



Entrust Financial LLC® Market Commentary—2nd Quarter, 2024

Some Like It Hot

Just as the stock market is a leading indicator, signaling what might be next for the economy, so its “hot” leadership thus far in 2024 may also be felt quite literally—in the heat wave that kicked off the summer season in much of our nation. The U.S. stock market, particularly large company stocks, performed well in the second quarter of this year, gathering strength from positive results that began in the previous quarter. What sectors led this charge? Gains continued to be largely driven by Information Technology and Communications Services. Technically speaking, both sectors maintained robust earnings and momentum due to advancements in Artificial Intelligence (AI).

On the other hand, investors with broadly diversified asset allocation portfolios may notice that their bond funds are struggling to fully recover from previous Federal Reserve interest rate hikes. These hikes were implemented to reverse the trend of rising inflation. While the rate hikes were largely effective, bond fund recovery could prove dependent on the Federal Reserve’s shift to cutting interest rates. Although reducing interest rates is on the minds of many investors, it is not yet clear when the green light will be given because of the continued need to keep inflation in check.

Other highlights from the quarter include:

- Major U.S. Equity indexes touched on record highs throughout the quarter.
- Nvidia Corporation (NVDA) briefly became the largest stock in the S&P 500, overtaking Microsoft (MSFT).
- Emerging Market stocks saw strong gains due to a rebounding Chinese stock market and Artificial Intelligence (AI) growth.
- European central banks were first to cut interest rates, as growth and inflation subsided.



As the red-hot U.S. stock market continued its upward trend during the second quarter, including some record highs, we often reminded our investors that consistent investment results are a function of time, not timing. This trend could prompt you to consider what might be coming next. For perspective, we turn to our partners at Capital Group. The following chart—illustrating their research regarding historical patterns in the capital markets—shows us that even during periods of overall market highs, continued capital market advancement is not uncommon.

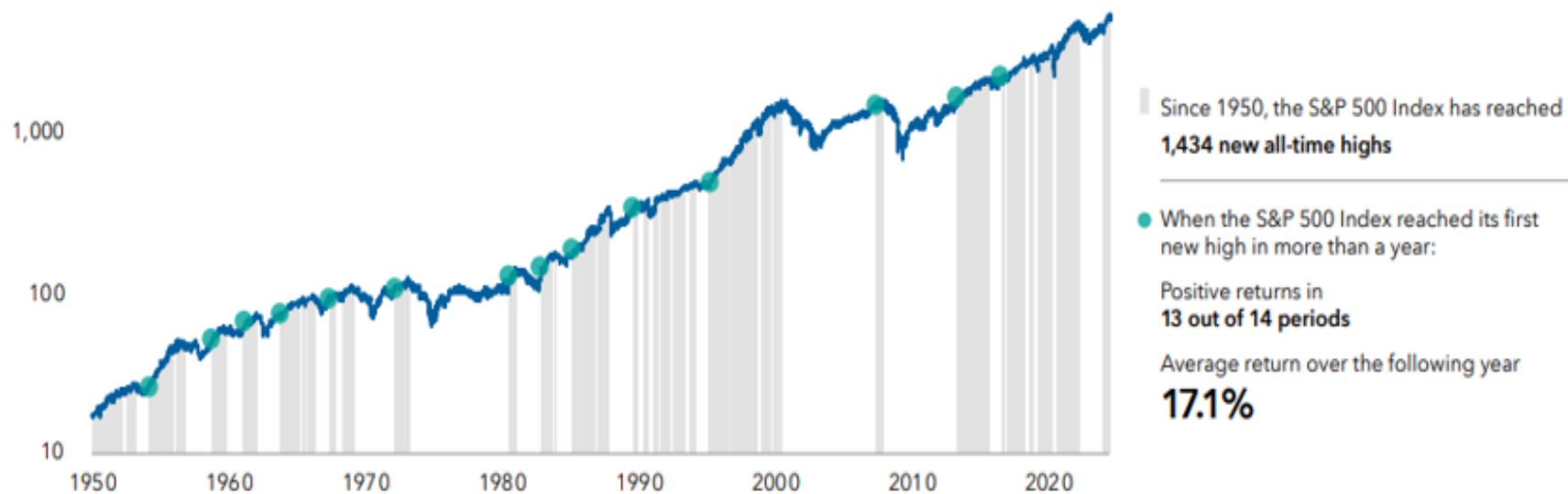
As always, our Entrust advisors welcome your feedback and we look forward to our next conversation together.



All-time highs can be bullish for stock markets

Stock markets have advanced more often than they've retreated

10,000 S&P 500 Index



Sources: Capital Group, RIMES, Standard & Poor's. Includes all daily periods between January 1, 1950, and May 31, 2024. Chart shown on a logarithmic scale. Markers include periods in which the S&P 500 Index reached its first all-time high in at least a year. The S&P 500 Index also reached its first all-time high in at least a year on January 19, 2024. This period has been excluded from the chart because a full year since that date has not been completed. Past results are not predictive of results in future periods.



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

Asset Class Review	Q2 2024	2024 Year to Date	1 Year Trailing	3 Year Trailing	5 Year Trailing	10 Year Trailing
US Large Cap Equity	3.29%	13.61%	22.52%	7.55%	13.35%	11.28%
US Small Cap Equity	-3.54%	1.17%	8.85%	-3.65%	5.77%	5.83%
International Equity	-0.69%	4.76%	10.32%	1.77%	5.30%	3.19%
Emerging Market Equity	4.71%	6.90%	11.32%	-6.10%	1.97%	1.67%
Global Real Estate	-1.45%	-2.62%	5.18%	-3.10%	0.60%	2.91%
US Corporate Bond	-0.36%	-1.03%	3.49%	-4.09%	-0.48%	1.22%
US Government Bond	-0.18%	-1.41%	0.43%	-4.32%	-1.74%	-0.20%
International Bond	-2.38%	-5.78%	-1.75%	-8.49%	-4.62%	-2.93%

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 6/30/2024.

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 political 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. 7/11/2024