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Entrust Financial LLC® Market Commentary –Fourth Quarter, 2022

Better Dull Than Down

Despite a volatile December, the fourth quarter of 2022 was overwhelmingly positive for the capital markets around the globe. For many investors, results from the quarter helped to mitigate some of the damage done to portfolios earlier in the year as most sectors posted strong gains. The major stories of the year were largely unchanged, with focus remaining on two key issues impacting economies around the globe: Russia's continuing war in Ukraine, and inflation. While the future of the situation in Ukraine remains unknown, recent economic reports indicate that inflation has been decelerating in the U.S. Though not with the speed many would prefer, this progress is an indication that the Federal Reserve's continued commitment to fighting inflation is having a positive impact.

Other highlights from the fourth quarter include:

- U.S. equities strengthened across most sectors, with the S&P 500 index gaining 8% overall
- Inflation decelerated for the sixth straight month, down from 7.1% in November to 6.5% in December as measured by the Consumer Price Index
- The Federal Reserve raised interest rates by a total of 125 basis points in the quarter, for a total of seven increases in 2022
- Energy was the best performing sector, climbing 23% in the quarter led by ExxonMobil and Chevron
- U.S. bond markets recovered following a difficult year, bringing much-anticipated relief to more conservative investors

At the risk of sounding pedantic, as we turn our attention to 2023, Entrust is focused on the possibility of a rather dull year ahead. While in our everyday lives the term "dull" is typically not enticing, it is important to remember that in the world of investing, dull may be a synonym for stability. And isn't a bit of respite from the wild ride that was 2022 what we have been longing for? With slow, but steady, progress being made on economic matters, we believe the year ahead will be primarily a period of the capital markets adjusting to these improved conditions.

As always, our Entrust advisors welcome your feedback and we look forward to our next conversation together.

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

Asset Class Review

	Q4 2022	2022 Year to Date	1 Year Trailing	3 Year Trailing	5 Year Trailing	10 Year Trailing
US Large Cap Equity	7.24%	-19.13%	-19.13%	7.35%	9.13%	12.37%
US Small Cap Equity	6.23%	-20.44%	-20.44%	3.10%	4.13%	9.01%
International Equity	17.34%	-14.43%	-14.43%	0.87%	1.54%	4.67%
Emerging Market Equity	9.70%	-20.09%	-20.09%	-2.69%	-1.40%	1.44%
Global Real Estate	-17.00%	-20.00%	-20.00%	1.43%	3.87%	6.26%
US Corporate Bond	3.63%	-15.76%	-15.76%	-2.88%	0.45%	1.96%
US Government Bond	0.72%	-12.46%	-12.46%	-2.62%	-0.10%	0.58%
International Bond	6.81%	-18.70%	-18.70%	-5.94%	-3.07%	-1.64%

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 12/31/2022.

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