Portfolio Manager Commentary
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Trustmark
Investment Advisors, Inc.

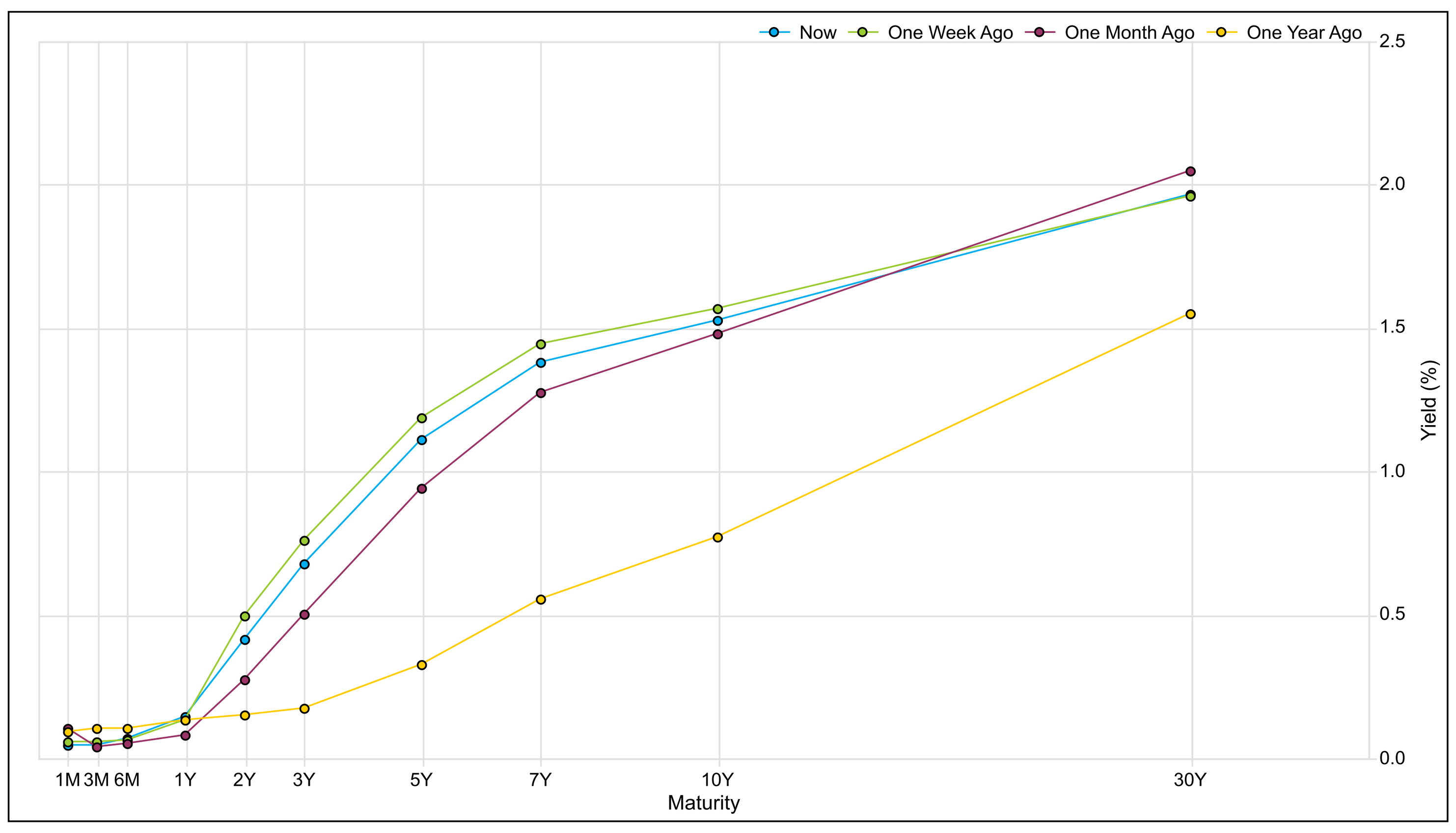
Economic Outlook

The U.S. Purchasing Manager's Index came in at 58.4 for October, down slightly from the 59.2 reading in October. The ISM Manufacturing Index came in at 60.8 for October. Construction Spending was down 0.5% in September after being flat in August. The U.S. Home Ownership Rate was flat in the third quarter, at 65.4%. The Services Purchasing Manager's Index was 58.7 for October, fairly flat with September. ISM's Services Index came in much stronger for October, at 66.7. Productivity in the U.S. for the third quarter was down 5.0%, after having been up 2.4% in the second quarter. Unit Labor Costs were up a strong 8.3% for the third quarter. The U.S. Unemployment Rate improved slightly in October, to 4.6%, and Average Hourly Earnings were up at a 4.8% annualized rate for the month.

Fixed Income

Federal Reserve Chairman Jerome Powell is putting an end to a volatile time for the world's largest bond market. A week after short-term yields surged around the world on speculation that central banks would accelerate rate hikes in the face of higher inflation, the markets abruptly shifted course again after Powell said the Fed would be patient and wait for further recovery in the jobs market before making changes to interest rates. Bonds rallied, driving ten-year yields below 1.50% and narrowing the gap between long- and short-term rates. The Fed chair's stance -- along with the Bank of England's surprise decision to hold interest rates steady -- most likely will end the price swings that raced through the markets as traders reassessed how quickly central banks will start pulling pandemic related stimulus from their economies. The ICE Bank of America MOVE Index -- which tracks the implied degree of price moves in Treasuries -- tumbled last week, pulling back from a 19-month high. The shift back to the view that policymakers are in no rush to make adjustments to interest-rate policy, brought two-year notes well below 0.50% and ended the week at 0.40%. The bar for big Treasury moves through the rest of the year seems low now, given that the Fed last Wednesday laid out its plans to pull back its bond purchases at the anticipated pace through the rest of this year and Powell has made clear he is not deviating from his go-slow approach. The market reacted swiftly as by the end of trading on Friday, money-market derivatives signaled the first quarter-point rate increase will not come until next September, with the next move in February 2023. About a week earlier, these same metrics were signaling two quarter-point rate hikes by the end of 2022, the first of which was to happen in July.

Change in Treasury Yield



Current Generic Bonds Yields

Treasuries		Agencies		Corporates		Municipals	
3 mo.	0.04%	3 mo	-0.04%	3 mo	0.22%	3 mo	0.26%
6 mo	0.06%	6 mo	-0.01%	6 mo	0.24%	6 mo	0.27%
1 yr	0.13%	1 yr	0.09%	1 yr	0.30%	1 yr	0.29%
2 yr	0.40%	2 yr	0.40%	2 yr	0.50%	2 yr	0.35%
5 yr	1.06%	5 yr	0.90%	5 yr	1.28%	5 yr	0.79%
10 yr	1.45%	10 yr	1.53%	10 yr	1.99%	10 yr	1.30%
30 yr	1.89%	30 yr		30 yr	2.69%	30 yr	1.84%

Equity

U.S. Equity finished the week higher as the S&P 500 Index closed +2.02%. As stated by FactSet Research Systems, the path of least resistance has remained higher this week with help from some high-profile central bank meetings that reinforced the narrative that shifts away from outsized policy accommodation being slow and that policy will continue to support easy financial conditions. Amongst this is a focus on ongoing economic recovery and continued improvement in COVID trends and robust consumer and corporate demand, which was highlighted in the third quarter earnings. On the sell-side, strategists have continued to flag heightened retail impulse and buybacks. Going forward, eyes are on the supply chain, as there seem to be hints that supply chain constraints are peaking.

Consumer Discretionary (+5.03%) had another strong week of outperformance as Technology (+3.44%) and Materials (3.17%) were not too far behind. Financials (-0.60%) and Health Care (-0.72%) were the sole negative sectors for the week.

Index Returns	Last Week	YTD
Dow Jones Industrials	1.42%	20.24%
S&P 500 (LCap)	2.02%	26.41%
S&P 400 (MCap)	3.97%	25.95%
Russell 2000 (SCap)	6.09%	23.41%
NASDAQ Composite	3.05%	23.92%
MSCI EAFE (Int'l)	1.66%	13.67%
iShares Real Estate	0.36%	30.18%

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 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.