



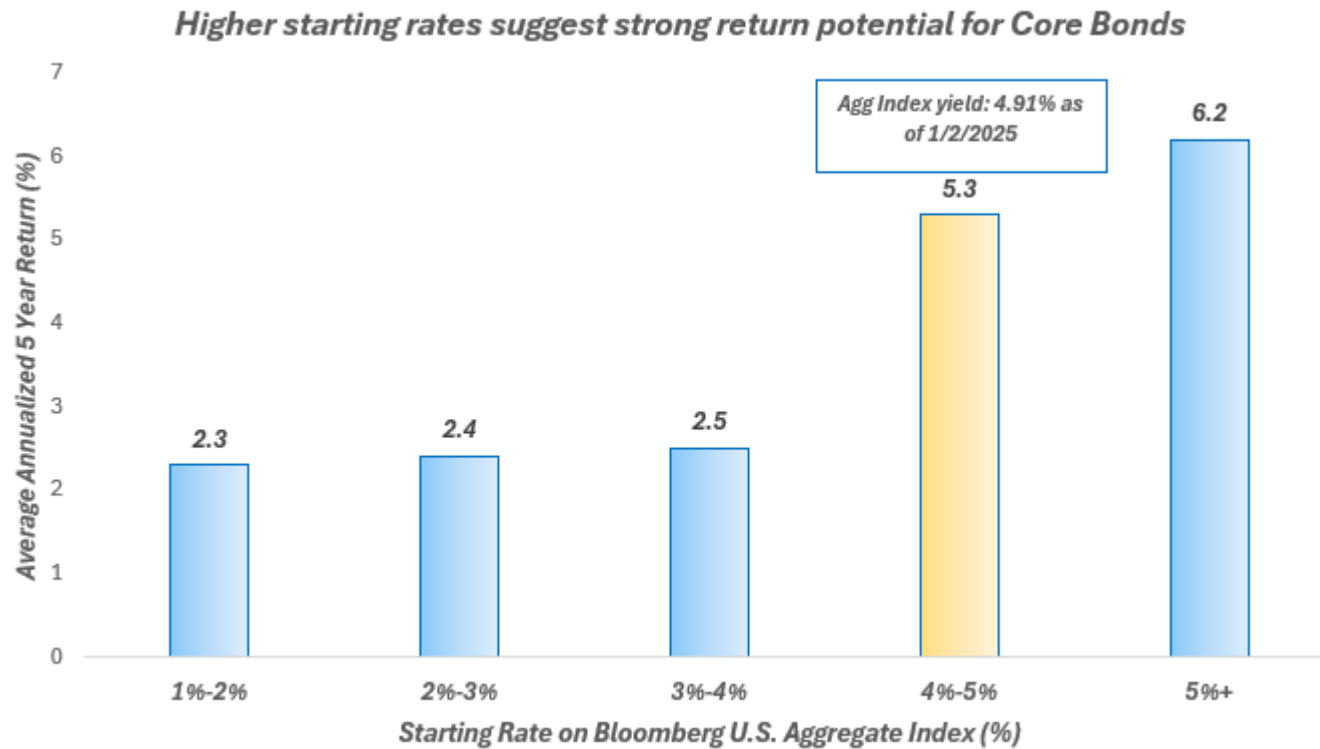
Entrust Financial® LLC Market Commentary—4th Quarter, 2024

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.



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.



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.

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. 1/15/2024