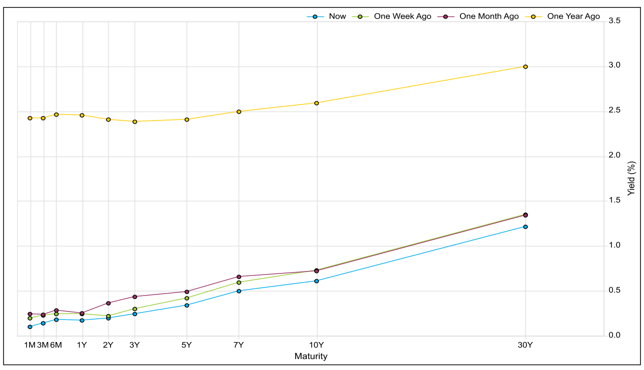
Trustmark Investment Advisors, Inc. *Weekly Portfolio Manager Commentary* April 17, 2020

ECONOMIC OUTLOOK: Retail Sales for March were down 8.7% versus having been down 0.4% for February. Industrial Production was down 5.4% for March after having been up 0.5% for February. Capacity Utilization was 72.7% versus 77.0% for February. The U.S. Homebuilders Index was 30 for April versus 72 for March. Finally, the U.S. Index of Leading Economic Indicators was down 6.7% for March versus down 0.2% for February.

FIXED INCOME: U.S. Treasury yields traded near the lower end of their recent trading range on Friday despite another good day for stocks, underscoring the two markets' growing divide over the near-term economic outlook. The ten-year note ended the week at a yield of 0.64%, which is only ten basis points from the all-time closing low of 0.54% back on March 9 of this year. Bond yields had climbed late on Thursday after the end of U.S. trading, with the ten-year trading as high as 0.691%. This was in reaction to speculation about possible coronavirus treatments and comments from the White House that some state with few coronavirus cases could soon start lifting restrictions on social and business activity. The price of Treasury securities and stocks often move in opposite directions as investors shift money between riskier and safer assets, depending upon their views on the economic situation. On Friday, yields began to move lower even as stocks had a strong day of trading. That extended a recent trend that has stirred debate over whether stock investors are missing a signal from the bond market. Understanding the message being sent by bonds is complicated by the Federal Reserve's continuing purchases of Treasuries, which analysts say are likely pushing yields lower. The Fed announced late Friday afternoon it would reduce the amount of Treasuries it purchases to around $15 billion a day this week from $30 billion a day last week. Still, the recent drop in yields is one indication that stock investors are "way too optimistic about this recovery," given that Treasuries tend to lead other markets, said Kevin Giddis, Chief Fixed-Income Strategist at Raymond James. Meanwhile, corporate bonds were on track to extend recent gains, opening the door for more companies to issue new debt. An example of the thawing in new issue debt was the ability of Ford Motor Company to bring an $8 billion offering to the market in several parts last Friday. This wouldn't have been possible a couple of weeks ago.

Change in Treasury Yield Curve



Current Generic Bonds Yields

Treasuries		Agencies		Corporates		Municipals	
3 mo	0.09%	3 mo	0.21%	3 mo	1.04%	3 mo	1.05%
6 mo	0.16%	6 mo	0.13%	6 mo	1.01%	6 mo	1.06%
1 yr	0.15%	1 yr	0.50%	1 yr	0.98%	1 yr	1.07%
2 yr	0.20%	2 yr	0.35%	2 yr	0.86%	2 yr	1.09%
5 yr	0.36%	5 yr	0.60%	5 yr	1.17%	5 yr	1.17%
10 yr	0.64%	10 yr	1.21%	10 yr	1.82%	10 yr	1.49%
30 yr	1.26%	30 yr		30 yr	2.66%	30 yr	2.48%

EQUITY: U.S. Equity ends the weeks higher as the S&P 500 finished up 3.09%. The most notable factors include updates around coronavirus treatment, including Gilead's Remdesivir reports, and economic reopening updates and stabilization in hot spots including New York, where the infection rate has been said to have fallen under one per patient. Other factors include the Fed's continuous stimulus commentary regarding its willingness to do whatever it takes to provide support, as well as negotiations on the next round of support for small businesses seeming likely to come to an agreement. Consumer Discretionary (5.69%) led the way in sectors while Energy (-9.23%) and Financials (-9.07%) have lagged.

Weekly initial jobless claims came in at 5.245M, within the 5.1M-5.8M expected range but below the 6.615M for the prior week. The 22M four-week rise is nearly equal to job gains since the last recession. Continuing claims for the preceding week are better than f eared at 11.976M versus the prior 7.446M. Economists are expecting up to 20M payroll cuts and a sharp rise in the unemployment rate, potentially greater than the post-war high of 10.8%.

Bloomberg notes that big companies have been driving the market bounce as of late. While the Nasdaq 100 is sitting just a few points from erasing an annual decline that was once as big as 20%, an equal weighted version is still more than 7% away. The S&P 500 versus an S&P 500 Equal Weighted Index seems to be an even greater difference of around 12%. The report noted that some of America's biggest companies, particularly in tech, are also in a position to benefit from aspects of the crisis.

According to FactSet Research Group, March's retail sales came in at -8.7%, lower than the expectation of -7% and down from February's report of -0.4%. Report is down -6.2% year-over-year. Specifically, gasoline purchases and motor vehicle sales were weaker-than-expected at -26% and -17%, respectively; however, retail sales excluding gas and autos reported at -3.1%, beating the expected -5%. The core control group, which is used to estimate the GDP consumption factor, reported at 1.7%, beating the expectation of -1.5%. In other news, April's NAHB Housing Market Index, which measures home builders' perceptions of the market for single-family homes, missed its consensus of 52.5, following 72 in March. This is the lowest since June of 2012.

Index Returns	Last Week	YTD
Dow Jones Industrials	3.67%	-14.45%
S&P 500 (LCap)	4.11%	-10.50%
S&P 400 (MCap)	1.58%	-23.90%
Russell 2000 (SCap)	1.42%	-26.01%
NASDAQ Composite	5.59%	-3.26%
MSCI EAFE (Int'l)	1.27%	-19.73%
iShares Real Estate	0.56%	-17.51%

Source: FactSet Research Systems

ASSET ALLOCATION:

Current Sentiment

Cash	Favorable
Short FI	Neutral
Intermediate FI	Neutral
Inflation-Adjusted FI	Neutral
High Yield FI	Unfavorable
International FI	Unfavorable
Equity Income	Neutral
Large Cap Equity	Favorable
Mid Cap Equity	Neutral
Small Cap Equity	Unfavorable
International Equity	Unfavorable
Emerging Markets Equity	Unfavorable
Real Estate	Neutral
Commodities	Unfavorable

Summary below - Current stance on most asset classes:

Cash - Overweighting due to market volatility and uncertainty from Covid-19.
Short Term Bonds - Relative to Intermediate Bonds, the reduced duration is preferable given the oversold long-end of the curve.
Intermediate Term Bonds - The current trading range of intermediate bonds warrants a neutral position with limited upside potential. Some opportunities still remain in certain sectors.
Inflation-Adjusted Bonds - Low inflation expected in near-term providing zero real return.
High Yield Bonds - Spreads are rising given the market turbulence and exposure to unnecessary credit risk when compared to Treasuries would not be advised.
International Bonds - Foreign bonds offer good diversification qualities and higher yield opportunities, however, risks have been elevated recently and investment should be made cautiously.
Equity Income - High quality and higher-dividend-paying companies remain attractive for long-term investors given their favorable risk-adjusted profile and current yield curves.
Large Cap Stocks - A favorable weighting is recommended. Growth continues to be a more favorable style and should continue to be overweighed versus Value.
Mid Cap Stocks - Mid cap exposure remains neutral - more attractive than small caps but not as attractive as large caps.
Small Cap Stocks - In broad market corrections, small cap stocks will suffer most with increased volatility. Underweight until a clearer picture of a recovery ensues.
International Stocks - Given most foreign investment is in developed markets and European countries, until sovereign debt concerns are alleviated, an underweight is recommended.
Emerging Market Stocks - Stronger balance sheets, less debt, and better growth potential make emerging markets more fundamentally attractive than developed countries longer-term. However, trade uncertainty and dollar strength provide a headwind for EM in the near term.
Real Estate - Pricing has begun to stabilize and long-term valuations appear attractive. Real Estate should continue to be a strong alternative to other asset classes.
Commodities - Global demand should support higher prices if the global recovery remains on track. Volatility will be higher, and commodities will be susceptible to short-term price shocks, however, if used in conjunction with other asset classes, risk can be reduced substan tially within a diversified portfolio. Used alone though is not recommended as the short-term outlook is not favorable.