.59%	-2.13%	-4.80%	0.44%	0.96%
Bloomberg US Corporate	0.41%	3.21%	1.55%	-3.44%	1.76%	2.63%
Bloomberg US MBS	-0.43%	1.87%	-1.52%	-3.73%	0.03%	1.13%
Bloomberg Municipal	1.00%	2.67%	3.19%	-0.58%	1.84%	2.68%
Bloomberg US Corporate High Yield	1.67%	5.38%	9.06%	3.13%	3.35%	4.43%
Bloomberg Global Aggregate	-0.01%	1.43%	-1.32%	-4.96%	-1.08%	0.20%
Alternative Markets						
HFRX Global Hedge Fund*	0.62%	0.49%	1.17%	2.45%	1.68%	1.50%
Dow Jones US Real Estate	5.76%	3.99%	-2.70%	5.90%	4.52%	6.54%
Bloomberg Commodity	3.59%	-10.04%	-13.30%	16.02%	3.03%	-2.02%

** Through June 29, 2023*

MARKET HIGHLIGHTS

- Within the United States equity markets, mid and small cap companies led the way in June, outperforming the larger S&P 500. On a year-to-date basis, through the first half of the year, the S&P 500 is still comfortably in the lead.
- International equities relatively underperformed, though were still solidly up with the MSCI EAFE up 4.55% and MSCI Emerging Markets up 3.80% on a total return basis.
- Aggregate bonds slipped, falling 0.36% in June after feeling some pressure from the yield curve. Treasuries lagged, falling 0.75%, though the decline was partially offset by strength in corporate bonds.
- Real Estate also did well, gaining 5.76% and climbing out of the red YTD. Commodities also gained significantly, though remains deeply negative so far this year.

Source: Helios Quantitative Research, Bloomberg
Total returns as of the report date unless otherwise noted. Returns over 1 year are annualized. Indices are unmanaged and cannot be invested into directly. The returns do not reflect fees, sales charges, or expenses and don't reflect any particular investment. Past performance is not indicative of future results.

Market Overview

EQUITY SECTOR PERFORMANCE

Ranked S&P 500 Sector Total Returns

SECTOR	JUN
Consumer Discretionary	12.07%
Industrials	11.29%
Materials	11.05%
Financials	6.69%
Energy	6.65%
S&P 500	6.61%
Information Technology	6.59%
Real Estate	5.59%
Health Care	4.36%
Consumer Staples	3.24%
Communication Services	2.58%
Utilities	1.65%

Sector total returns are based on the S&P 500 GICS Level 1 indices.

EQUITY STYLE & SIZE PERFORMANCE

Ranked Style, Size, and Geography Total Returns

ASSET CLASS	JUN
Mid Cap Value	8.67%
Mid Cap Blend	8.34%
Small Cap Growth	8.29%
Small Cap Blend	8.13%
Small Cap Value	7.94%
Mid Cap Growth	7.73%
Large Cap Growth	6.84%
Large Cap Blend	6.75%
Large Cap Value	6.64%
S&P 500	6.61%
Developed International	4.55%
Emerging Markets	3.80%

Asset class total returns are based on the Russell 1000, Russell 1000 Growth, Russell 1000 Value, Russell Midcap, Russell Midcap Growth, Russell Midcap Value, Russell 2000, Russell 2000 Growth, Russell 2000 Value, MSCI EAFE, and MSCI Emerging Markets indices.

CREDIT SECTOR PERFORMANCE

Ranked Fixed Income Sectors Total Returns

SECTOR	JUN
Global High Yield	2.55%
US Corporate High Yield	1.67%
EM Bonds (USD)	1.49%
Municipal	1.00%
US Aggregate 10+ Year	0.57%
US Corporate	0.41%
Global Aggregate	-0.01%
TIPS	-0.34%
US Aggregate	-0.36%
US Aggregate 1-3 Year	-0.40%
US Agency	-0.48%
US Treasury	-0.75%

Sector total returns are based on the Bloomberg US Aggregate, US Treasury, US Treasury Inflation Notes, US Agency, Municipal, US Corporate, US Corporate High Yield, Global Aggregate, Global High Yield, and EM USD Aggregate indices.

Source: Helios Quantitative Research, Bloomberg
Total returns as of the report date unless otherwise noted. Returns over 1 year are annualized. Indices are unmanaged and cannot be invested into directly. The returns do not reflect fees, sales charges, or expenses and don't reflect any particular investment. Past performance is not indicative of future results.
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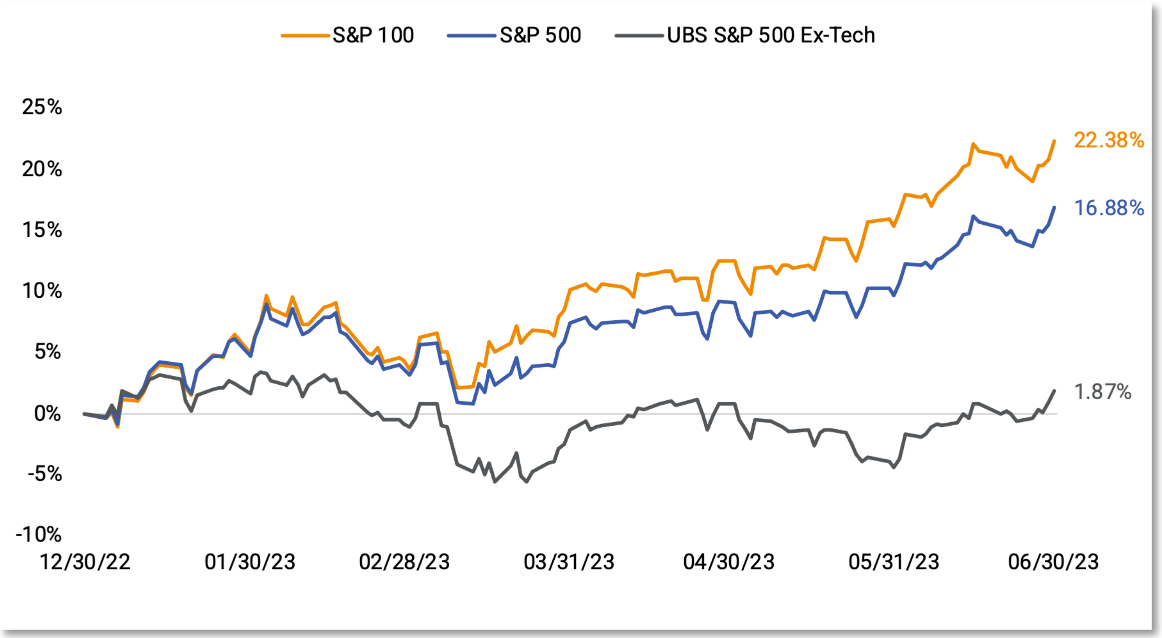
Mega Caps Outpace Rest of Market

WHAT DOES IT MEAN?

- The largest US companies have contributed the majority of the gains within the S&P 500 on a year-to-date basis.
- The 100 largest companies of the S&P 500 have gained over 22% YTD, while the S&P 500 is up almost 17% and the S&P 500 excluding mega cap tech, is up just under 2% so far in 2023.
- Mega cap technology stocks have been insulated from the regional banking turmoil, and further boosted by the recent demand for AI-related items, exemplified by the major surge in the value of Nvidia in late May.

MEGA CAP OUTPACES LARGE CAP YTD

Year-to-date cumulative total return through June 30, 2023



The UBS S&P 500 Ex-Tech basket tracks the performance of the S&P 500 excluding Info Tech, Comm Services, TSLA and AMZN. The stocks mirror the S&P 500 weights and have been reweighted pro-rata.
Source: Helios Quantitative Research, Bloomberg

S&P 500 Year-to-Date Attribution

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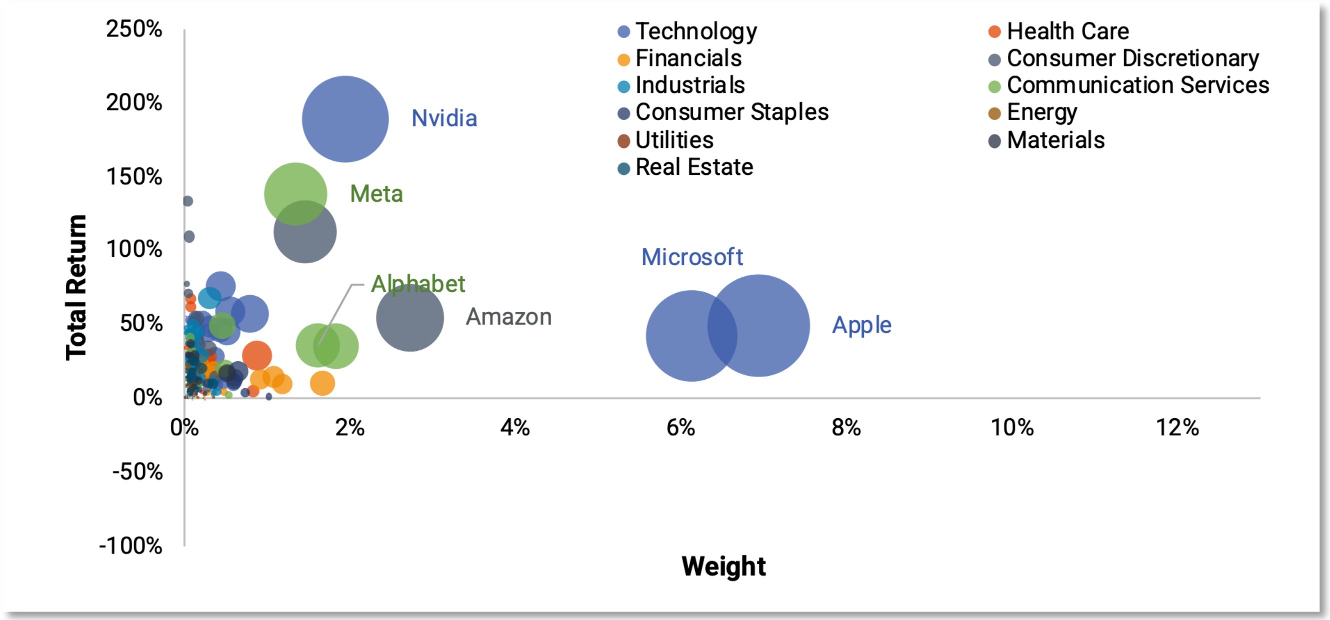
SPDR S&P 500 ETF (SPY) YEAR-TO-DATE ATTRIBUTION BY SECTOR

Size of bubble indicates the contribution to return, year-to-date through June 30, 2023



Source: Helios Quantitative Research, Bloomberg

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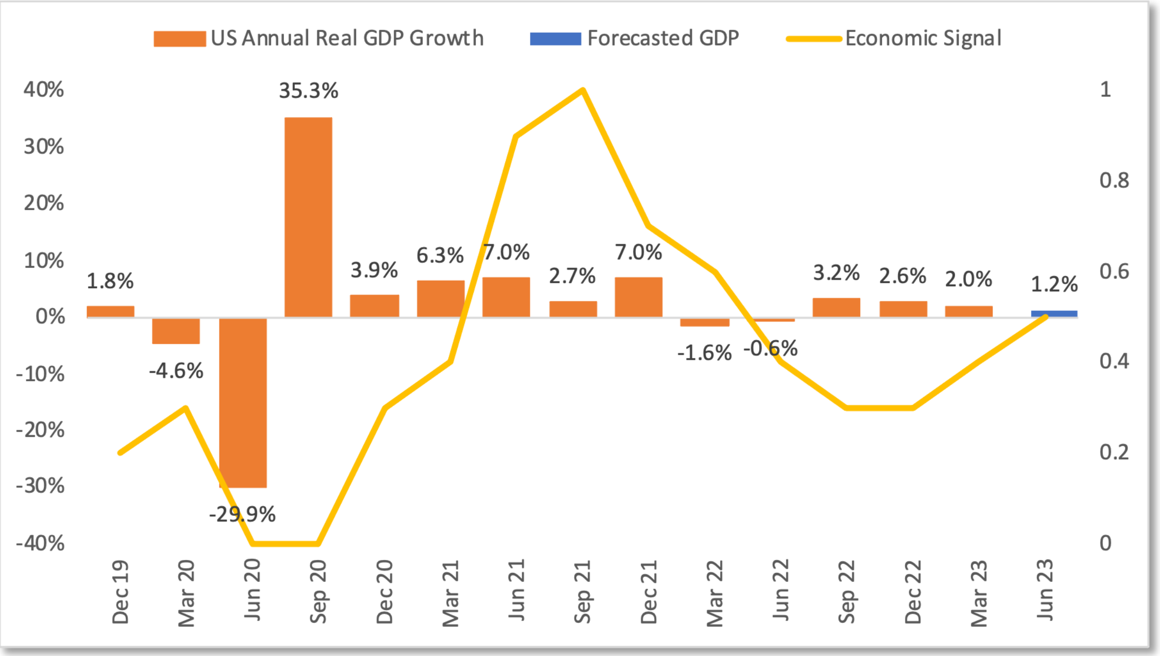
GDP Actuals Signal a Steadying Economy

WHAT DOES IT MEAN?

- Fears of a recession beginning in Q2/Q3 2023 are subsiding with the latest revisions to Q1 2023 data. Expectations for a substantial pullback in GDP have moved from Q2 to Q4 in the latest forecasts.
- As underlying economic data related to jobs has stayed strong and previously troubling data, such as consumer sentiment, has improved, we've seen equity markets maintain their strength through the first half of 2023.
- Concerning economic data persists, despite market growth. The threat of a recession looms but will either be delayed or soft given the current readings.

GDP ACTUALS AND THE HELIOS ECONOMIC ELEMENT

Initial estimates showing the potential for negative GDP in Q2 have been punted



Forecasted GDP is the median estimate according to Bloomberg's survey of economists.
Source: Helios Quantitative Research, Bloomberg, Bureau of Economic Analysis

Fed & Inflation Expectations

MARKET PROBABILITIES OF FED POLICY BY MEETING

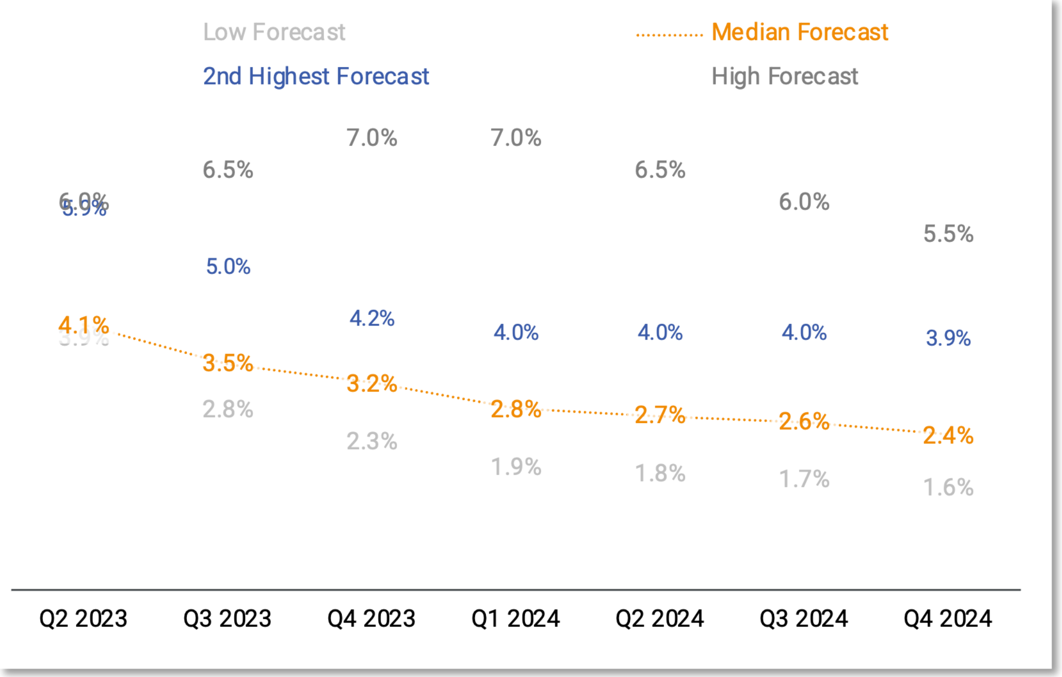
Derived from Fed futures market as of June 30, 2023

	Jul. 26	Sep. 20	Nov. 1	Dec. 13	Jan. 31	Mar. 20
6.00% - 6.25%						
5.75% - 6.00%			5.3%	4.7%	2.9%	1.5%
5.50% - 5.75%		20.8%	33.2%	29.7%	20.4%	11.7%
5.25% - 5.50%	**86.8%**	**69.1%**	**54.0%**	**51.4%**	**43.4%**	31.9%
5.00% - 5.25%	13.2%	10.0%	7.5%	13.2%	27.4%	**35.4%**
4.75% - 5.00%				0.9%	5.5%	16.5%
4.50% - 4.75%					0.3%	2.9%
4.25% - 4.50%						0.2%
4.00% - 4.25%						
3.75% - 4.00%						
3.50% - 3.75%						
3.25% - 3.50%						

Meeting Date

CONSUMER PRICE INDEX EXPECTATIONS

Economists surveyed by Bloomberg, latest as of June 30, 2023



Probabilities may not sum to 100% due to rounding.
Source: Helios Quantitative Research, Bloomberg, CME FedWatch Tool

Recession Monitor

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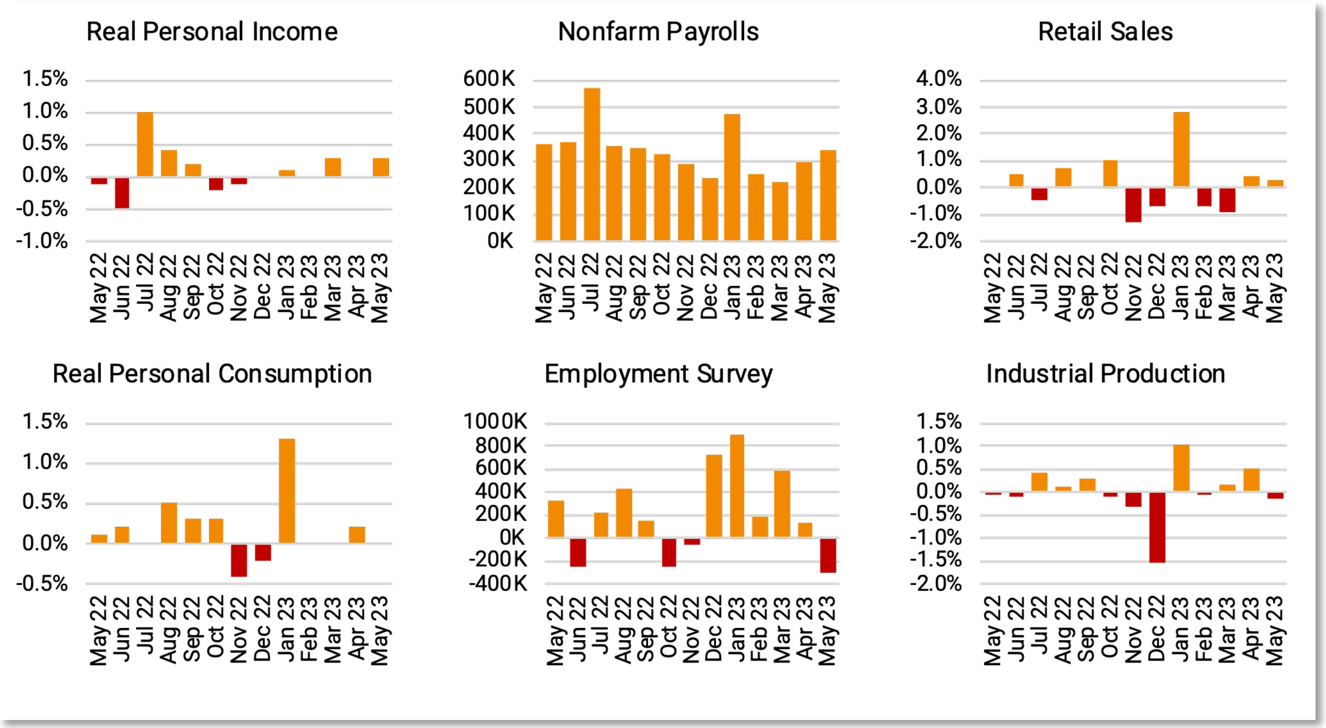
WHAT DOES IT MEAN?

- At a high level, the economic data continues to suggest that a recession is not imminent and that the economy remains resilient, even perhaps mildly improving.
- Certainly, risks remain across the economy, particularly with the background of a Federal Reserve with a more aggressive stance towards rate policy.
- Payrolls have improved in each of the last three months, along with other signs of consumer resilience in retail sales and personal income.

KEY COMPONENTS THE NBER EVALUATES

Monthly changes, May 2021 to May 2023



Note: Employment Survey is the monthly change in the size of the civilian labor force from the Bureau of Labor Statistics Current Population Survey.

Source: Helios Quantitative Research, Bloomberg, Bureau of Economic Analysis, Bureau of Labor Statistics, Census Bureau, Federal Reserve

Active Canaries

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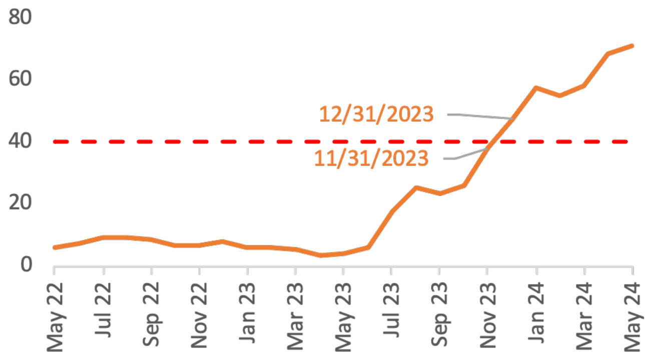
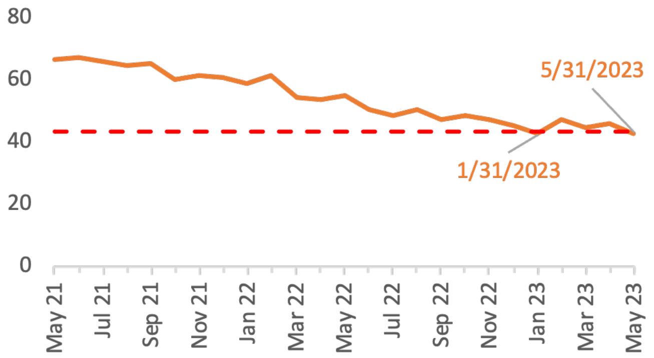
WHAT DOES IT MEAN?

- When the New York Fed's recession probability surpasses 40%, recessions have occurred.
- Recessions have occurred when the ISM Manufacturing New Orders Index has dropped below 43.5. Above 50 indicates an expansion, while below 50 indicates a contraction.
- When the Conference Boards LEI Index's 6-month annualized change falls below 4% or more, recessions have occurred.
- After a bear market, if the S&P 500 remains above its 10-month moving average for longer than 2 months, it is an indicator of a bull market rally. It surpassed 2 months on May 23rd.

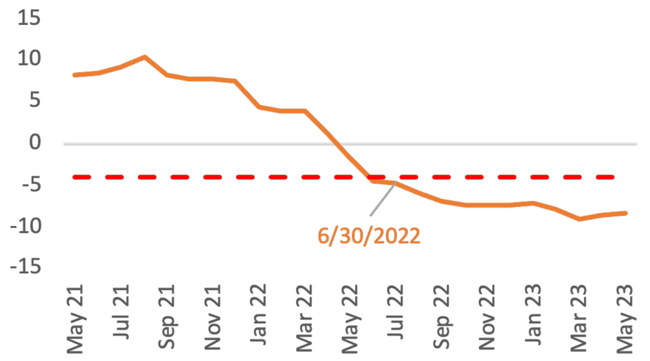
NY FED RECESSION PROBABILITY
One-year forward looking, May 2021 to May 2023



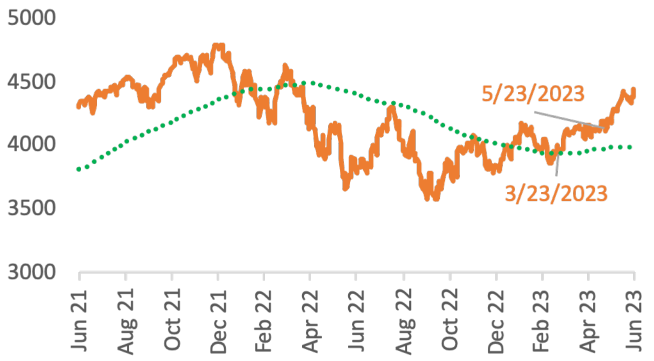
ISM MANUFACTURING INDEX
New Orders Index, May 2021 to May 2023



CB LEI 6-MONTH CHANGE
Leading Economic Indicators, May 2021 to May 2023



S&P 500 VS. 10-MONTH MA
10-Month Moving Average, June 2021 to June 2023



Source: Helios Quantitative Research, Bloomberg, YCharts, Federal Reserve Bank of New York, The Conference Board, Institute of Supply Management

Charts of the Month

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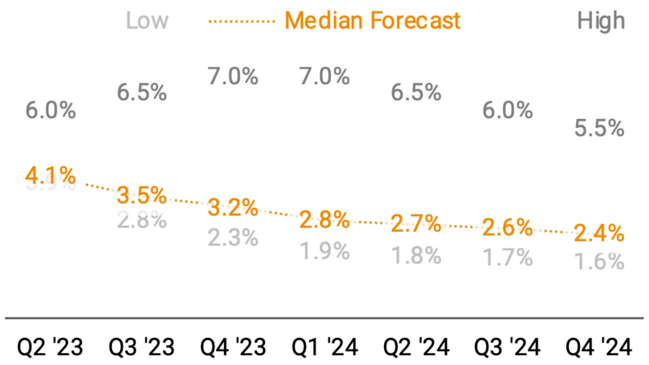
INFLATION EXPECTATIONS

Bloomberg survey of economists, as of June 30, 2023



FED POLICY PROBABILITIES

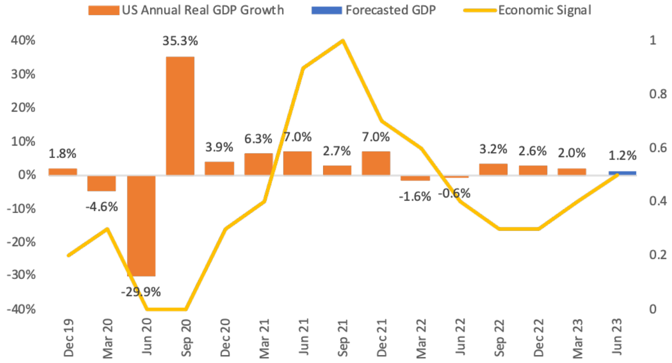
Derived from Fed futures market as of June 30, 2023

	Jul. 26	Sep. 20	Nov. 1	Dec. 13	Jan. 31	Mar. 20
6.00% - 6.25%						
5.75% - 6.00%			5.3%	4.7%	2.9%	1.5%
5.50% - 5.75%		20.8%	33.2%	29.7%	20.4%	11.7%
5.25% - 5.50%	86.8%	69.1%	54.0%	51.4%	43.4%	31.9%
5.00% - 5.25%	13.2%	10.0%	7.5%	13.2%	27.4%	35.4%
4.75% - 5.00%				0.9%	5.5%	16.5%
4.50% - 4.75%					0.3%	2.9%
4.25% - 4.50%						0.2%
4.00% - 4.25%						
3.75% - 4.00%						
3.50% - 3.75%						
3.25% - 3.50%						

Meeting Date

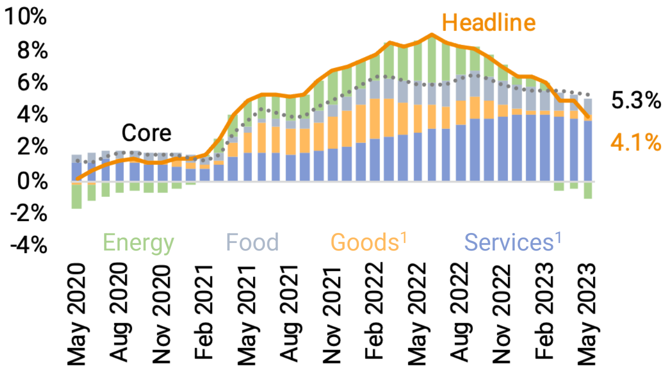
GDP ACTUALS AND THE ECONOMIC ELEMENT

US Real GDP adjusted and the Helios Economic Element



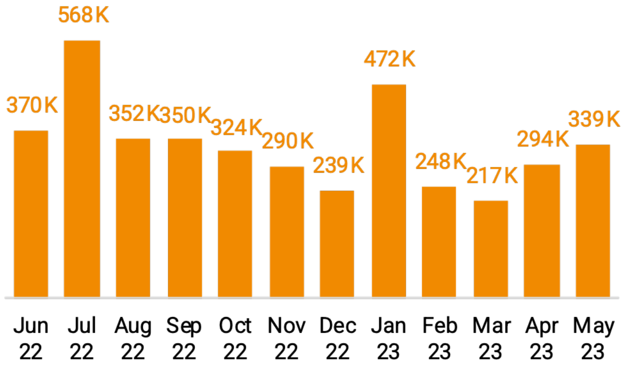
INFLATION IMPROVES

Year-over-year CPI, May 2020 to May 2023



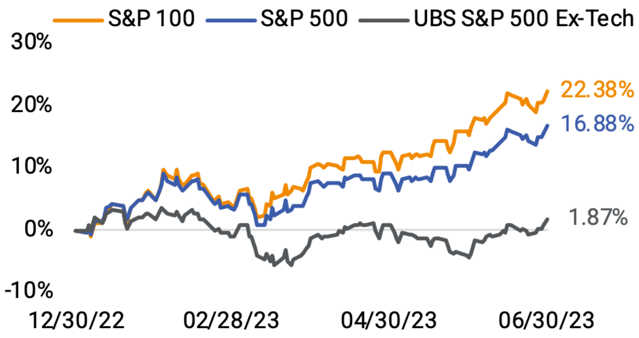
JOB GAINS ACCELERATE

US nonfarm payrolls, June 2022 to May 2023



MEGA CAP OUTPACES LARGE CAP YTD[2]

Year-to-date cumulative total return until June 30, 2023



1. Excludes food and energy
2. The UBS S&P 500 Ex-Tech basket tracks the performance of the S&P 500 excluding Info Tech, Comm Services, TSLA and AMZN. The stocks mirror the S&P 500 weight and have been reweighted pro-rata.

Source: Helios Quantitative Research, Bloomberg, Bureau of Labor Statistics, CME FedWatch Tool, Bureau of Economic Analysis

Ecosystem

Tr	Vol	Eco	Con
Trend	Volatility	Economic	Contrarian

Fi	Eq
Fixed Income	Equities

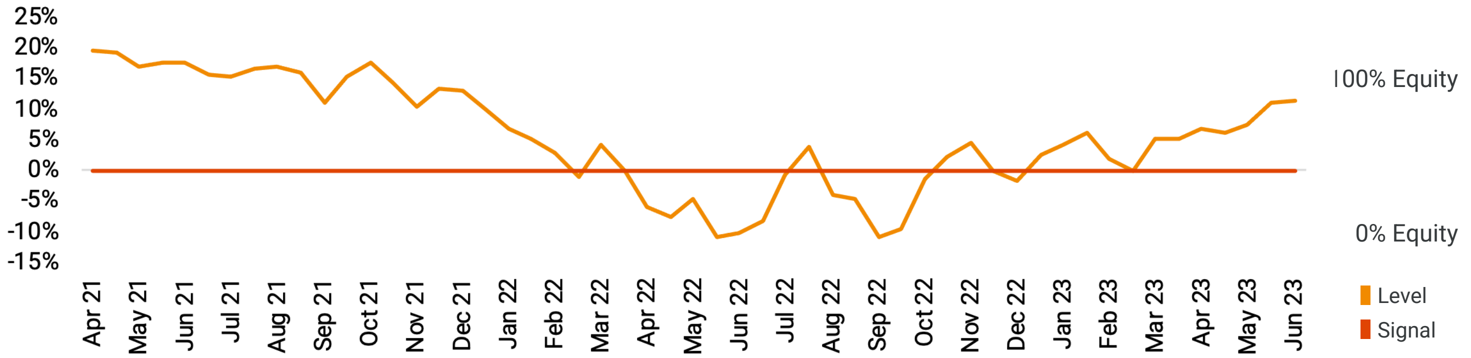
Trend Level Element

TRADE RATIONALE

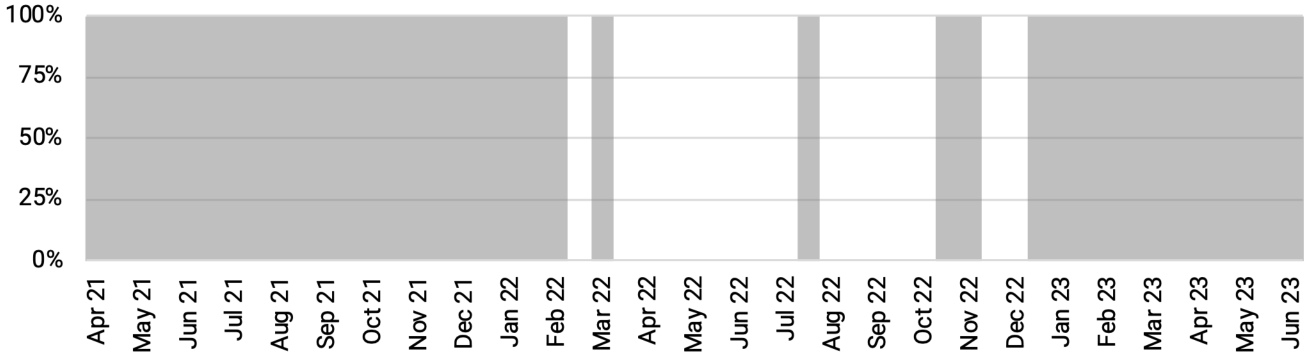
The Trend Element remains positive. The S&P 500 surged higher in June, maintaining and furthering the positive trends in equity markets throughout most of 2023 thus far. The glimmers of optimism that appeared earlier this year appear to have been sustained through the first half, despite a rocky end to the first quarter with bouts of banking concerns. Part of this may be due to hopes of productivity gains amid an artificial intelligence wave while improving economic data - although still mixed - has helped the equity market shrug of the Federal Reserve's increasingly hawkish messaging.

Tr
Trend

SIGNAL



HISTORICAL EXPOSURE



Source: Helios Quantitative Research, Bloomberg

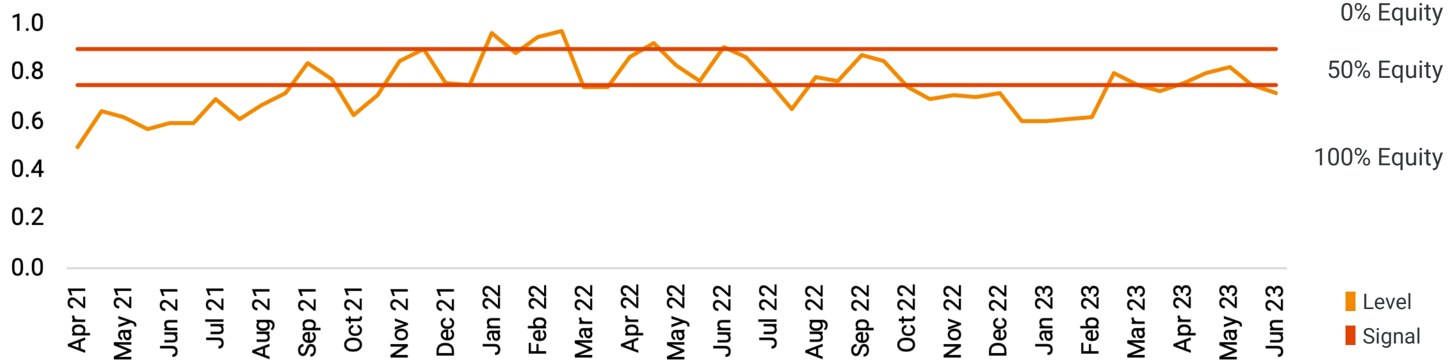
Volatility Level Element

TRADE RATIONALE

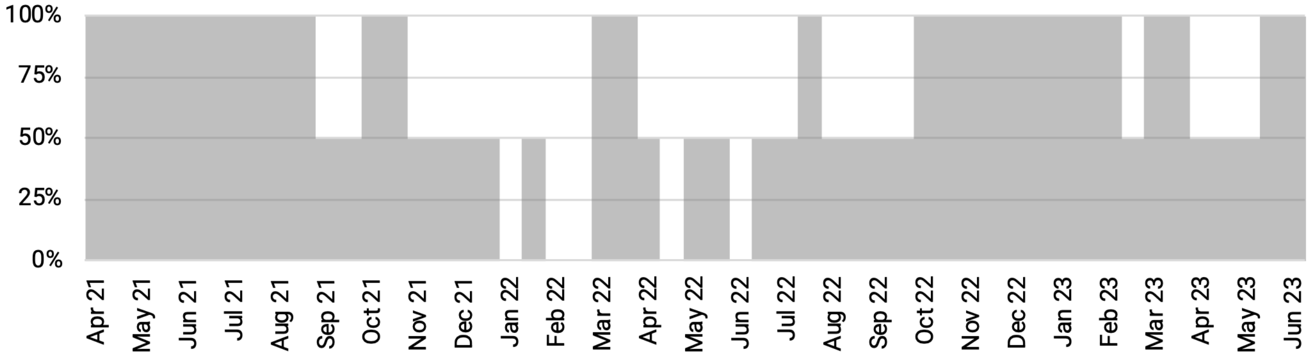
The Volatility Element maintains its positive stance on equities. The recent rally in equity markets has pushed down short-term volatility expectations, which are down to half the levels seen in mid-March. However, the health of corporate balance sheets continues to be a concern. Although credit spreads have come down from their recent peaks in March and May, the recent ebbs and flows in investor sentiment continues to be worth keeping an eye on as changes in credit spreads have implications across capital markets. This is especially true as the Federal Reserve attempts to adjust the market's rate expectations.

Vol
Volatility

SIGNAL



HISTORICAL EXPOSURE



Source: Helios Quantitative Research, Bloomberg

Economic Level Element

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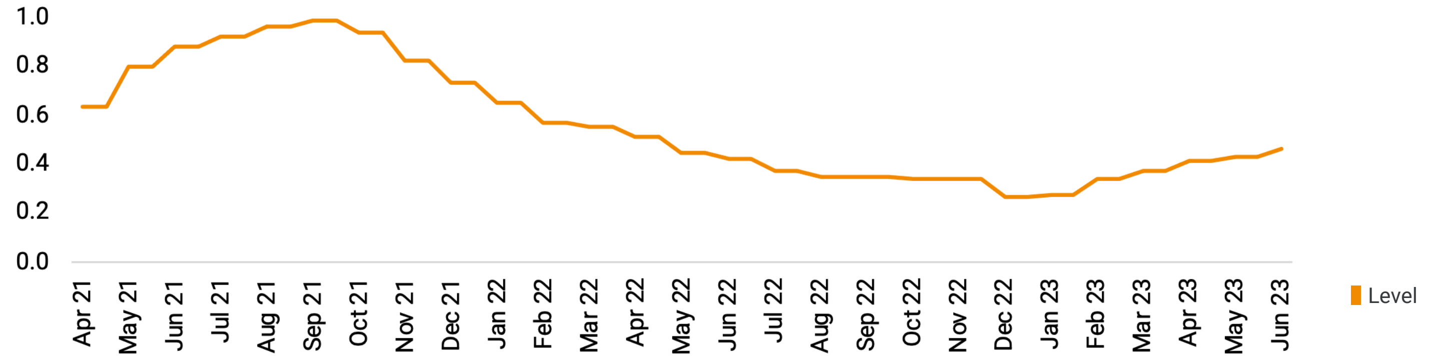
TRADE RATIONALE

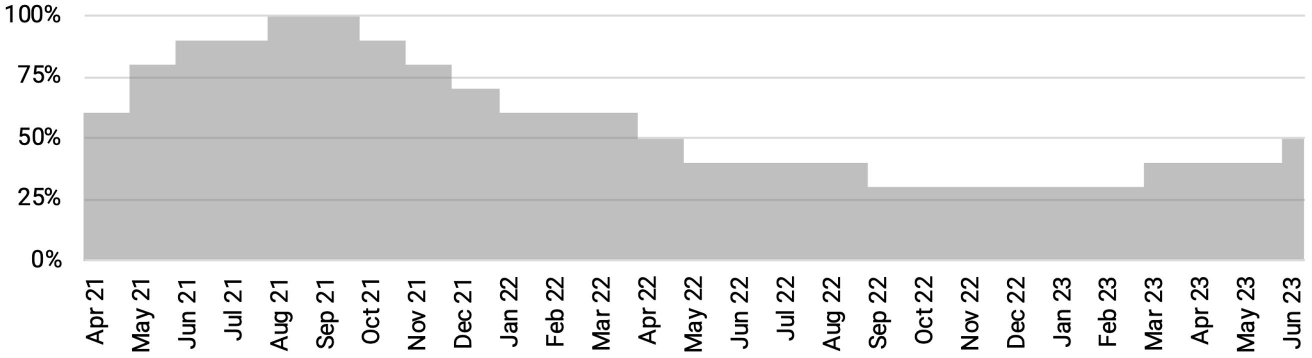
The Economic Element improved to a score of 50, indicating a benchmark weight in equity exposure. The overall economic picture remains mixed, but recent improvements in areas such as consumer sentiment and high-level economic conditions have outweighed continued weakness in services conditions and certain leading indicators, as well as slightly slipping data in overall orders and global output. We remain cautiously optimistic a "soft landing" is ahead of us, but for now the data indicates taking on a benchmark-level of risk between equities and fixed income.

Eco
Economic

SIGNAL



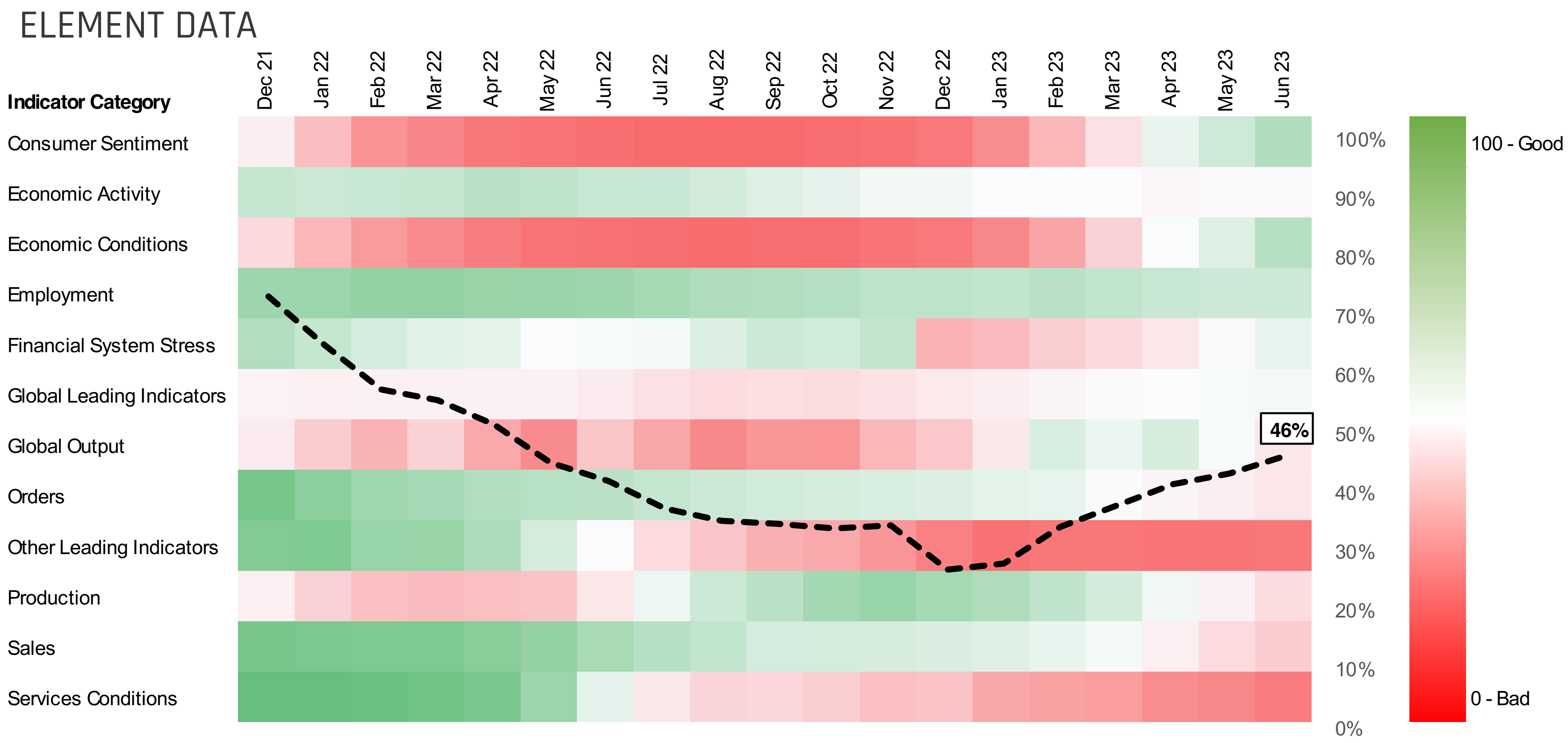
HISTORICAL EXPOSURE



Source: Helios Quantitative Research, Bloomberg

Economic Level Element

Ascent Wealth STRATEGIES



Source: Helios Quantitative Research, Bloomberg
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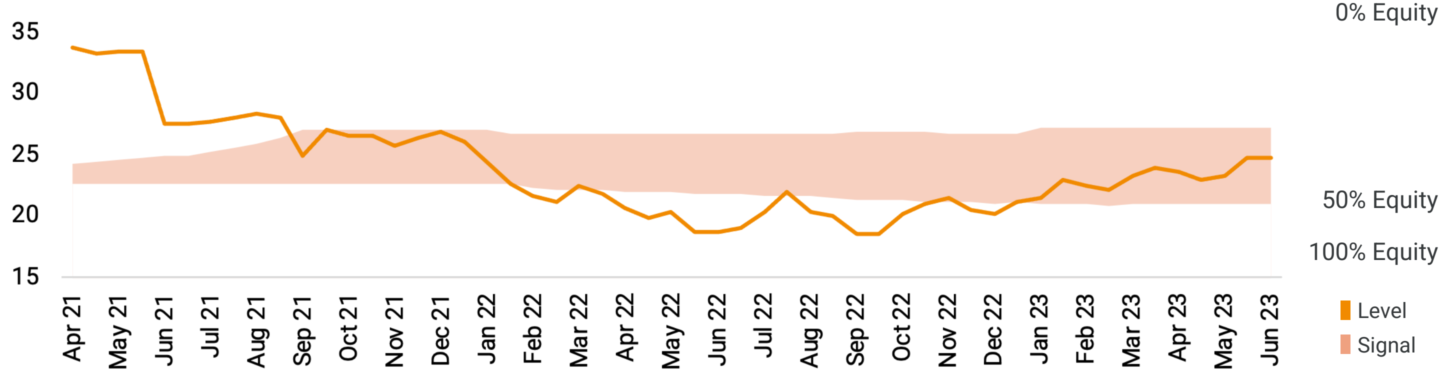
Contrarian Level Element

TRADE RATIONALE

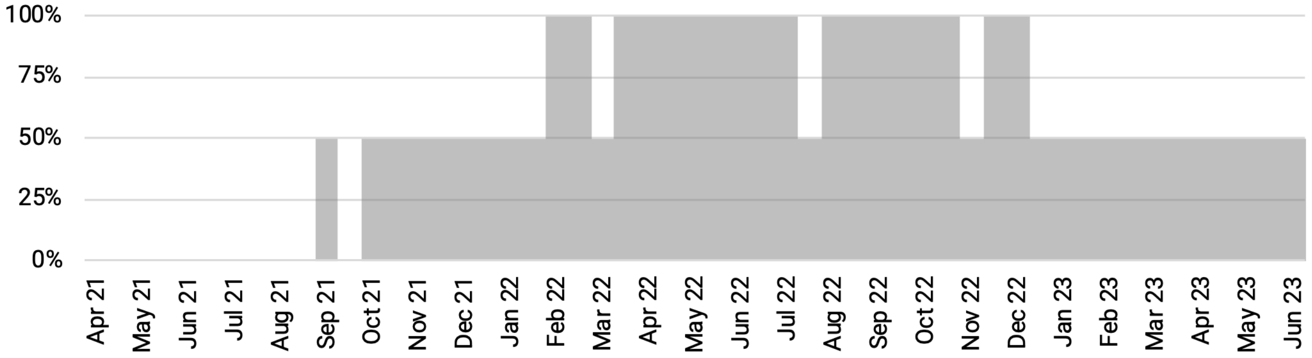
The Contrarian Element maintains a neutral position. The combination of a "good" earnings season and steadily rising equity prices leaves a contrarian-minded investor in a bit of a no man's land. Prices are too high to be an attractive buying opportunity, and valuations aren't high enough to say the market is overvalued. Therefore, this element will maintain a benchmark weight in equity exposure until a buying or selling opportunity becomes apparent.

Con
Contrarian

SIGNAL



HISTORICAL EXPOSURE



Source: Helios Quantitative Research, Bloomberg

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