Portfolio Manager Commentary

November 1, 2022

Trustmark
Investment Advisors, Inc.

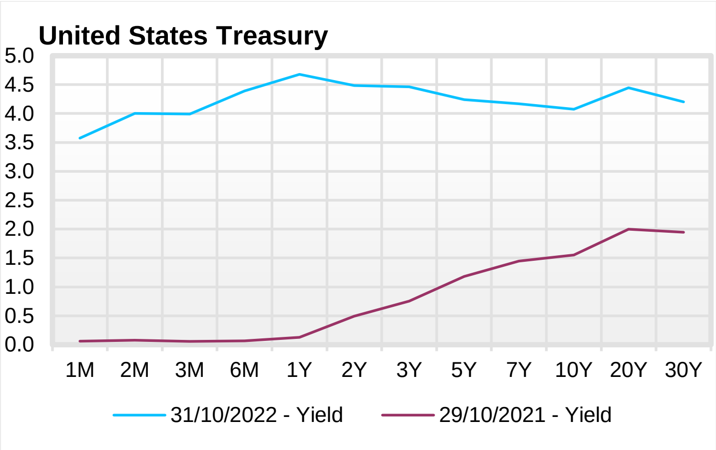
Economic Outlook

The U.S. S&P Purchasing Managers Index came in at 49.9 for October versus 52.0 for September. The S&P Services PMI came in at 46.6 for October versus 49.5 for September. The Chicago Purchasing Managers Index came in at 45.2 for October versus 45.7 for September. These data points suggest that the U.S. economy is likely in an economic contraction. Further highlighting this economic state, the National Association of Homebuilders Index was a very low 38.0 for October versus 41.0 for September. New Single Family Home sales came in at a 603,000 annualized unit rate for September, well below its long-term trend. U.S. Durable Goods Orders were up 0.4% for September versus +0.2% for August. U.S. Industrial Production was up 0.4% for September and Capacity Utilization was a solid 80.3%. The University of Michigan Consumer Sentiment was 59.9 for October versus 59.8 for September. The U.S. Index of Leading Economic Indicators was -0.4% for September. Finally, the U.S. Employment Cost Index was up 5.1% for the third quarter of 2022 on an annualized basis, down from +5.4% annualized in the second quarter of 2022.

Fixed Income

The U.S. Treasury Yield Curve remains inverted, with the 10-year yield trading at 4.06%, 42 basis points below the 2-year yield of 4.48% (the yields are moving daily and as such may be slightly different than the table below). Overall yields appear to have somewhat stabilized over the past two weeks. The 10-year U.S. Treasury bond yield bounced solidly off of its longer-term resistance up near 4.25% area. The next meeting of the Federal Reserve Open Market Committee is November 1-2.

Yield Curve



Current Generic Bond Yields

	Treasuries	Agencies	Corporates	Municipals
3 Mo.	4.12%	4.61%	4.41%	3.11%
6 Mo	4.57%	4.62%	4.51%	3.16%
1 Yr	4.58%	4.61%	4.69%	3.27%
2 Yr	4.42%	4.64%	4.79%	3.35%
5 Yr	4.14%	4.42%	4.90%	3.46%
10 Yr	3.96%	4.43%	5.12%	3.70%
30 Yr	4.08%		5.54%	4.60%

Equity

US Equity posted big gains for this month as the S&P 500 finished up 8.13% and the Dow finished up 14.03% to post its best month since 1976. Belief that the reprieve was due to factors such as the pullback in the "higher for longer" narrative that has been at play with the Fed for the year (It is still widely believed the Fed will hike by 75 bps in November, though the option for a lower 50-bps in December is now coming into discussion) and deeply depressed sentiment and positioning.

Value (+11.52%) outperformed Growth (+4.43%) for the month as all sectors finished higher. Energy (+24.97%) led the charge while Industrials (+13.89%) and Financials (+11.92%) helped solidify Values outperformance. Communication Services (+0.67%), Utilities (+1.94%) and Discretionary (+1.11%) lagged the most.

Index Returns	YTD
Dow Jones Industrials	-8.53%
S&P 500 (LCap)	-17.73%
S&P 400 (MCap)	-14.39%
Russell 2000 (SCap)	-17.75%
NASDAQ Composite	-29.77%
MSCI EAFE (Intl)	-22.72%
Real Estate	-26.24%