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.

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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.

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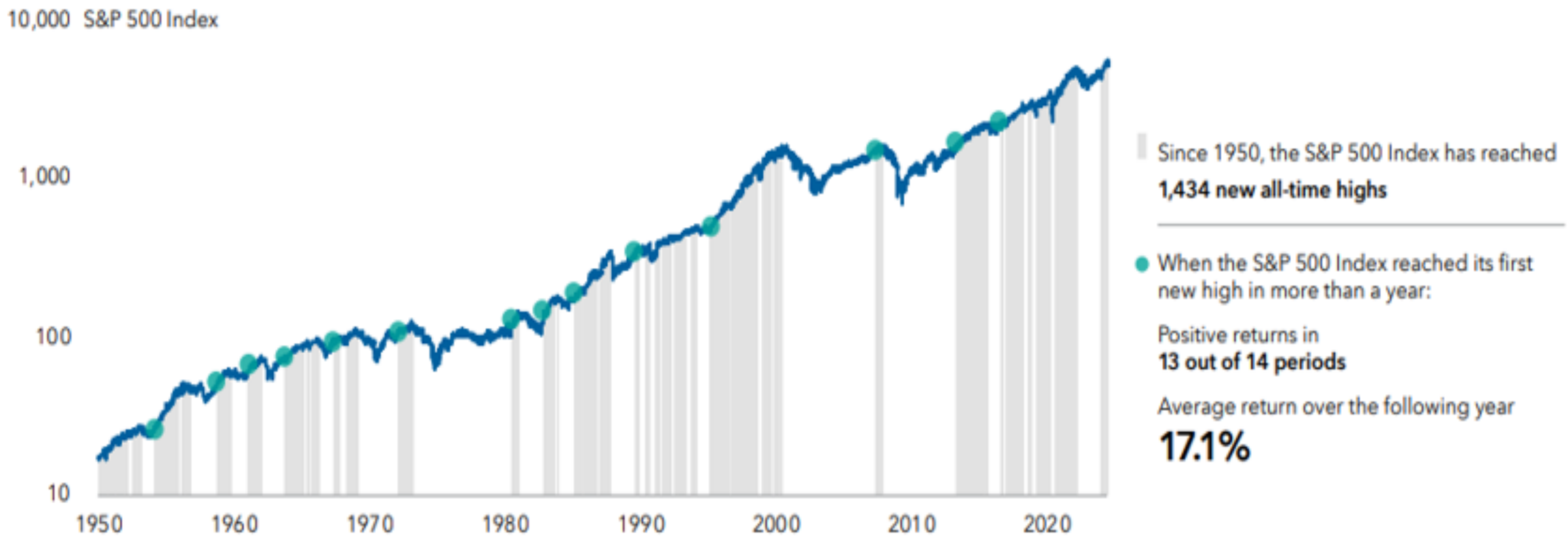
All-time highs can be bullish for stock markets

Stock markets have advanced more often than they've retreated



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.

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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	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.

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