Entrust Financial®

Entrust Financial® LLC Market Commentary—4th Quarter, 2024

Groundhog Day – Reelection, Returns and Rates

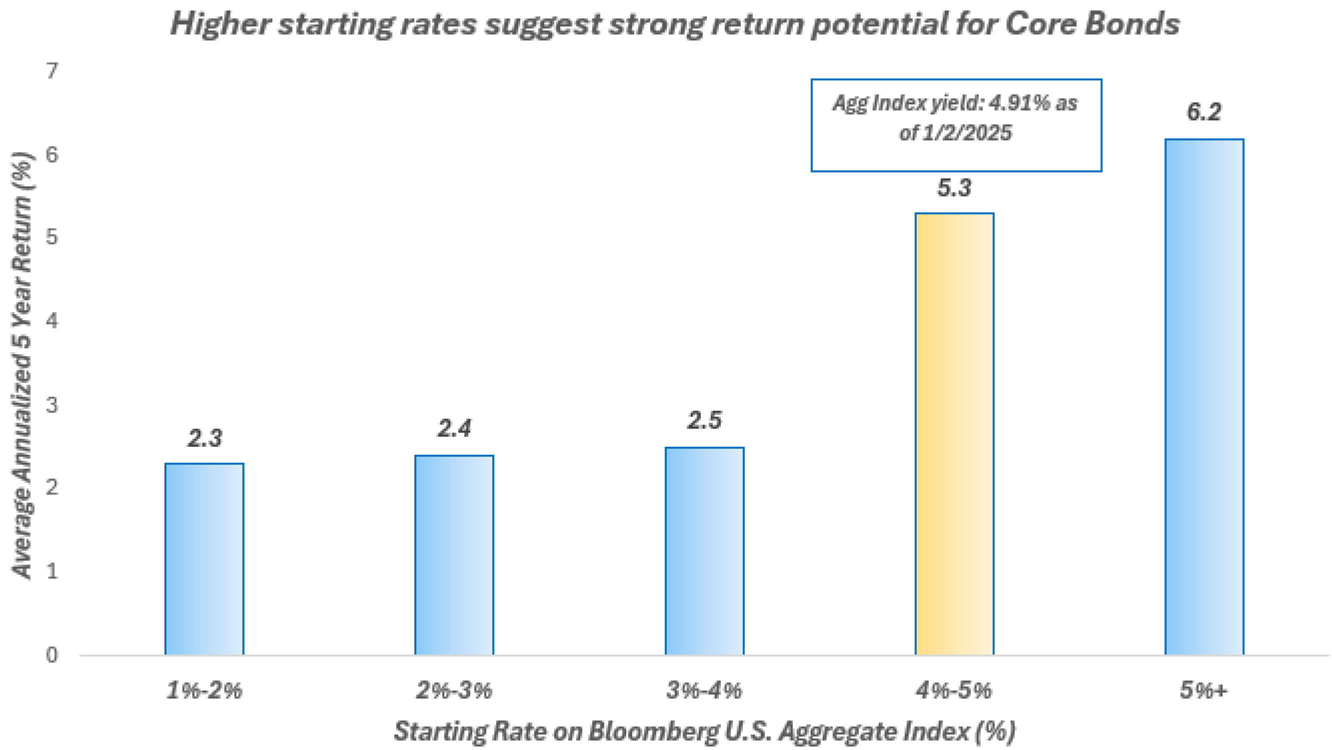
The fourth quarter of 2024 was marked by significant economic and political developments that left many investors with a sense of déjà vu. The U.S. presidential election concluded with the victory of former President Donald Trump over Vice President Kamala Harris. Historically, election outcomes can introduce market volatility; however, in this instance, U.S. markets responded with a notable rally, reflecting investor optimism about potential policy directions and economic initiatives. Such optimism boosted U.S. equities, led by the stocks of our largest corporations, with the S&P 500 returning over 20% for the second year in a row.

Throughout 2024, inflation followed a steady downward trajectory, offering relief to both the capital markets and consumers. By September, it had declined to 2.4%, marking its lowest level in years. Encouraged by this progress, the Federal Reserve began to cautiously cut rates, reflecting its confidence in the economy's ability to sustain growth with stable inflation. However, as the fourth quarter unfolded, inflation began to edge higher once again, creating new challenges for the Federal Reserve. This upward shift in inflation put pressure on fixed-income markets, resulting in negative performance across most bond sectors towards the end of the year.

As we move into 2025, the Federal Reserve is likely to adopt a more measured approach to rate cuts. While the pace of these cuts may not be as aggressive as some analysts expected, bonds continuing to offer higher rates for longer could be an attractive opportunity for investors. In addition to the stability and income provided by high quality bond portfolios during higher rate cycles, diversified investors may also enjoy greater total returns over time, as illustrated by the chart below.

487 Devon Park Drive, Suite 216, Wayne, PA 19087 | 610-687-3515 | www.entrustfinancial.com

Entrust Financial®



Source: Bloomberg Data for returns as of November 29,2024. Return figures reflect the average five-year forward annualized return for the Bloomberg U.S. Aggregate Bond Index ("Agg Index"), grouped by starting yield to worst, from November 2004 to December 2019.

Your feedback is always welcomed by our Entrust advisors and we eagerly anticipate our next discussion with you.

Entrust Financial

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	2.75%	24.51%	24.51%	8.40%	14.28%	12.86%
US Small Cap Equity	1.83%	11.54%	11.54%	1.24%	7.40%	7.81%
International Equity	-8.11%	3.82%	3.82%	1.65%	4.73%	5.19%
Emerging Market Equity	-8.15%	7.50%	7.50%	-1.92%	1.70%	3.63%
Global Real Estate	-9.17%	2.13%	2.13%	-5.90%	1.43%	4.16%
US Corporate Bond	-3.34%	2.13%	2.13%	-2.26%	0.03%	2.43%
US Government Bond	-3.40%	0.58%	0.58%	-2.88%	-0.68%	0.83%
International Bond	-6.60%	-4.22%	-4.22%	-6.27%	-3.36%	-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: YCharts - 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 MSCI World Equity REITs Net Total Return; 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 12/31/2024.