Portfolio Manager Commentary

January 21, 2022

Trustmark Investment Advisors, Inc.

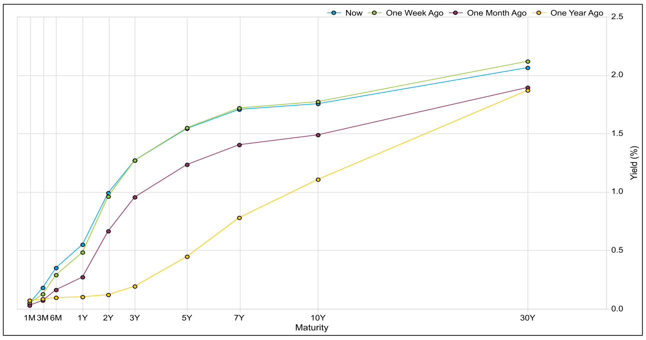
Economic Outlook

The National Association of Homebuilders Index came in at a strong 83 for January, approximately flat with the level in Decem ber. Any level towards and below 50 indicates homebuilders are concerned with the current homebuilding environment. The U.S. Leading Economic Indicators was 0.8% higher for December, the same rate of increa se as November. Otherwise, a slow week for economic releases.

Fixed Income

The Federal Open Market Committee is meeting this week, which will conclude on Wednesday, and they are expected to signal that th ey will raise interest rates in March for the first time in more than three years and start shrinking their balance sheet soon after rate increases begin. The primary mechanism for balance -sheet reduction is curbing reinvestment of cash from existing holdings of Treasuries as they mature. This process is known as quantitative tightening, or QT, and the last time it was employed by the Fed, they had been raising inter est rates for more than a year. This time the gap between raising rates and quantitative tightening will be much shorter which has left bond -market participants unsure of what to expect. Interest-rate futures are pricing in a peak of around 1.75% in the Fed's policy rate, but the forecast is vexed by uncertainty about the interplay between rate hikes and QT. Part of the rationale for starting QT sooner than in the past is the curve itself, Fed communications show. The minutes of the most recent policy meeting in December revealed concern that a relatively flat yield curve posed financial stability risks to lenders, wh ich could be averted by relying more on balance-sheet contraction than on rate hikes.

Change in Treasury Yield



Current Generic Bonds Yields

Treasuries		Agencies		Corporates		Municipals	
3 mo.	0.16%	3 mo	0.28%	3 mo	0.49%	3 mo	0.45%
6 mo	0.35%	6 mo	0.34%	6 mo	0.55%	6 mo	0.45%
1 yr	0.55%	1 yr	0.56%	1 yr	0.67%	1 yr	0.50%
2 yr	1.00%	2 yr	0.99%	2 yr	1.14%	2 yr	0.67%
5 yr	1.56%	5 yr	1.43%	5 yr	1.87%	5 yr	1.07%
10 yr	1.76%	10 yr	1.86%	10 yr	2.44%	10 yr	1.50%
30 yr	2.07%	30 yr		30 yr	3.04%	30 yr	1.99%

Equity

U.S. Equity continues to struggle as the S&P 500 fell for a third consecutive week, closing down 5.75%. The path of least resistance remained lower this week as much of the blame remains focused on a market still coming to grips with the Fed's hawkish policy shift. A long with monetarypolicy concerns, there is negative sentiment surrounding Q4 earnings which includes lingering supply chain and input price pressures (FactSet).

All sectors finished lower for the week with Consumer Discretionary (-8.19%), Technology (-6.90%), and Financials (-6.44%) struggling the most. Utilities (-0.81%) was the most resilient of the group.

Index Returns	Last Week	YTD
Dow Jones Industrials	-4.60%	-5.70%
S&P 500 (LCap)	-5.75%	-7.79%
S&P 400 (MCap)	-6.76%	-8.71%
Russell 2000 (SCap)	-8.07%	-11.46%
NASDAQ Composite	-7.55%	-11.99%
MSCI EAFE (Int'l)	-3.37%	-2.97%
iShares Real Estate	-3.59%	-9.27%

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 turbulenceand 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. Underweightuntil 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 deve loped 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 altern ative to other asset classes.

Commodities - Global demand should support higher prices if the global recovery remains on track. Volatility will be higher, and commoditi es will be susceptible to short-term