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Entrust Financial LLC® Market Commentary—1st Quarter, 2024

Contrasting narratives

After a robust performance in the capital markets the previous year, the first quarter of 2024 unfolded with contrasting narratives. Global equity markets maintained their momentum from 2023, propelled by strong performance in Developed and Emerging markets. Notably, US large cap stocks approached double-digit returns. Conversely, the US and Global bond markets relinquished some of their gains from 2023, and concluded the quarter with slightly negative returns.

Although inflation has dropped significantly from its peak in 2022, and is gradually moving lower towards the Federal Reserve's long-term target, it does persist. For instance, auto insurance has surged by as much as 22% over the past year! Inflated auto insurance premiums directly impact nearly every American consumer and are a good example of what is holding the Federal Reserve back from starting the process of anticipated interest rate cuts in 2024.

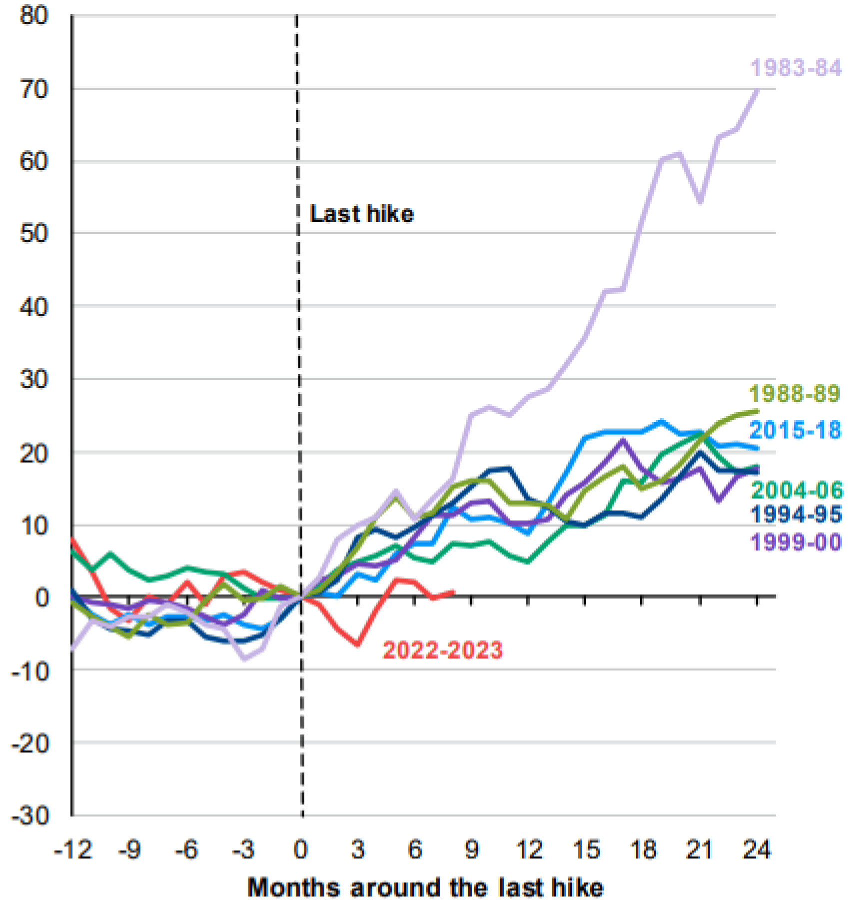
What comes next?

The initial quarter of 2024 presented a blend of outcomes for diversified investors: favorable performance in the equity markets, a minor retreat in bond markets, and an incrementally increasing inflation rate. Looking back on this quarter, long-term investors might be contemplating, "what comes next?" The good news for investors is that, historically, portfolio results trend in a positive direction following a series of Federal Reserve rate hikes. Our colleagues at JP Morgan, for example, underscore that investors can reap rewards by staying the course. Please note the various colors in the chart below, depicting the positive returns earned during the 24-month period following the end of rate hikes.

We at Entrust value your perspective and eagerly look forward to our next discussion together.

U.S. 10-yr returns around the end of a Fed hiking cycle

%, total return, indexed to zero at the last hike



Source: FactSet, Federal Reserve, LSEG Datastream, S&P Global, J.P. Morgan Asset Management. The 2022-2023 cycle assumes that the last hike of the cycle was in July 2023. Past performance is not a reliable indicator of current and future results.
Guide to the Markets – U.S. Data are as of March 31, 2024.

J.P.Morgan
ASSET MANAGEMENT

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

Asset Class Review	Q4 2024	2024 Year to Date	1 Year Trailing	3 Year Trailing	5 Year Trailing	10 Year Trailing
US Large Cap Equity	9.99%	9.99%	28.45%	9.25%	13.50%	11.44%
US Small Cap Equity	4.89%	4.89%	18.40%	-1.20%	6.92%	6.40%
International Equity	5.49%	5.49%	14.05%	3.64%	6.15%	3.65%
Emerging Market Equity	2.09%	2.09%	6.97%	-6.09%	1.10%	1.82%
Global Real Estate	-1.18%	-1.18%	7.53%	0.56%	1.15%	3.86%
US Corporate Bond	-0.67%	-0.67%	-3.29%	-2.94%	0.41%	1.49%
US Government Bond	-1.23%	-1.23%	-1.04%	-3.79%	-1.18%	-0.07%
International Bond	-3.48%	-3.48%	-1.80%	-7.56%	-3.56%	-2.46%

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 3/31/2024.

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

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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. 4/16/2024