Portfolio Manager Commentary

September 1, 2022

Trustmark Investment Advisors, Inc.

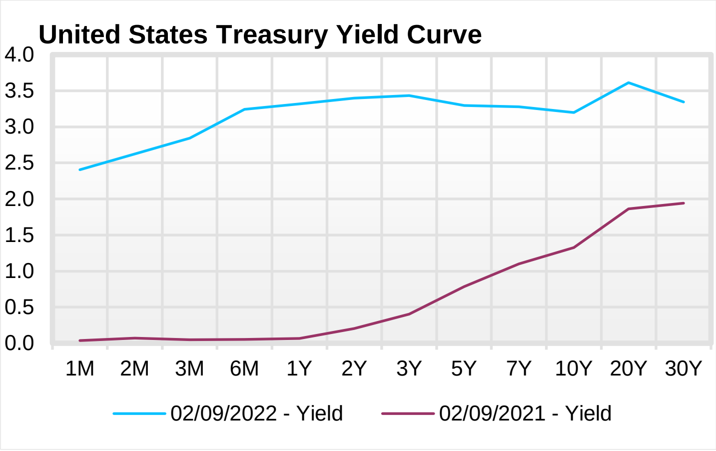
Economic Outlook

New U.S. Single-Family Home Sales came in at a 511,000 annualized rate, which remains well below the trendline from the 1960s, which implies annual single-family home sales in excess of 800,000 units. Durable Goods orders were flat in July after having been up 2.2% in June. The University of Michigan Consumer Sentiment Index was still low, however at 58.2 was higher than last month's reading of 55.2. Industrial Production was up 0.6% for July and Capacity Utilization remained strong at 80.3%. Finally, the U.S. Index of Leading Economic Indicators was down 0.4% in July, after having been down 0.7% in June.

Fixed Income

The U.S. Treasury Yield Curve remains inverted, with the 10-year yield trading at 3.20%, 29 basis points below the 2-year yield of 3.49%. Yields on 3-month to 3-year U.S. Treasury Bills and Notes now trade at yields that in some cases are well in excess of the respective annualized volatilities. FOMC Chairman Powell shook up the various capital markets this week when he made an announcement after the Jackson Hole conference. Chairman Powell made it clear that fighting inflation is the FOMC's main goal at this juncture, even though it may result in some pain ahead. This week also brought commentary from Cleveland Federal Reserve President Loretta Mester. Ms. Mester implied that Federal Reserve Open Market Committee will have to raise rates to the 4.00% area in order to slow domestic inflation. To date, noise coming out the various Federal Reserve Bank Presidents has been reasonably prescient. Whether interest rates go to 4.00% anytime soon remains to be seen, however we are getting closer, at least in the shorter maturities.

Yield Curve



Current Generic Bond Yields

	Treasuries	Agencies	Corporates	Municipals
3 Mo.	2.93%	3.42%	3.08%	2.71%
6 Mo	3.38%	3.44%	3.21%	2.65%
1 Yr	3.50%	3.49%	3.46%	2.56%
2 Yr	3.48%	3.54%	3.63%	2.56%
5 Yr	3.42%	3.58%	3.84%	2.57%
10 Yr	3.30%	3.61%	4.19%	2.99%
30 Yr	3.44%		4.67%	3.94%

Equity

After hitting resistance at the 200-day moving average, the S&P 500 broke its consecutive four-week decline to fall roughly 8%. The run-up was credited in part to hopes about a peak in inflation and Fed policy/language; fears that the strength was simply a bear-market bounce remained, and the path of least resistance was clearly to the downside. The shifting Fed expectation played a major role into the market narrative for August and will continue to be a factor going forward, as the Fed has pivoted to a more hawkish narrative.

Energy (+4.63%) was the sole positive sector for the month, while all others fell with Technology (-10.75%) and Consumer Discretionary (-9.10%) leading the way. Defensives fared better than their cyclical counterparts as Utilities (-3.90%) and Staples (-4.13%) proved more resilient.

Index Returns	YTD
Dow Jones Industrials	-12.05%
S&P 500 (LCap)	-16.18%
S&P 400 (MCap)	-14.46%
Russell 2000 (SCap)	-17.87%
NASDAQ Composite	-24.47%
MSCI EAFE (Intl)	-19.68%
Real Estate	-18.17%