

INVESTMENT COMMITTEE HOUSE VIEWS

6.15.2023

Macroeconomic Environment

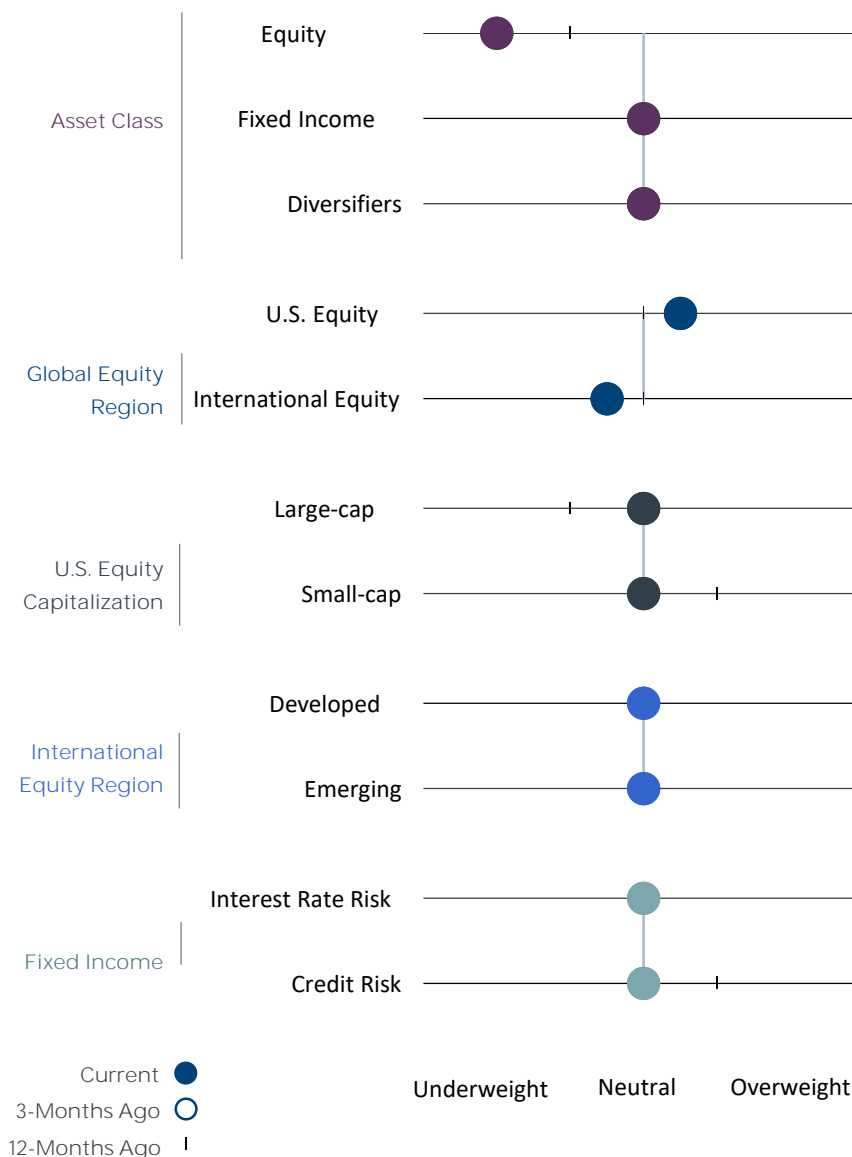
U.S. Equity Valuations	High, but distorted by rising mega-cap growth valuations
Corporate Earnings	Q1 2023 results declined YoY, but exceeded expectations while forward estimates stabilized
Policy Backdrop	Labor market to determine Fed's next move: skip but resume hikes, or pause?
Consumer Sentiment	Improved from 2022 bottom but still near all-time lows
Volatility	Despite continued uncertainty, market-implied volatility remains low

Market Outlook

To date, the Fed has navigated the seemingly impossible task of taming inflation without sending the economy into recession, but the final push gets increasingly difficult
Skeptical the cash-flow giants benefitting from AI excitement can hold the market up should the overall economic picture deteriorate
Trends and technical observations point to continued strength; Fundamentals suggest continued caution

Positioning Themes

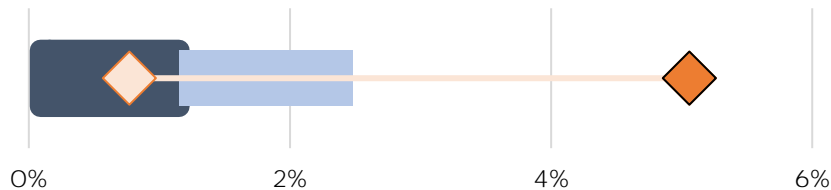
Asset Class	Remaining actively patient, awaiting for economic clarity
U.S. Equity	Maintaining a slightly lower overall beta with increasing exposure to higher quality companies
Int'l Equity	Evaluating options to possibly eliminate underweight exposure and further reduce our growth tilt
Fixed Income	Short-term, quality bond positions provide flexibility to capitalize on market volatility
Alternatives	Cautious as risks are rising; may present targeted opportunities



KEY INDICATORS 6.15.2023

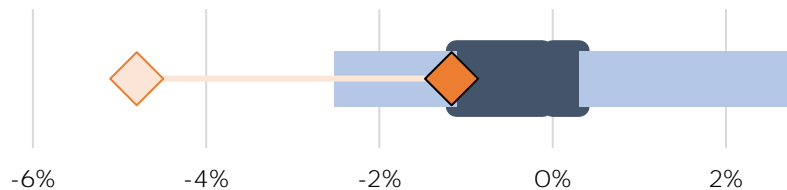
Policy Environment

Fed Funds Rate



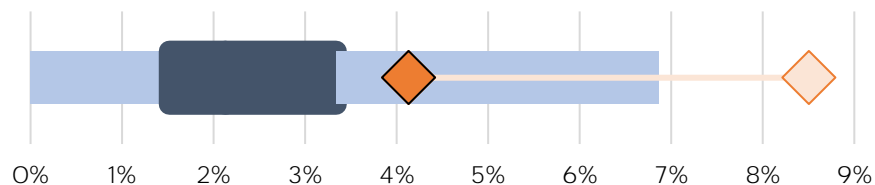
After holding rates steady in June, the question is: Did the Fed skip or pause? And is a pause restrictive enough?

Fiscal Policy GDP Impact



Rising interest expense, inflation-indexed expenses, and a polarized political landscape that's likely to limit policy support.

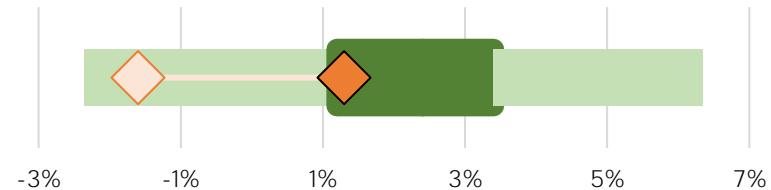
Inflation (CPI-U, YoY%)



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

Economic Fundamentals

Real GDP Growth



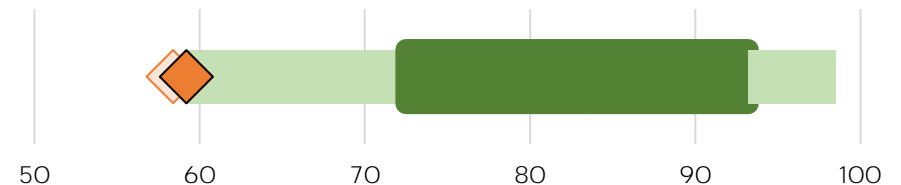
Real GDP growth has weakened as businesses cut spending, yet remains positive due to the strength of the consumer.

Employment/Population, 25-54

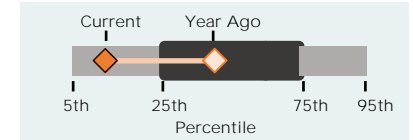


Official survey statistics remain near all-time highs, but evidence of weaker underlying conditions is mounting.

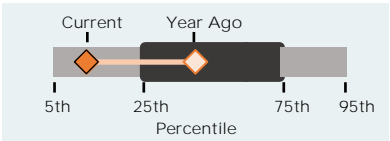
Consumer Sentiment



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

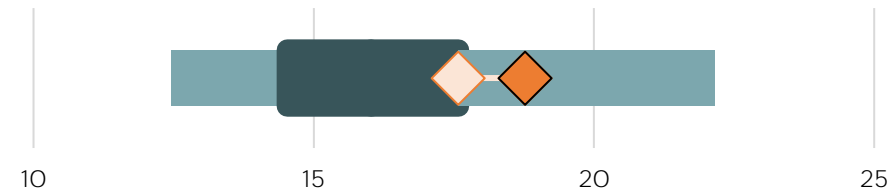


KEY INDICATORS 6.15.2023



Valuations

U.S. Price/Earnings (Forward)

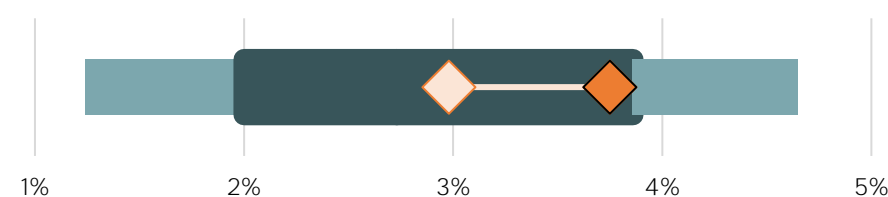


Investors must reconcile earnings with elevated valuations and increasing dispersion amid a rotation into tech giants.

International Price/Earnings (Forward)



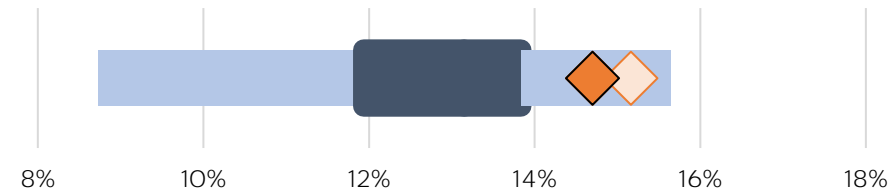
10-year Treasury Yield



Market expectations have reconciled with Fed expectations, shifting the yield curve higher.

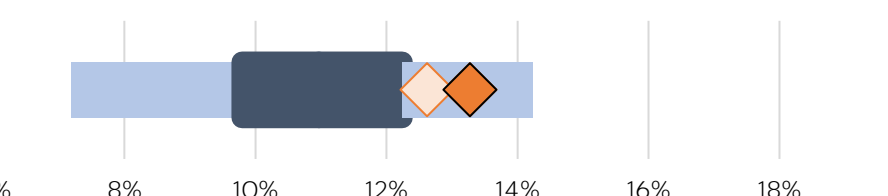
Financial Conditions

U.S. Operating Margins

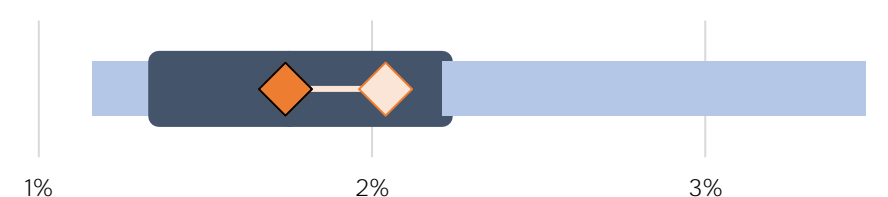


Despite cost-cutting measures, corporate profitability is weakening amid high input costs and gradually waning demand.

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	Federal Funds Effective Rate, Board of Governors of the Federal Reserve System (US), retrieved from FRED, Federal Reserve Bank of St. Louis	Jan 2009 May 2023
	Fiscal Policy GDP Impact	Hutchins Center Fiscal Impact Measure, The Brookings Institution	Jul 2003 Apr 2023
	Inflation (CPI-U, YoY%)	Consumer Price Index for All Urban Consumers: All Items in U.S. City Average, U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis	May 2003 May 2023
	Real GDP Growth	Real Gross Domestic Product, U.S. Bureau of Economic Analysis, retrieved from FRED, Federal Reserve Bank of St. Louis	Q3-2003 Q1-2023
	Employment/Population, 25-54	Employment-Population Ratio - 25-54 Yrs., U.S. Bureau of Labor Statistics, retrieved from FRED, Federal Reserve Bank of St. Louis	May 2003 May 2023
	Consumer Sentiment	University of Michigan: Consumer Sentiment, University of Michigan, retrieved from FRED, Federal Reserve Bank of St. Louis	May 2003 May 2023
Page 3:	U.S. Price/Earnings (Forward)	Evaluating options to possibly eliminate underweight exposure and further reduce our growth tilt for a more balanced position	Jun 2003 May 2023
	Int'l Price/Earnings (Forward)	Bloomberg, MSCI ACWI ex-U.S. Forward PE Ratio, monthly	Mar 2006 May 2023
	10-year Treasury Yield	Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis, Board of Governors of the Federal Reserve System (U.S.), retrieved from FRED, Federal Reserve Bank of St. Louis	May 2003 May 2023
	U.S. Operating Margins	Bloomberg, S&P 500 Operating Margin(Qtr), monthly	Jun 2003 May 2023
	International Operating Margins	Bloomberg, MSCI ACWI Ex U.S. Operating Margins, monthly	Jun 2003 May 2023
	Credit Spreads	ICE BofA BBB US Corporate Index Option-Adjusted Spread, Ice Data Indices, LLC, retrieved from FRED, Federal Reserve Bank of St. Louis	May 2003 May 2023

