

INVESTMENT COMMITTEE HOUSE VIEWS

3.1.2023

Macroeconomic Environment

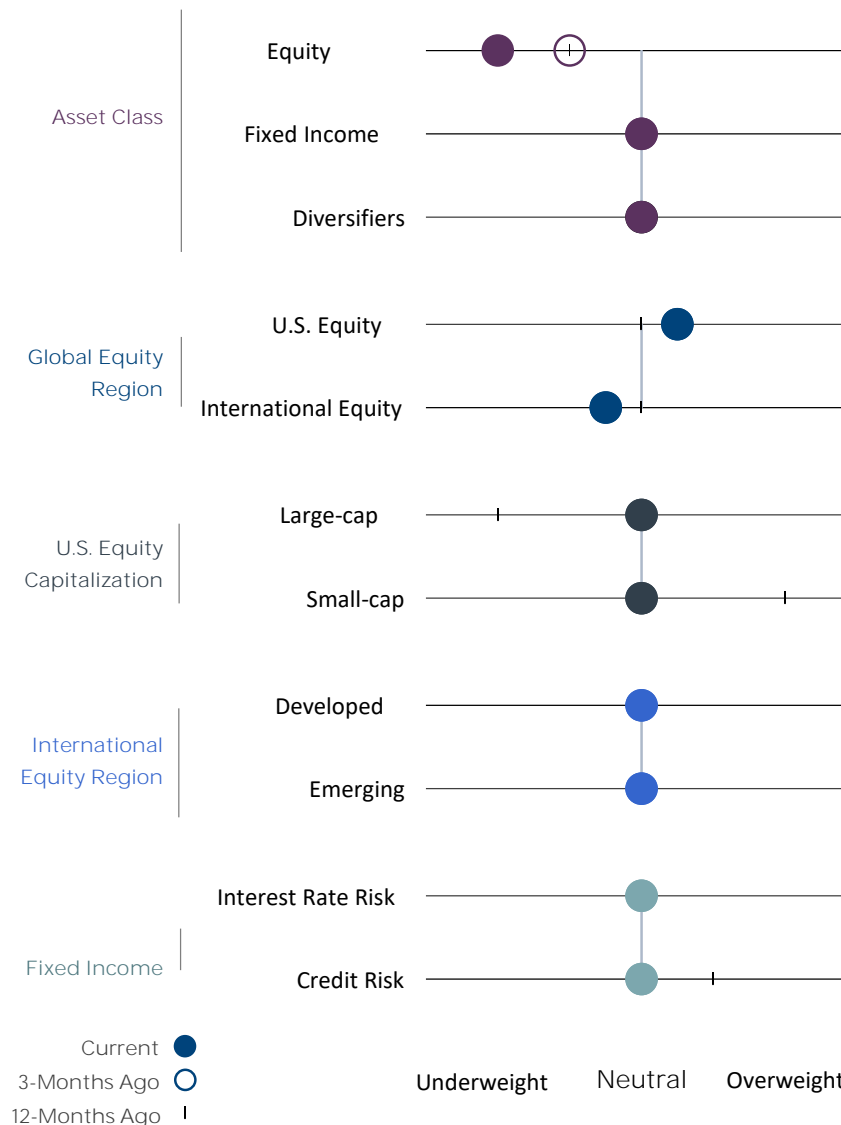
U.S. Equity Valuations	Fluctuating with volatile yield curve and corporate earnings uncertainty
Corporate Earnings	Analyst estimates for 2023 continue to soften
Policy Backdrop	Data dependent, but concerns are increasing surrounding the quality of the official data
Consumer Sentiment	Gradually improving but well below long-term average
Volatility	Heightened as investors increase peak Fed Funds rate expectations

Market Outlook

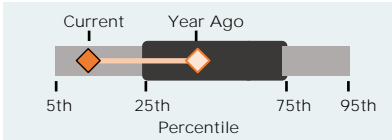
Slowly turning more constructive as the recent market pullback associated with rising yields more appropriately discounts the wider range of potential forward outcomes
Likely range-bound with elevated volatility until the forward path for economic activity and corporate earnings begins to clear
Political polarization will create an intense debt-ceiling debate, providing financial media with more anxiety-inducing headline material

Positioning Themes

Asset Class	Defensively positioned but evaluating increasingly attractive opportunities
U.S. Equity	Maintaining a slightly lower overall beta with a modest value tilt in large-cap stocks and a quality growth tilt in small-cap stocks
Int'l Equity	Evaluating options to possibly eliminate underweight exposure and further reduce our growth tilt for a more balanced position
Fixed Income	Short-term, quality bond positions provide flexibility to capitalize on market volatility
Alternatives	Cautious as risks are rising; may present targeted opportunities

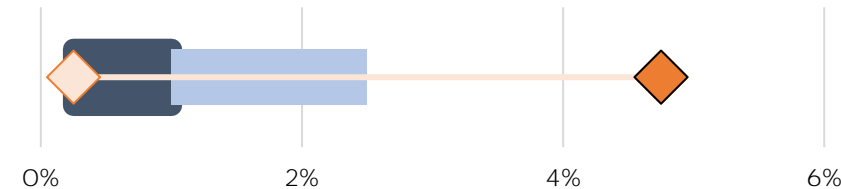


KEY INDICATORS 3.1.2023



Policy Environment

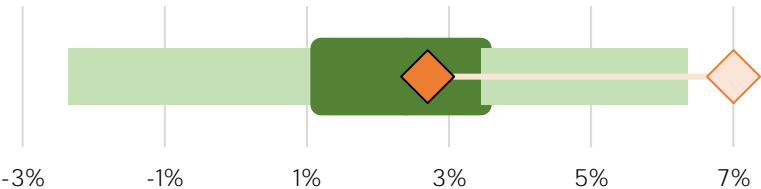
Fed Funds Rate



The Fed intends to maintain rates 'higher for longer'; market expectations are now reconciling with the Fed's messaging.

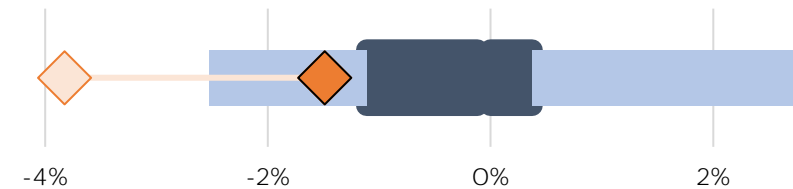
Economic Fundamentals

Real GDP Growth



Real GDP continues to lose steam.

Fiscal Policy GDP Impact



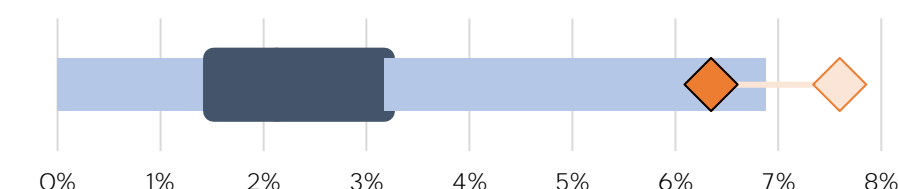
Rising interest expense, inflation-indexed expenses, and a polarized political environment likely to limit fiscal policy support.

Employment/Population, 25-54



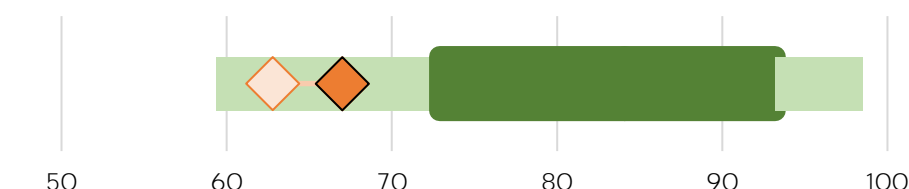
Official survey statistics remain near all-time highs, but evidence of weaker underlying conditions is mounting.

Inflation (CPI-U, YoY%)



Base effects should continue to support falling inflation but wage inflation may slow the YoY decline.

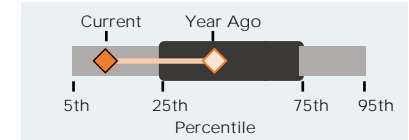
Consumer Sentiment



Sentiment has improved modestly, but remains well below longer-term averages.

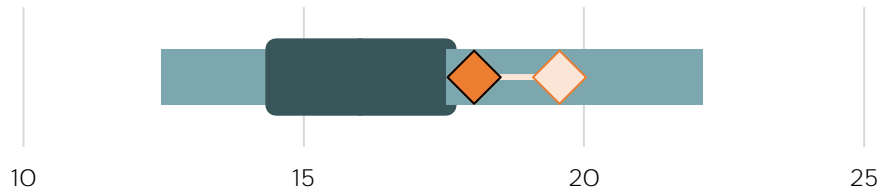


KEY INDICATORS 3.1.2023



Valuations

U.S. Price/Earnings (Forward)

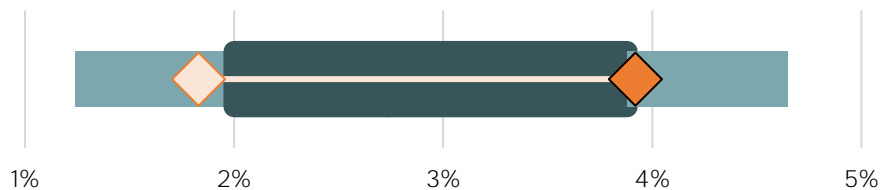


The recent market pullback has lowered valuations as investors attempt to reconcile economic and earnings uncertainty.

International Price/Earnings (Forward)



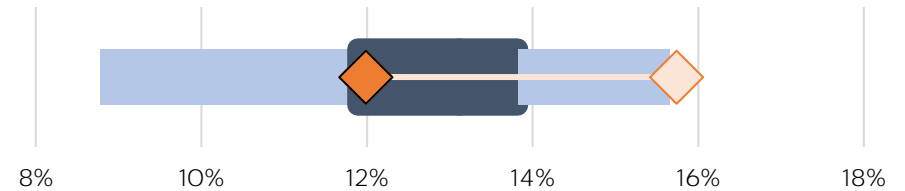
10-year Treasury Yield



With another round of strong jobs data, yields returned to their late 2022 highs.

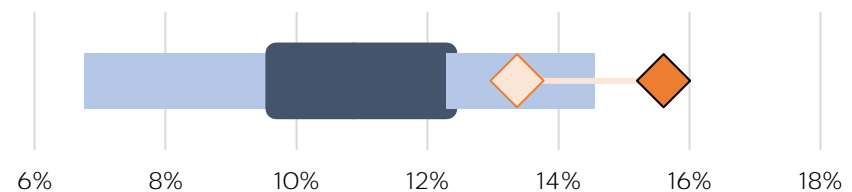
Financial Conditions

U.S. Operating Margins

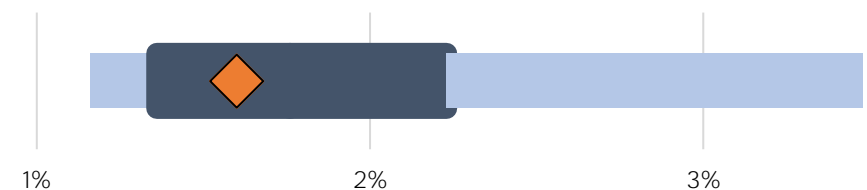


While revenues are rising, earnings have been falling with margins suffering from higher input costs.

International Operating Margins



Credit Spreads



IMPORTANT INFORMATION

Disclaimer

The portfolio positioning guidelines described represent the baseline views of the CAPTRUST Investment Committee. Fulfillment within specific portfolios may vary depending upon operational differences, client circumstances, or other factors. Opinions expressed are subject to change without notice. This is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. This presentation is for informational purposes only. CAPTRUST does not render legal, tax or, accounting advice. This information has been compiled using data from sources believed to be reliable but cannot be guaranteed to be accurate or complete.

Data Sources

Page 1: CAPTRUST Investment Committee

		From:	To:
Page 2:	Fed Funds Rate	Jan 2009	Feb 2023
	Fiscal Policy GDP Impact	Apr 2003	Jan 2023
	Inflation (CPI-U, YoY%)	Feb 2003	Jan 2023
	Real GDP Growth	Q2-2003	Q4-2022
	Employment/Population, 25-54	Feb 2003	Jan 2023
	Consumer Sentiment	Feb 2003	Feb 2023
Page 3:	U.S. Price/Earnings (Forward)	Feb 2003	Feb 2023
	Int'l Price/Earnings (Forward)	Mar 2006	Feb 2023
	10-year Treasury Yield	Feb 2003	Feb 2023
	U.S. Operating Margins	Feb 2003	Feb 2023
	International Operating Margins	Feb 2003	Feb 2023
	Credit Spreads	Feb 2003	Feb 2023

