Portfolio Manager Commentary

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Trustmark Investment Advisors, Inc.

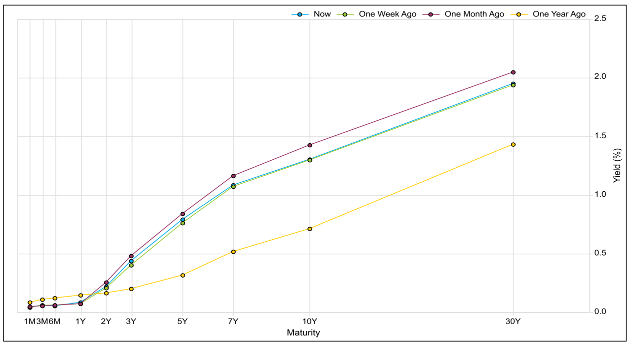
Economic Outlook

U.S. Productivity came in at 2.3% for the second quarter of 2021. Unit Labor Costs were up 1.0% in the same quarter. The Consumer Price Index was up 0.5% in July versus 0.9% in June. Finally, the Producer Price Index was up 1.0% in July versus having also been up 1.0% in June.

Fixed Income

The U.S. Treasury market is much like a coiled spring ahead of the Federal Reserve's long-awaited Jackson Hole, Wyoming conference, with traders showing less conviction than they have in months about the market's next move. Benchmark yields finished last week little changed from the previous week, even as economic reports showed the lowest consumer sentiment in a decade and continued elevated inflation numbers. Traders are now looking to the Fed's August 26-28 meeting in Jackson Hole, an annual event that has been the setting for important announcements in the past. For months, the fixed-income market has viewed it as a potential venue for Fed Chair Jerome Powell to lay out the timing and magnitude of the central bank's expected move to taper its bond-buying program, although for some the resurgence of the coronavirus is complicating that calculation. "We would all like to think that Jackson Hole will provide some clarity, because there is precedent for signaling policy actions at this venue," said Chris Ahrens, a strategist at Stifel Nicolaus & Company. "The pathway of the delta variant and the coronavirus generally looks like it will play a part in when Chair Powell chooses to signal FOMC intentions. If cases are still rising, he will have to shape the contour of his message to that reality." The bounce in ten-year Treasury yields from a six-month low following stronger-than-expected July payroll figures appears to have ground to a halt with the rate settling in the neighborhood of 1.30%. Treasuries gained last Friday after a University of Michigan survey showed the weakest consumer confidence since 2011 against the backdrop of rising coronavirus cases. Traders want to hear more from the Fed on when it will reduce its $120 billion a month buying program. This week's release of the minutes from the latest FOMC meeting in July should show how that conversation is shaping up among the Fed members.

Change in Treasury Yield



Current Generic Bonds Yields

Treasuries		Agencies		Corporates		Municipals	
3 mo.	0.05%	3 mo	-0.05%	3 mo	0.16%	3 mo	0.09%
6 mo	0.05%	6 mo	-0.03%	6 mo	0.17%	6 mo	0.10%
1 yr	0.07%	1 yr	0.02%	1 yr	0.21%	1 yr	0.11%
2 yr	0.20%	2 yr	0.21%	2 yr	0.33%	2 yr	0.12%
5 yr	0.77%	5 yr	0.65%	5 yr	1.06%	5 yr	0.47%
10 yr	1.30%	10 yr	1.34%	10 yr	1.87%	10 yr	1.05%
30 yr	1.95%	30 yr		30 yr	2.75%	30 yr	1.77%

Equity

U.S. Equity finished the week higher as the S&P 500 index closed +0.78%, in which Materials (+2.75%) and Financials (+1.90%) led Value (+1.09%) to outperform Growth (+0.41%). All sectors finished higher except for Energy, which lagged at -0.18%.

The S&P 500 continues to make new highs as the large cap index closed ~4468. Slight support holds around ~4,400 and ~4,200 wi th ~4,000 being the 200-day moving average and providing the major area of support.

Index Returns	Last Week	YTD
Dow Jones Industrials	0.94%	17.17%
S&P 500 (LCap)	0.78%	19.98%
S&P 400 (MCap)	0.52%	18.42%
Russell 2000 (SCap)	-1.10%	12.57%
NASDAQ Composite	-0.09%	15.01%
MSCI EAFE (Int'l)	1.38%	13.11%
iShares Real Estate	-0.03%	26.11%

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 ve rsus 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 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 substantially within a diversified portfolio. Used alone though is not recommended as the short-term outlook is not favorable.