

INVESTMENT COMMITTEE HOUSE VIEWS

4.1.2023

Macroeconomic Environment

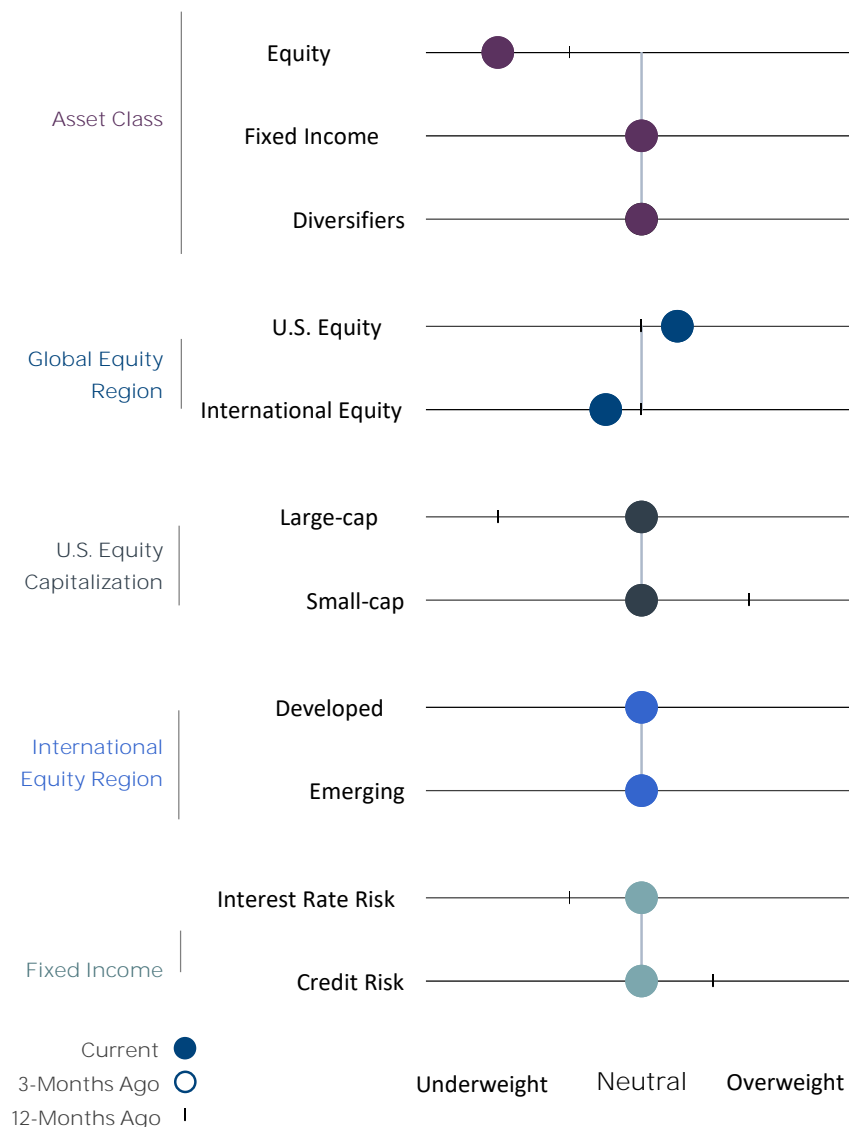
U.S. Equity Valuations	Increasing dispersion with market rotation elevating mega-cap growth valuations
Corporate Earnings	2023 estimates are beginning to reflect a slowing economy
Policy Backdrop	Delicate balancing act between fighting inflation pressures and protecting banking system
Consumer Sentiment	A step down from prior month, still above 2022 lows
Volatility	Modestly elevated aligning with a perceived increasingly fragile financial foundation

Market Outlook

While recent moves in equity markets and bond yields appear to indicate a return of the low-rate, technology-dominated market environment, we remain skeptical
Likely range-bound with elevated volatility until the forward path for economic activity, corporate earnings, and the banking system begins to clear
Political polarization will create an intense debt-ceiling debate, providing financial media with more anxiety-inducing headline material

Positioning Themes

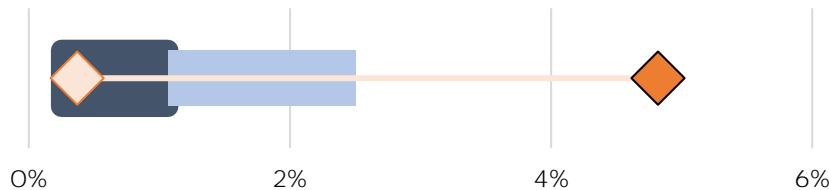
Asset Class	Recent market gains have dulled our interest to add risk back to portfolios
U.S. Equity	Maintaining a slightly lower overall beta with a modest value tilt in large-cap stocks and a quality growth tilt in small-cap stocks
Int'l Equity	Evaluating options to possibly eliminate underweight exposure 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 4.1.2023

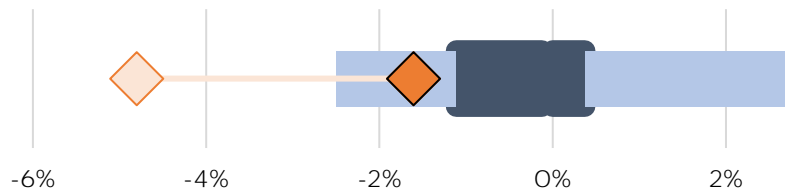
Policy Environment

Fed Funds Rate



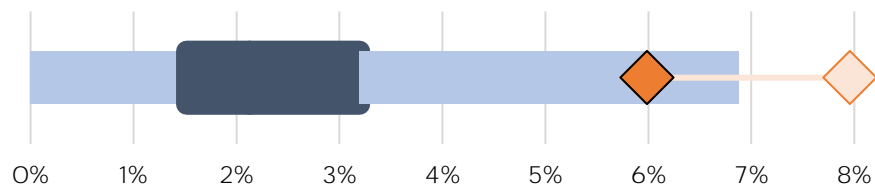
The Fed may soon pause on rate hikes to assess the impact of its policy moves and any disruption from recent banking turmoil.

Fiscal Policy GDP Impact



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

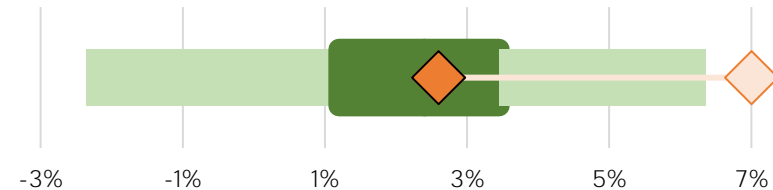
Inflation (CPI-U, YoY%)



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

Economic Fundamentals

Real GDP Growth



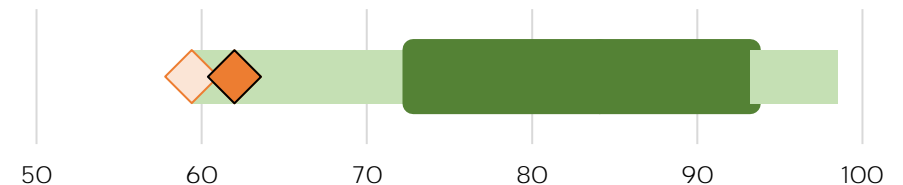
Real GDP growth remains positive due to the strength of the consumer but is losing momentum as businesses cut spending.

Employment/Population, 25-54

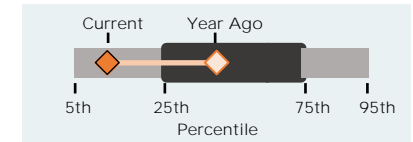


Official survey statistics remain near all-time highs, but evidence of weaker underlying conditions is mounting.

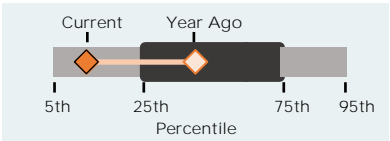
Consumer Sentiment



Sentiment has improved modestly as food and gas prices have come down but remains well below longer-term averages.



KEY INDICATORS 4.1.2023



Valuations

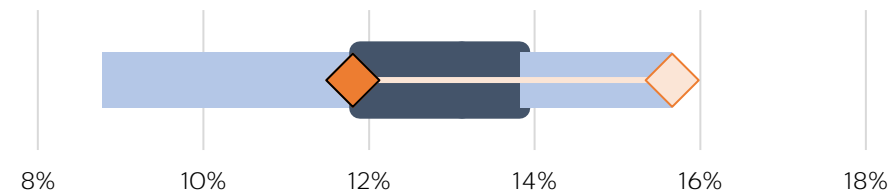
U.S. Price/Earnings (Forward)



The rotation into mega-cap giants has created valuation dispersion. Investors continue to reconcile earnings uncertainty.

Financial Conditions

U.S. Operating Margins

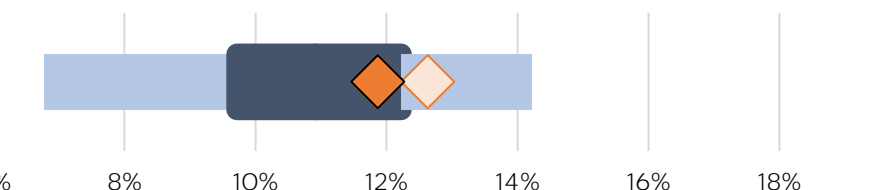


Despite cost-cutting measures, corporate profitability is weakening amid high input costs and reduced overall demand.

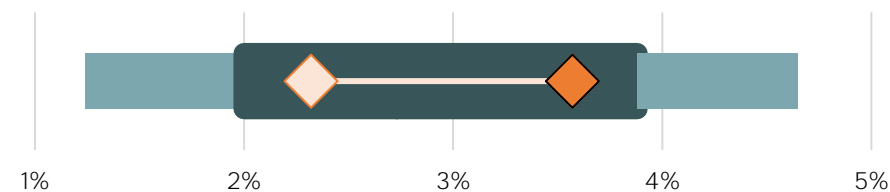
International Price/Earnings (Forward)



International Operating Margins

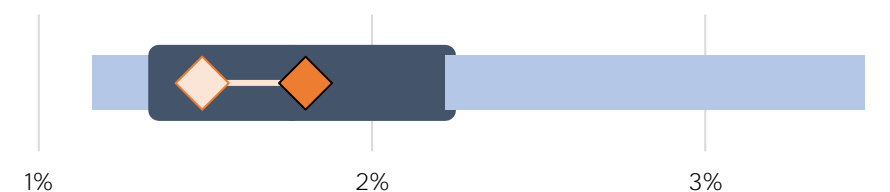


10-year Treasury Yield



Yields have pulled back as investors anticipate a reversal in the Fed's monetary policy.

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

