CanterburyConsulting

Global Positioning Statement™

canterburyconsulting.com

December 31, 2021

Drivers of the Market

Fourth Quarter 2021

Economy Remains Stable Despite Omicron Concerns

- U.S. equities rose in the quarter despite a weak November due to the fear over rising cases of the Omicron variant. By year-end, the worries subsided as the economy and corporate earnings remained stable.
- European equities were positive in the quarter whereas emerging markets (EM) equities lost value. China was the worst-performing market in Asia as concerns rose over new lockdown restrictions that would hinder the economy. U.S. dollar strength in the quarter was an additional headwind to both European and EM equities.
- In December, the Fed expressed a more hawkish tone by communicating that they will reduce their asset purchases by a larger amount than originally planned. With the updated reduction in asset purchases, the Fed will be on track to end its taper program by March of 2022. By revising their taper timeline, the central bank acknowledged the growing risk of persistent inflation. Chairman Powell has expressed that "rate liftoff" is unlikely during tapering, which insinuates that the first rate hike may happen as soon as March.
- The treasury yield curve experienced volatility across maturities due to uncertainty of lasting inflation and central bank policy tightening. The short-to-intermediate portion of the yield curve ended the quarter higher as the market digested tighter monetary conditions. Investment grade (IG) spreads widened by approximately 10 basis points over the quarter while high yield (HY) spreads marginally tightened. Credit spreads across IG and HY continue to be below pre-pandemic levels.
- Commodity prices rose due to supply constraints and elevated demand. Energy-related-assets faced heightened volatility as OPEC+ signaled they would increase production. The Case-Shiller Home Price Index remained persistently high as demand for U.S. real estate continued to outpace supply.

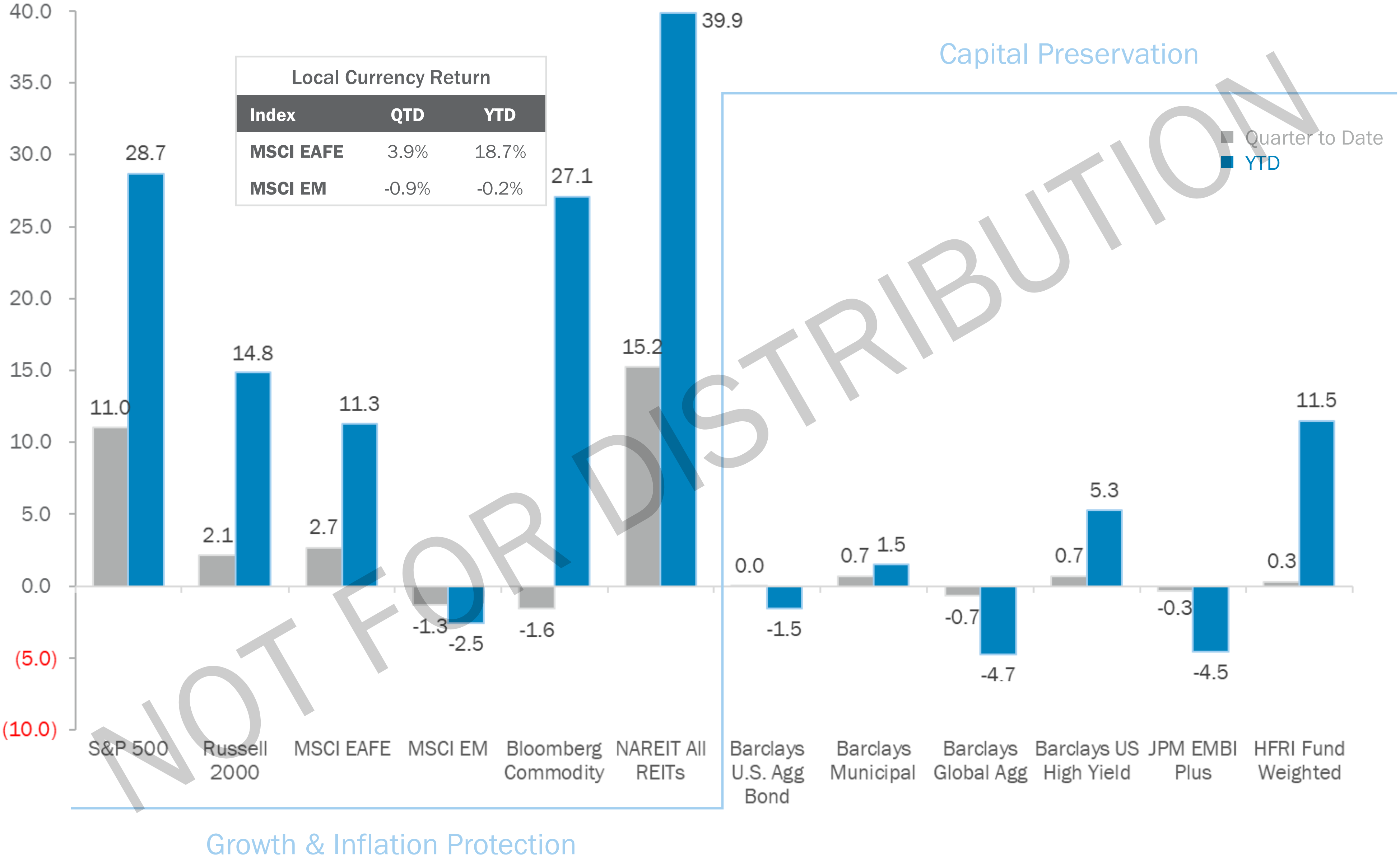
Returns through December 31, 2021

Index	QTD	YTD
Growth MSCI ACWI	6.7%	18.5%
Capital Preservation Bloomberg Global Aggregate	-0.67%	-4.71%
Inflation Protection Morningstar U.S. Real Asset*	6.8%	21.5%

**40% TIPS, 30% L/S Commodity, 15% REITs, 10% Global Nat. Resources, 5% MLPs*

Index Returns (%)

Through December 31, 2021



Local Currency Return

Index	QTD	YTD
MSCI EAFE	3.9%	18.7%
MSCI EM	-0.9%	-0.2%

Source: Morningstar

Economic Data

Fourth Quarter 2021

Year over Year Statistics[1]

	December 30, 2016	December 29, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
S&P 500	2,238.83	2,673.61	2,506.85	3,230.78	3,756.07	4,766.18
S&P 500 EPS	109.22	125.61	150.60	152.26	122.47	181.92
P/E of S&P 500	20.50	21.29	16.65	21.22	30.67	26.20
P/E of MSCI EAFE	20.00	17.54	14.15	19.33	39.14	17.71
P/E of MSCI EM	14.25	14.16	10.87	15.83	22.04	14.00
S&P 500 Earnings Yield	4.88	4.70	6.01	4.71	3.26	3.82
Fed Funds Effective Rate	0.54	1.30	2.27	1.55	0.09	0.08
3 Month LIBOR	1.00	1.69	2.81	1.91	0.24	0.21
10 Year Treasury Yield	2.44	2.41	2.68	1.92	0.91	1.51
30 Year Mortgage Rate	4.06	3.85	4.51	3.86	2.87	3.27
Barclays U.S. Agg Yield	2.61	2.71	3.28	2.31	1.12	1.75
Barclays HY Spread	4.09	3.43	5.26	3.36	3.60	2.83
Gold ($/oz)	1,147.50	1,302.80	1,282.49	1,517.27	1,898.36	1,829.20
WTI Crude Oil ($/bbl)	53.72	60.42	45.41	61.06	48.52	76.99
Unemployment Rate	4.70	4.10	3.90	3.60	6.70	3.90
Headline CPI[2]	2.10	2.10	1.90	2.30	1.40	7.00
VIX Index	14.04	11.04	25.42	13.78	22.75	17.22

Forward Looking Forecasts

	Real GDP[3]	CPI[3]	Unemployment[3]	10-Yr Treasury[3]	S&P 500 EPS[4]	Forward P/E[4]	MSCI EAFE EPS[4]	Forward P/E[4]	MSCI EM EPS[4]	Forward P/E[4]
2022	3.9%	4.4%	3.9%	2.04%	$215.95	22.07	$157.59	14.82	$99.97	12.32
2023	2.4%	2.3%	3.5%	2.34%	$226.06	21.08	$155.14	15.06	$105.70	11.66

1) *Source: Bloomberg*
2) *Values are carried forward from the most recent reported value (12/31/2021)*
3) *Forecasts are consensus opinions from 80 forecasting agencies throughout the month of September (Median)*
4) *Index Forecasts - Forward 12-month estimate, Forward 24-month estimate*
Estimate calculated from quarter end (i.e. December 31, 2021 – December 31, 2022). Price in P/E ratio static as of quarter end.

Current U.S. Economic Conditions: Growth

Contraction

- **U.S. GDP Growth: Below avg. growth**
- U.S. Unemployment
- U.S. Credit Markets
- **Volatility (VIX): Above avg. volatility**
- **Yield Curve: Below avg. yield curve**
- Investor Sentiment:

Normal Growth

- U.S. GDP Growth
- **U.S. Unemployment: Below avg. unemployment**
- U.S. Credit Markets
- Volatility (VIX)
- Yield Curve
- **Investor Sentiment: Above average**

Panic

- U.S. GDP Growth
- U.S. Unemployment
- U.S. Credit Markets
- Volatility (VIX)
- Yield Curve
- Investor Sentiment

Manic Growth

- U.S. GDP Growth
- U.S. Unemployment
- **U.S. Credit Markets: Sig. below avg. spreads**
- Volatility (VIX)
- Yield Curve
- Investor Sentiment

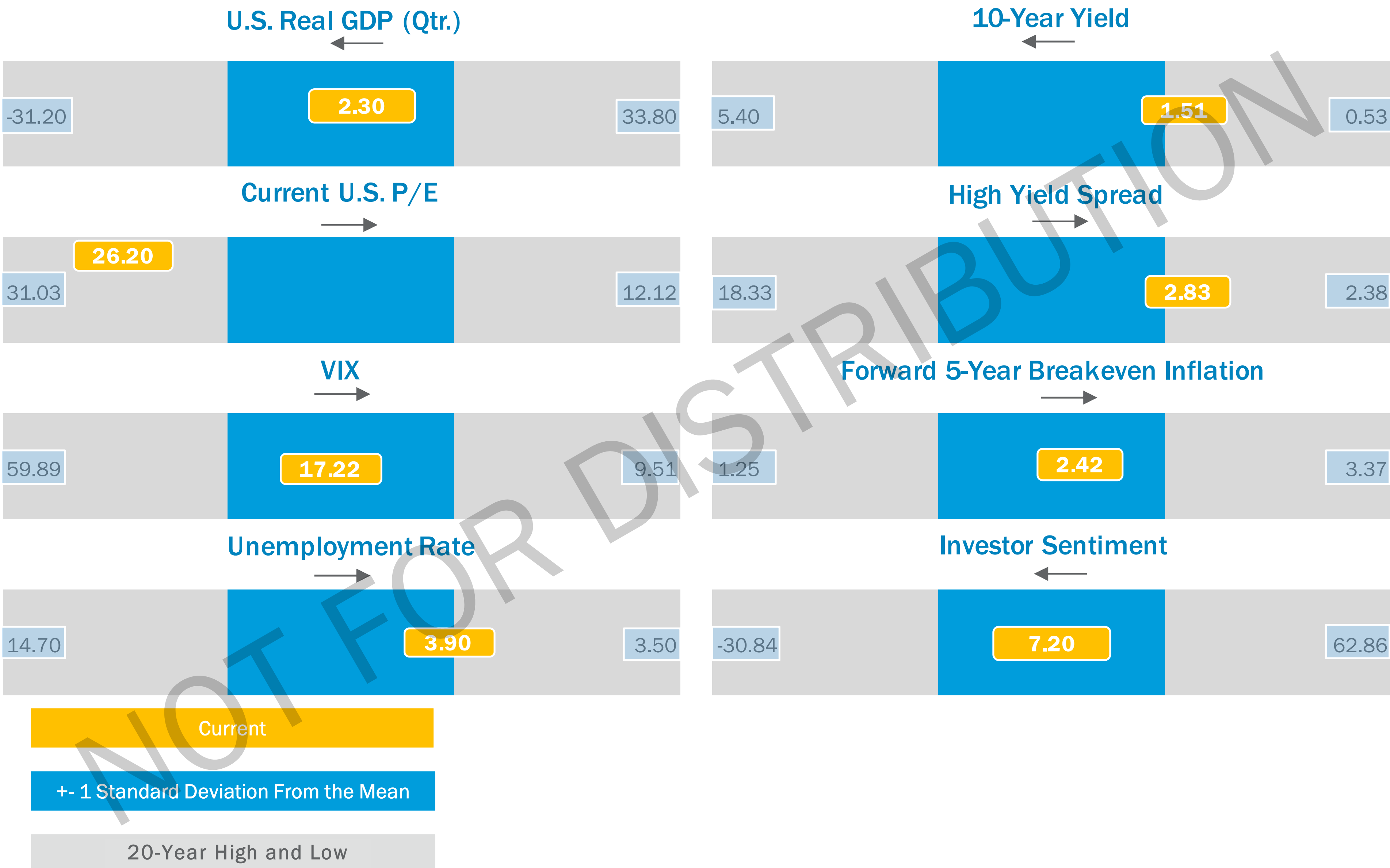
Metrics	Quarter avg.	10-year avg.
U.S. GDP Growth: Prior quarter U.S. Real GDP versus the 10 year U.S. Real GDP average*	2.3%	2.4%
U.S. Unemployment: Quarter avg. unemployment rate versus the 10 year average	3.8%	5.8%
U.S. Credit Markets: Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	302	447
Volatility (VIX): Quarter avg. VIX average versus the 10 year VIX average	20.2	17.5
Yield Curve: Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	128 bps	181 bps
Investor Sentiment: Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	5.2	4.8

**U.S. GDP Growth is the current, end of previous quarter reading*

Source: Bloomberg

Global Positioning Indicators

Through December 31, 2021



Source: Bloomberg

Global Positioning Statement™

Canterbury's Position

	GROWTH		CAPITAL PRESERVATION		INFLATION PROTECTION
Asset Class	Public Equity	Private Equity	Fixed Income	Hedge Funds	Real Assets
Benchmark	MSCI ACWI	Cambridge U.S. Private Equity Index	Barclays Global Aggregate	HFRI Fund Weighted	Morningstar U.S. Real Asset
Canterbury Positioning	1. Consider rebalancing back to targets if underweight 2. Allocate to high active share strategies within active segment	1. Focus on operational hands-on strategies 2. Continue to allocate in accordance with prior pacing expectations if liquidity allows	1. Maintain diversification with interest rates and consider gradually rebalancing to target allocations in credit 2. Maintain home country bias	1. Slight bias toward long/short credit and event-driven strategies	1. Diversify exposure to real assets 2. Rebalance real asset exposure
Reason	1. Market dislocation provides opportunity to earn a rebalancing premium 2. Elevated volatility and dispersion as we enter a recession support thoughtful security selection	1. Persistent value creation across market cycles; ability to influence key company decisions 2. Long term asset class; funds raised during or just after a downturn have historically generated strong returns	1. Interest rate risk is expensive in the current low rate environment; credit spreads have reached historic tights 2. Less non-U.S. developed currency risk and a better hedge against investor liabilities	1. Stressed opportunities potentially developing in the credit markets	1. Increases the reliability of the asset class against inflation 2. Offers diversified exposure to a broad set of real assets given volatility characteristics

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