Entrust FINANCIAL LLC®

FOR A BETTER EXPERIENCE.

Entrust Financial LLC® Market Commentary – Third Quarter, 2021

Where We Are

The final week of September brought not only a change in season but also a change in sentiment. Additional stimulus measures, strong corporate earnings and well-received news from the Federal Reserve contributed to positive momentum through the early summer months. However, global capital markets ultimately disappointed in the third quarter, leaving some investors feeling unsettled following previously impressive returns. The mixed results of the quarter serve as a good reminder that the trajectory of capital market performance is rarely a straight line.

Highlights from the third quarter include:

- **U.S. equities made modest returns in Q3,** rising less than 1%, as recent all-time highs were dampened by September's pullback.
- **Led primarily by bank stocks the financial sector had the most impressive returns—**amid the prospect of higher interest rates and the improving economic landscape.
- **Surprisingly, shipping companies like FedEx and UPS experienced double-digit declines** following a year of unprecented demand.
- **Unemployment fell to 5.2% during August,** a COVID-era low, as businesses continue to reopen. Consumer spending also rose modestly.
- **Bond market returns were mixed** as a result of inflation concerns at home and abroad.

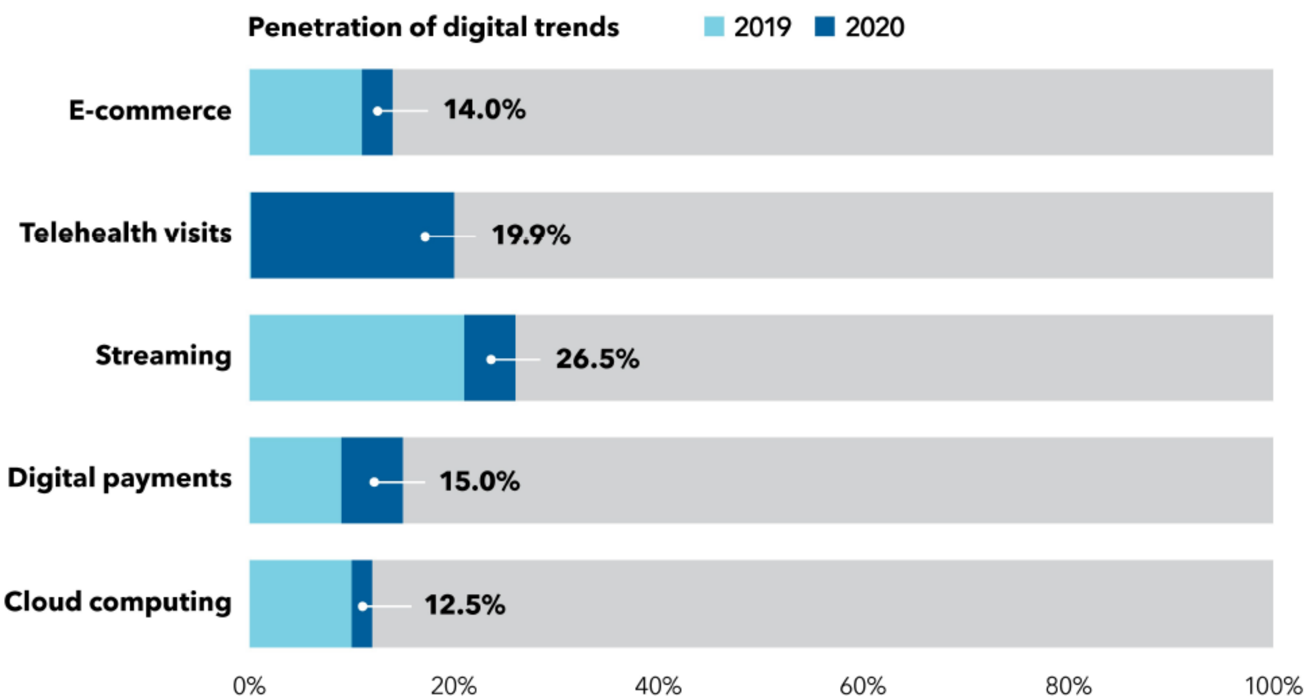
Where We are Going

Though uncertainty abounds, economic recovery continues in a decidedly positive direction. Concerns about the pervasive Delta variant are top of mind for many as we head into the winter months. While Delta's full impact on the economy remains to be seen, many parts of the country are experiencing steady declines in rates of infection and hospitalization. And as we have mentioned before, a healthy population is critical to a healthy economy.

Not surprisingly, the pandemic has changed the way we live, work and play. Former window shoppers now buy online, employees accustomed to collaborating in a conference room now video chat from the comfort and safety of their homes, and parents who used to wait in line at the box office for the latest Disney film now simply usher the kids to the living room on premier night. Therefore, it is easy to feel like the digital revolution has been fully realized, but in reality, far less of our "business as usual" has changed than we might suppose.

The illustration below, from our trusted partners at Capital Group, shows the pervasiveness of several digital trends – you may be surprised! As always, our Entrust advisors welcome your feedback and we look forward to our next conversation together.

The great digital acceleration still has room to run



Sources: E-commerce = % of total U.S. retail sales (U.S. Census Bureau); telehealth visits = % of total primary care visits that were not in-person visits (U.S. Department of Health & Human Services, as of June 2020); streaming = % of time spent watching TV on streaming content (Nielsen, as of 3Q, 2020); digital payments = % of payments made with digital wallets (Statista); cloud computing = % of total IT spend on public cloud computing (Capital Group, IDC).

Following are results for indices of asset classes commonly used to build our Entrust globally diversified portfolios:

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Asset Class Review

	Q3 2021	2021 Year to Date	1 Year Trailing	3 Year Trailing	5 Year Trailing	10 Year Trailing
US Large Cap Equity	0.21%	15.19%	30.96%	16.43%	17.11%	16.76%
US Small Cap Equity	-4.36%	12.41%	47.68%	10.54%	13.45%	14.63%
International Equity	-0.45%	8.35%	25.73%	7.62%	8.81%	8.10%
Emerging Market Equity	-8.09%	-1.25%	18.20%	8.58%	9.23%	6.09%
Global Real Estate	0.12%	17.70%	32.80%	8.36%	5.79%	9.87%
US Corporate Bond	0.00%	-1.27%	1.74%	7.45%	4.61%	4.87%
US Government Bond	0.09%	-2.50%	-3.30%	4.89%	2.23%	2.21%
International Bond	-1.59%	-5.94%	-1.15%	3.17%	1.10%	0.90%

The above chart is for illustrative purposes only and does not attempt to predict actual results of any particular investment. Past performance is no guarantee of future results. It is not possible to invest directly into an index. Source: Morningstar Direct- US Large Cap is represented by the Russell 1000 Index; US Small Cap is represented by the Russell 2000 Index; International is represented by MSCI EAFE Index; Emerging Markets are represented by the MSCI Emerging Markets Index; Global Real Estate is represented by the S&P Global REIT Index; US Corporate Bonds is represented by the Bloomberg Barclays US Corp Bond Index; US Government Bonds is represented by the Bloomberg Barclays Aggregate Bond Treasury Index; International Bonds are represented by the Barclays Global Aggregate Bond ex USD Index. Returns as of 6/30/2021.

Past performance is no guarantee of future results. International investing involves special risks, including but not limited to, the possibility of substantial volatility due to currency fluctuation and political uncertainties. Diversification does not guarantee a profit nor protect against a loss. Large Cap refers to companies with a market capitalization value of more than $10 billion. Large cap is an abbreviation of the term "large market capitalization." Market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share. International investing involves special risks, including, but not limited to, the possibility of substantial volatility due to currency fluctuation and politic al uncertainties. Emerging markets are sought by investors for the prospect of high returns, as they often experience faster economic growth as measured by GDP. Investments in emerging markets come with much greater risk due to political instability, domestic infrastructure problems, currency volatility and limited equity opportunities (many large companies may still be "state-run" or private). Also, local stock exchanges may not offer liquid markets for outside investors. Small cap stocks may be subject to a higher degree of risk than larger, more established companies' securities, including higher risk of failure and higher volatility. The illiquidity of the small-cap market may adversely affect the value of these investments so those shares, when redeemed, may be worth more or less than their original cost. Government bonds are guaranteed by the U.S. Government and if held to maturity, offer a fixed rate of return and fixed principal amount. Guarantee only applies to the timely payment of principal and interest and does not pertain to the portfolio or mutual fund, holding such securities. Values will fluctuate, and upon redemption, share values may be worth more or less than the original investment. Investments in high yield bonds entail higher risks, including greater credit risks. Their NAVs are sensitive to interest rate movements (a rise in interest rates can result in a decline in value of the investment). Upon redemption, share values may be worth more or less than the original investment. Corporate bonds are debt securities issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds. Corporate bonds are considered higher risk than government bonds. As a result, interest rates are almost always higher. Treasury Inflation Protected Securities (TIPS) are a treasury security that is indexed to inflation in order to protect investors from the negative effects of inflation. TIPS are considered an extremely low-risk investment since they are backed by the U.S. government and since their par value rises with inflation, as measured by the Consumer Price Index, while their interest rate remains fixed. The value of the shares of a REIT fund will fluctuate with the value of the underlying assets (real estate properties.) There are special risk factors associated with REITs, such as interest rate risk and the illiquidity of the real estate market. A commodity is a basic good used in commerce that is interchangeable with other commodities of the same type. Commodities are most often used as inputs in the production of other goods or services. The quality of a given commodity may differ slightly, but it is essentially uniform across producers. When they are traded on an exchange, commodities must also meet specified minimum standards, also known as a basis grade. *7/15/2021*