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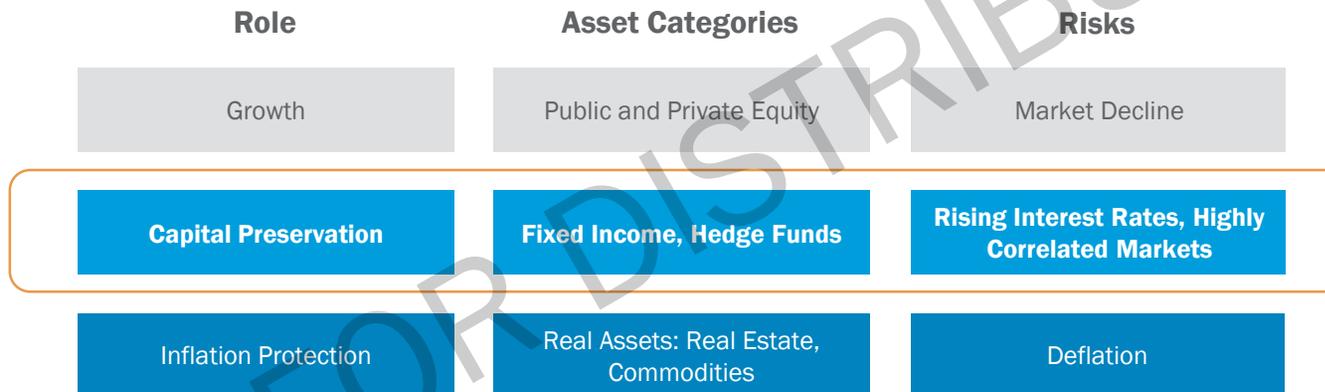
Quarterly Asset Class Report Taxable Fixed Income

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December 31, 2020

Canterbury Consulting recommends and communicates asset-class strategy with the objective of constructing a diversified portfolio of fixed income strategies designed to (in aggregate):

- Preserve after-tax wealth and mitigate volatility
- Maintain comparable exposure to the broad municipal market
- Focus exposure based on state domicile and after-tax returns
- Exhibit returns uncorrelated to equity markets



- Canterbury global fixed income portfolios are expected to deliver consistent after-tax and net-of-fees excess returns and moderate tracking error versus the Barclays Municipal Bond Index. Taxable fixed income portfolios are expected to have a high quality bias with sensitivity toward taxes.
- Canterbury’s fixed income portfolios will exhibit benchmark-like, after-tax yields and credit quality. However, they will do so with more portfolio diversification and lower duration. Portfolio diversification will depend on the client’s state of domicile and individual goals (i.e. income vs. capital preservation).

Index Returns as of December 31, 2020

Fixed Income

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
Barclays Global Aggregate	3.28	9.20	9.20	4.85	4.79	3.01	2.83
Barclays US Agg Bond	0.67	7.51	7.51	5.34	4.43	4.09	3.84
U.S. Treasuries							
BofAML 3M US Treasury Note	0.02	0.74	0.74	1.66	1.23	0.89	0.65
Barclays Short Treasury	0.03	0.95	0.95	1.76	1.32	0.97	0.73
Barclays Intermediate Treasury	-0.23	5.77	5.77	4.12	2.90	2.61	2.50
Barclays Long Term US Treasury	-3.00	17.70	17.70	9.88	7.84	8.78	7.79
BBgBarc U.S. Treasury TIPS 1-5Y	1.49	5.71	5.71	3.70	3.00	1.95	1.91
Barclays US Treasury US TIPS	1.62	10.99	10.99	5.92	5.08	3.92	3.81
U.S. Corporate Credit							
Barclays US Corp IG	3.05	9.89	9.89	7.06	6.74	5.75	5.63
S&P/LSTA Leveraged Loan	3.81	3.12	3.12	4.01	5.23	3.84	4.32
BofAML US HY Master II	6.48	6.17	6.17	5.88	8.43	5.61	6.62
BofAML US HY BB-B Constrained	5.70	6.28	6.28	6.22	8.02	5.75	6.62
BofAML US Corporate AAA	1.55	12.24	12.24	7.98	6.92	6.34	5.26
BofAML US Corporate AA	1.77	9.47	9.47	6.45	5.59	5.11	4.73
BofAML US Corporate A	2.07	9.81	9.81	6.73	6.07	5.46	5.32
BofAML US Corps BBB	3.97	9.76	9.76	7.33	7.49	6.08	6.13
BofAML US High Yield BB	5.74	8.62	8.62	7.03	8.26	6.47	7.07
BofAML US High Yield B	5.72	3.66	3.66	5.29	7.82	4.95	6.14
BofAML US High Yield CCC	12.19	2.86	2.86	2.46	10.17	4.31	6.06
Securitized							
Barclays ABS	0.36	4.52	4.52	3.60	2.87	2.50	2.59
Barclays MBS	0.24	3.87	3.87	3.71	3.05	3.26	3.01
Barclays CMBS	1.05	8.11	8.11	5.66	4.58	3.83	4.22
Municipals							
Barclays Municipal	1.82	5.21	5.21	4.64	3.91	4.54	4.63
Barclays Muni 1-10	0.82	3.97	3.97	3.62	2.74	2.82	2.95
Global							
Citi WGBI	2.77	10.11	10.11	4.96	4.77	2.78	2.32
Barclays Gbl Agg Ex USD	5.09	10.11	10.11	4.23	4.89	2.10	1.99
JPM EMBI Plus	5.64	7.05	7.05	4.50	6.26	5.60	5.64

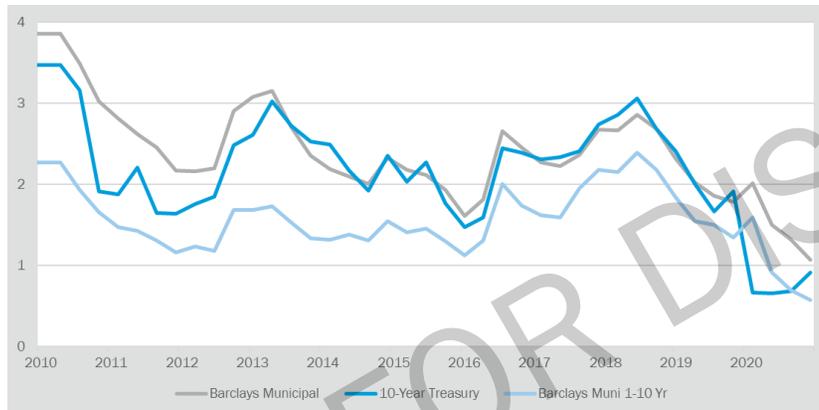
Market Environment as of December 31, 2020

Fixed Income

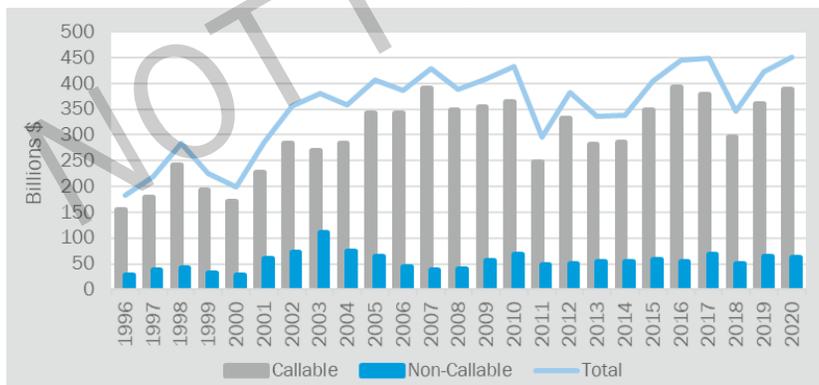
Municipal Yield Curve



Yield Comparison



U.S. Municipal Issuance

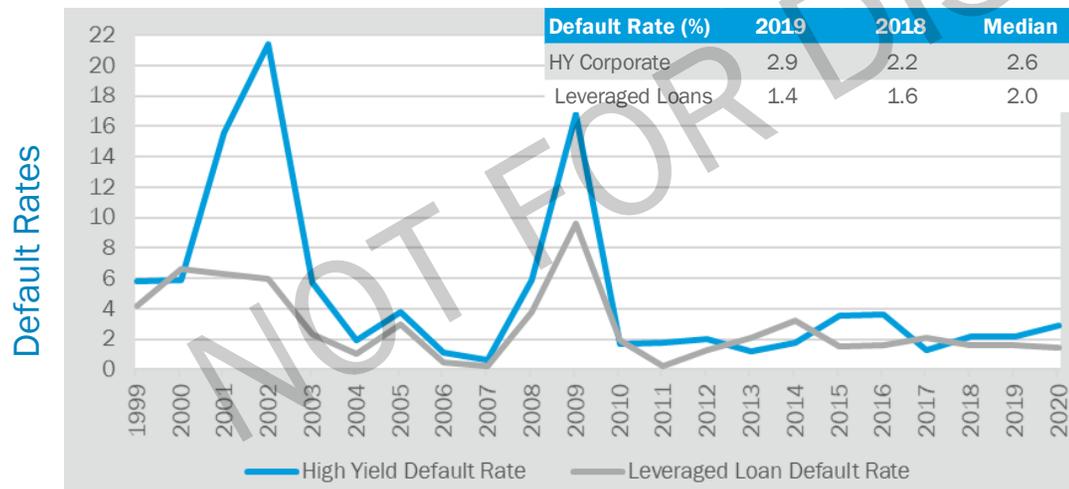
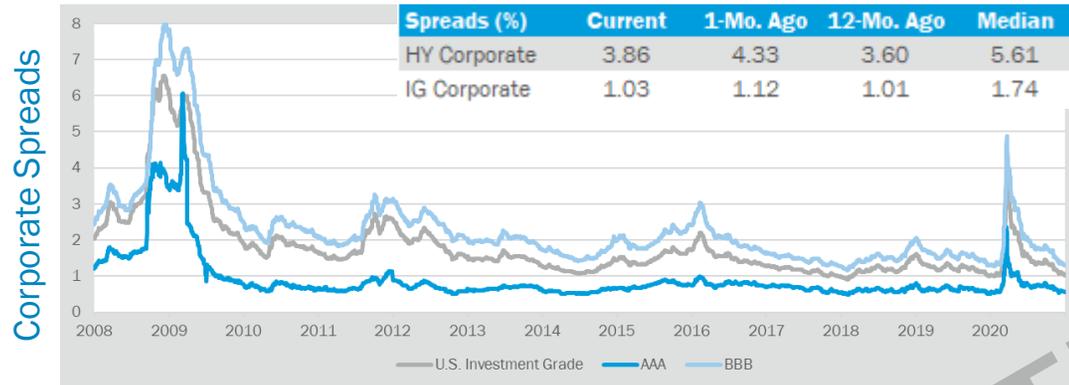


- U.S. interest rates stayed range-bound across the yield curve as the Fed continued to signal an accommodative monetary policy stance. Many non-U.S. developed rates moved further into negative-yielding territory as global central banks showed no signs of tightening for the foreseeable future.
- The municipal bond curve moved lower and in tandem with U.S. Treasuries. Muni/Treasury ratios across the yield curve moved gradually lower as well.
- Municipal bond issuance is approximately 23% higher relative to this time last year. Issuance was most likely elevated due to the uncertainty surrounding the pending U.S. election.

Sources: Securities Industry and Financial Markets Association (SIFMA), U.S. Treasury Department, Barclays, Bloomberg

Market Environment as of December 31, 2020

Fixed Income

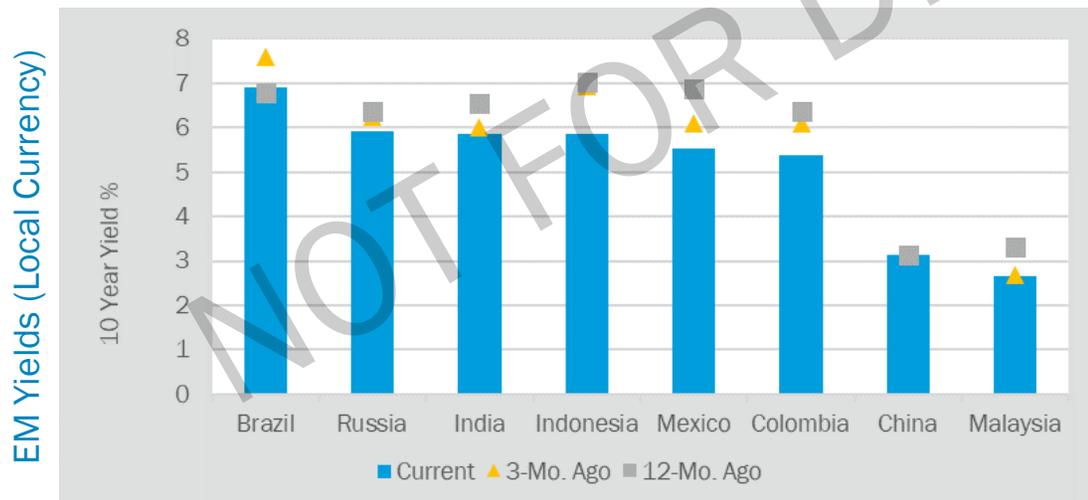
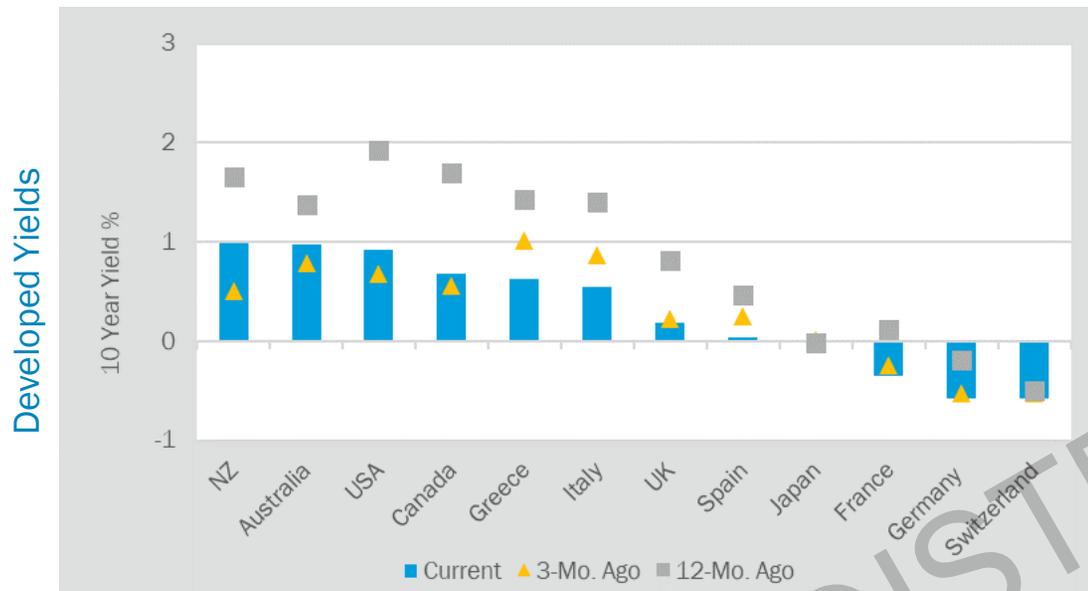


- Investment grade (IG) and high yield (HY) spreads tightened and the corporate bond sector continued to recover from March 2020 lows. Lower-rated bonds outperformed their higher-rated counterparts as default concerns abated.
- The U.S. dollar weakened while the euro appreciated during the quarter. Market participants hypothesize that the euro's move higher is related to the ECB's increased willingness to mutually lend, which would result in further stability for the eurozone.

Sources: Federal Reserve Economic Data, World Bank, U.S. Treasury Department, Barclays

Market Environment as of December 31, 2020

Fixed Income



- Developed sovereign bond yields were either static or lower during the quarter. The current Treasury yield to worst (YTW) figure remained near an all-time low.
- Emerging Markets (EM) sovereign debt was largely range-bound during the quarter. EM yields remain elevated relative to developed market yields.
- While EM currencies slightly retraced from significant depreciation in Q1, many countries still exhibit historically cheap currencies relative to the U.S. dollar.

Source: Bloomberg



Goals

- Are clients seeking to preserve capital, generate total return, or blend the two within a fixed income segment?
- What level of risk related to portfolio correlation is the client looking to incur?



Interest Rate & Inflationary Environment

- How does the current interest rate regime and inflationary environment affect return and risk (i.e. stagnant, slow-rise, rapid rise)?
- What level of interest rate volatility is the client willing to take?



Risk Tolerance

- How much risk is a client willing to take?
- Duration, yield curve positioning, sector exposure, credit exposure, the correlation to equities, and the client's distribution flows are important factors to measure.



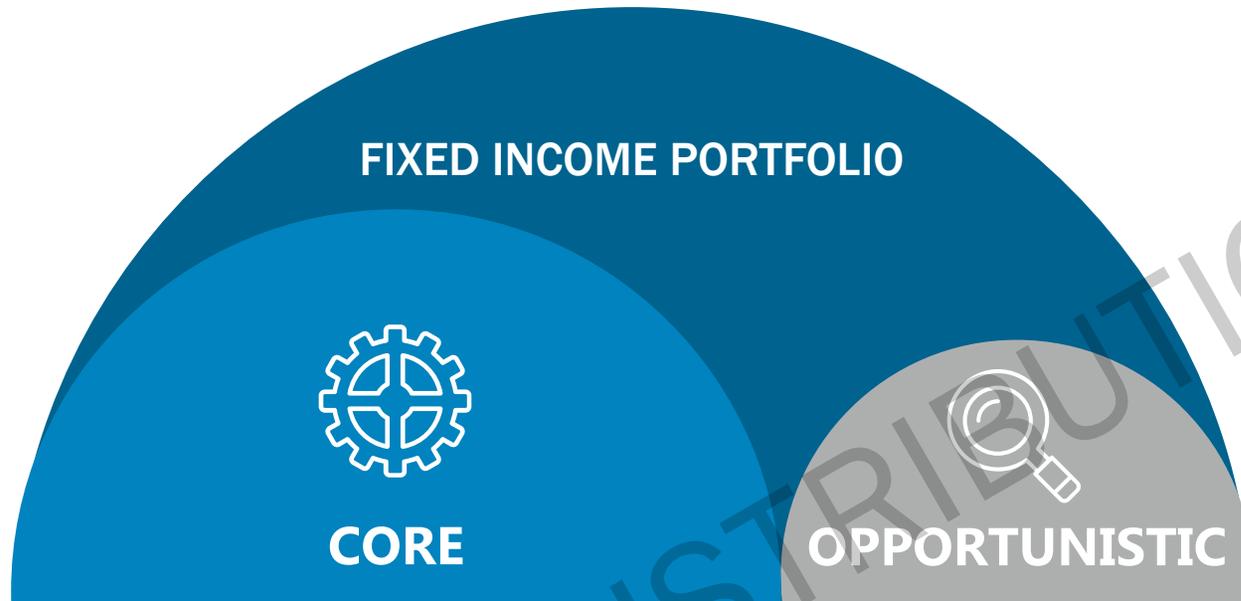
Tax Considerations

- Is the client's status taxable or tax-exempt?
- Does the client have a return target given the respective tax situation?



Time Horizon

- Does the client have short term or long term goals?
- Are spending requirements quarterly, annual, or longer?
- Is spending consistent with the return/risk profile of the portfolio?



Characteristics

- Low volatility
- Uncorrelated to equities
- U.S. focus



Exposure

- Treasuries
- Agencies
- Municipals
- Investment-grade corporate
- MBS



Characteristics

- Income orientated
- Total return focus
- Low correlation to core bonds



Exposure

- Non-U.S. developed sovereigns
- EM sovereigns
- High yield
- Bank loans
- Private debt