Portfolio Manager Commentary

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Trustmark
Investment Advisors, Inc.

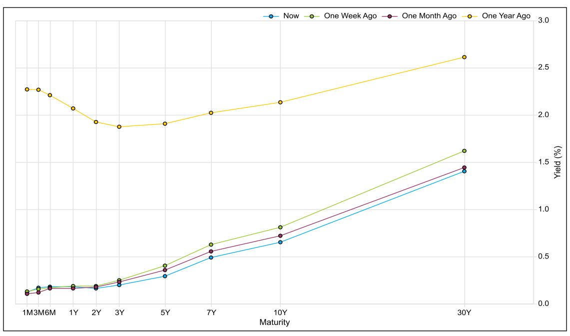
Economic Outlook

The NFIB Small Business Index came in at 94.9 for May versus 90.0 for April. U.S. Consumer Prices were down 0.1% for May after having been down 0.8% in April. U.S. Producer Prices were up 0.4% for May after having been down 1.3% in April. Overall, it was a fairly slow week for economic releases.

Fixed Income

The U.S. bond market bears weren't in control of things for very long. On the verge of a breakout in yields just 10 days ago, yields have moved lower into familiar territory as investors reassessed just how slow and painful the economy's revival from the pandemic may be. The Federal Reserve's sober outlook on U.S. growth prospects and its pledge to keep short-term rates near zero for the next couple of years has ten-year rates hovering around 0.70%, after flirting with a move toward 1% at the start of the month. Investors across all asset classes were serve a stark reminder last week: Although the economy appears to have made a bottom at the beginning of the second quarter, the coronavirus still poses a threat to the pending economic recovery. With risk appetite getting a reality check after the Fed meeting last week, Treasury rates are set to fall back into the broad trading range that has dominated the market since the end of March. Kevin Giddis at Raymond James said, "There is a full realization that short of a vaccine, this is going to be a longer haul than many expected and hopes of a V-shaped recovery are all but out the window." The ten-year yield will likely slowly move higher, and end the year around 1%, Giddis added. The ten-year yield touched 0.96% on June 5, the highest since March. Strategist at Goldman Sachs are also predicting that the ten-year yield will slowly move higher as the economy recovers saying at the end of 2020 the yield will be 1.05%, and 1.45% to end 2021. The week ahead is expected to bring evidence of recovery in areas such as retail sales, industrial production and housing. But that may not be enough to fuel another burst of optimism, given concerns about the economy's ability to bring back jobs to the level before the pandemic. The Fed said last week it expected the unemployment rate to be 9.3% at the end of the year and around 6% at the end of 2021. That rate was 3.5% earlier this year.

Change in Treasury Yield



Current Generic Bonds Yields

Treasuries		Agencies		Corporates		Municipals	
3 mo	0.15%	3 mo	0.14%	3 mo	0.31%	3 mo	0.32%
6 mo	0.18%	6 mo	0.07%	6 mo	0.39%	6 mo	0.32%
1 yr	0.16%	1 yr	0.08%	1 yr	0.42%	1 yr	0.32%
2 yr	0.19%	2 yr	0.23%	2 yr	0.46%	2 yr	0.38%
5 yr	0.33%	5 yr	0.48%	5 yr	0.90%	5 yr	0.64%
10 yr	0.70%	10 yr	1.01%	10 yr	1.73%	10 yr	1.21%
30 yr	1.46%	30 yr		30 yr	2.74%	30 yr	2.08%

Equity

U.S. equity finished the week lower as stocks saw meaningful pressure on Thursday, which moved all major indices down more than 5% and capped the S&P's first three-day losing streak since early March. According to FactSet Research Systems, a number of factors have been associated with the recent risk-off, including longstanding concerns about the speed and aggressiveness of the rebound since the 23-Mar bottom in the face of a still very soft backdrop. Coronavirus infections and hospitalizations have increased in some states, dampening some of the reopening momentum that has been a big tailwind for cyclical and value plays.

Energy (-11.20%) and Financials (-9.18%) were hit the hardest as all sectors finished negative for the week. These two sectors saw a reprieve last week as value began to outperform growth; however, with this week's losses, they remain the two worst performing sectors year-to-date standing at (-32.74%) and (-22.06%) respectively.

The S&P 500 Large Cap Index has since risen 44% since the lows of March 23rd to the highs of June 10th. June 11th saw the index experience heavy selling as it fell around 5%. As of now this retest is a natural reaction to the large move the market has seen, and the index remains above its 200-Day moving average, which is an important level of support for the large cap fund. The S&P 500 closed at 3,041 for the week.

Index Returns	Last Week	YTD
Dow Jones Industrials	-5.45%	-9.20%
S&P 500 (LCap)	-4.78%	-5.86%
S&P 400 (MCap)	-7.91%	-14.69%
Russell 2000 (SCap)	-7.93%	-16.83%
NASDAQ Composite	-2.30%	6.87%
MSCI EAFE (Int'l)	-3.95%	-11.72%
iShares Real Estate	-4.52%	-12.58%

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.