



CanterburyConsulting

canterburyconsulting.com

Quarterly Asset Class Report Tax-Exempt Fixed Income

Canterbury Consulting ("CCI") is an SEC registered Investment Adviser. Information pertaining to CCI's advisory operations, services, and fees is set forth in CCI's current Form ADV Part 2 (Brochure), a copy of which is available upon request and at www.adviserinfo.sec.gov. Information provided through CCI's Quarterly Outlook related to market or asset class performance figures is believed to be derived from reliable sources. However, CCI assumes no responsibility for their content or the manner in which the viewer utilizes such information. The performance information presented in certain charts or tables is for informational purpose only and represents historical performance based on available market data results for the quarterly period shown above and does not reflect any performance related to trading in actual accounts. Any recommendations or statement made in the Quarterly Outlook is not to be construed as specific investment advice. The viewer should be aware of the inherent limitations of data derived from the retroactive application of historical data developed with the benefit of hindsight and that actual results may differ. Actual performance with client accounts would be materially less than the stated performance results for the same period when including the deduction of advisory fees, brokerage or other commissions, and any other expenses that a client would have paid.

June 30, 2026

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 capital and mitigate volatility
- Provide measured exposure to the diverse universe of fixed income securities
- Exhibit returns uncorrelated to equity markets

Role	Asset Categories	Risks
Growth	Public and Private Equity	Market Decline
Capital Preservation	Fixed Income, Hedge Funds	Rising Interest Rates, Highly Correlated Markets
Inflation Protection	Real Assets: Real Estate, Commodities	Deflation

- Canterbury fixed income portfolios are set up with a goal to deliver consistent net-of-fees excess returns and moderate tracking error versus the Bloomberg U.S. Aggregate and Bloomberg Global Aggregate.
- Relative to the index, Canterbury's current fixed income portfolios may exhibit neutral-to-slightly lower duration, similar credit quality, and higher yields.

Index Returns as of June 30, 2026

Fixed Income

	QTD (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	7 Years (%)	10 Years (%)
Bloomberg Global Aggregate	0.87	-0.21	0.62	3.41	-1.55	-0.15	0.38
Bloomberg US Agg Bond	0.67	0.62	3.79	4.16	0.08	1.22	1.54

U.S. Treasurys

FTSE Treasury Bill 3 Month	0.93	1.87	4.05	4.86	3.69	2.86	2.40
Bloomberg Short Treasury	0.87	1.71	3.92	4.71	3.46	2.76	2.35
Bloomberg Intermediate Treasury	0.18	0.23	2.67	4.09	0.89	1.45	1.41
Bloomberg Long Term US Treasury	0.85	0.44	2.89	-0.46	-5.60	-2.45	-1.33
Bloomberg U.S. Treasury TIPS 1-5Y	0.57	1.40	3.43	5.17	3.02	3.59	2.99
Bloomberg US Treasury US TIPS	0.89	1.15	3.42	3.98	1.01	2.79	2.58

U.S. Corporate Credit

Bloomberg US Corp IG	1.40	0.86	4.34	5.29	0.34	2.02	2.60
Morningstar LSTA US LL	1.88	1.31	4.36	7.55	6.01	5.61	5.50
Bloomberg HY Corporate	2.47	1.96	5.91	8.86	4.17	5.09	5.81
Bloomberg Ba to B US HY	2.48	2.05	5.99	8.37	3.94	4.98	5.62
Bloomberg US Corp Aaa	0.75	0.04	2.77	2.24	-2.25	0.16	1.21
Bloomberg US Corp Aa	0.73	0.28	3.06	3.59	-0.94	0.71	1.35
Bloomberg US Corp A	1.27	0.72	4.21	4.95	0.19	1.77	2.22
Bloomberg US Corp Baa	1.67	1.12	4.73	5.95	0.76	2.51	3.17
Bloomberg US HY Ba	2.26	1.98	5.90	8.12	3.68	5.11	5.57
Bloomberg US HY B	2.84	2.18	6.15	8.69	4.27	4.81	5.65
Bloomberg US HY Caa	2.98	1.69	6.32	11.57	5.19	5.33	6.40

Securitized

Bloomberg ABS	0.75	1.07	4.01	5.26	2.47	2.62	2.43
Bloomberg MBS	0.58	0.99	5.21	4.60	0.50	1.09	1.38
Bloomberg CMBS	0.45	0.77	3.91	5.79	1.18	2.12	2.26

Municipals

Bloomberg Municipal	2.50	2.32	7.03	3.76	1.05	1.97	2.15
Bloomberg Muni 1-10	1.22	1.08	4.12	3.41	1.38	1.81	1.85

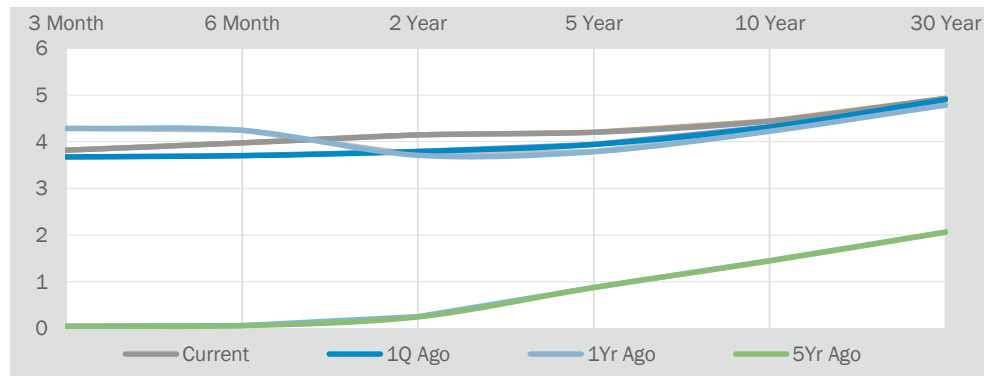
Global

Bloomberg Global Aggregate TR Hdg USD	1.30	1.15	3.17	4.50	0.88	1.49	1.92
Bloomberg Gbl Agg Ex USD	0.99	-0.90	-1.95	2.70	-2.89	-1.34	-0.66
FTSE WGBI	0.68	-0.38	-0.11	2.50	-2.66	-1.17	-0.52

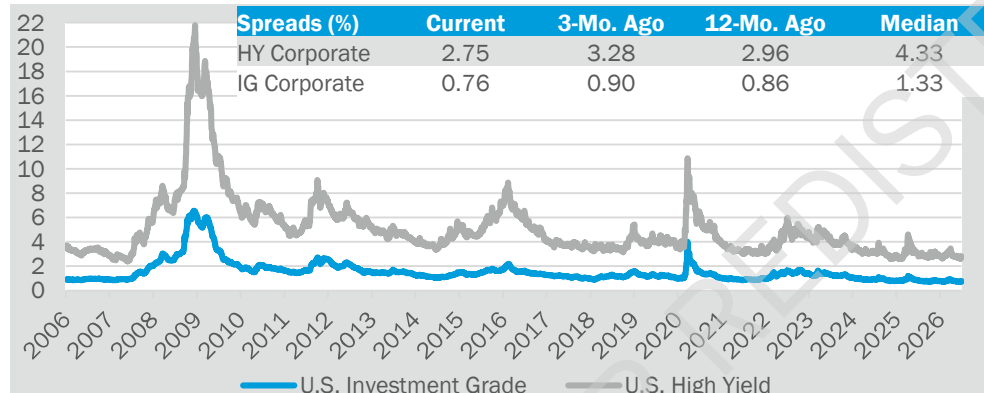
Market Environment as of June 30, 2026

Fixed Income

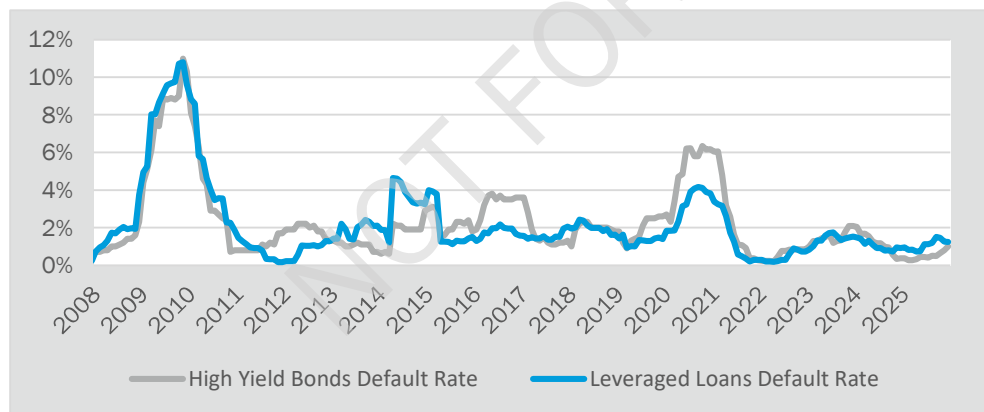
U.S. Treasury Rates (%)



Corporate Spreads (%)



Default Rates (%)



- The Federal Reserve held the federal funds rate constant at both the April and June FOMC meetings in a range of 3.50% - 3.75%.
- The June FOMC meeting marked Kevin Warsh's first as chairman, during which he emphasized the Fed's commitment to restoring price stability and signaled that rates could remain elevated for longer than markets had expected. He also introduced changes to Fed communications, including a shorter policy statement, reduced reliance on forward guidance, and the creation of task forces to review best practices at the Fed. Current FOMC projections indicate support for one 25 basis point hike in 2026, though members are still divided given the uncertainty surrounding the effects of trade policy and conflict in the Middle East.
- During the quarter, the yield curve shifted higher and flattened, with short and intermediate-term rates rising more than longer-dated maturities, driven by volatile near-term inflation expectations.
- Investment-grade (IG) and high-yield (HY) credit spreads were volatile in the second quarter, ending the period meaningfully tighter, and remain well below their long-term median levels. [1]

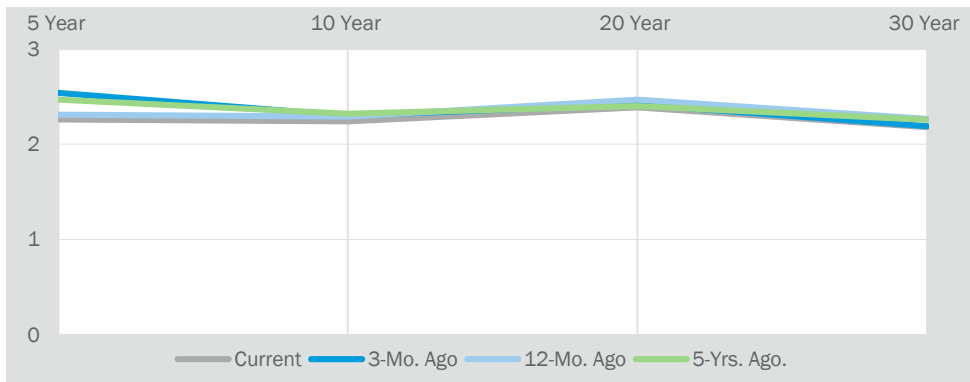
Sources: Federal Reserve Bank of St. Louis, U.S. Treasury Department. Data as of 6/30/2026. S&P LCD Lev Loan Defaults, JP Morgan HY Bond Defaults, Data as of 12/31/2025.

[1] Long-term median is defined as median data starting in 2006.

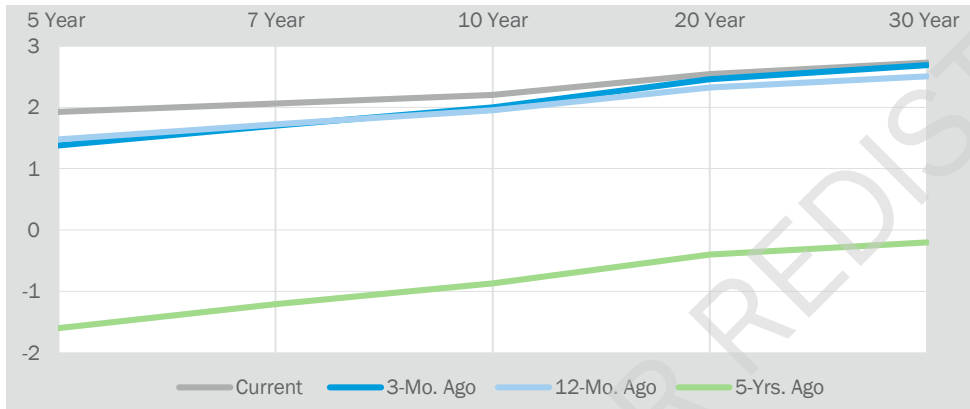
Market Environment as of June 30, 2026

Fixed Income

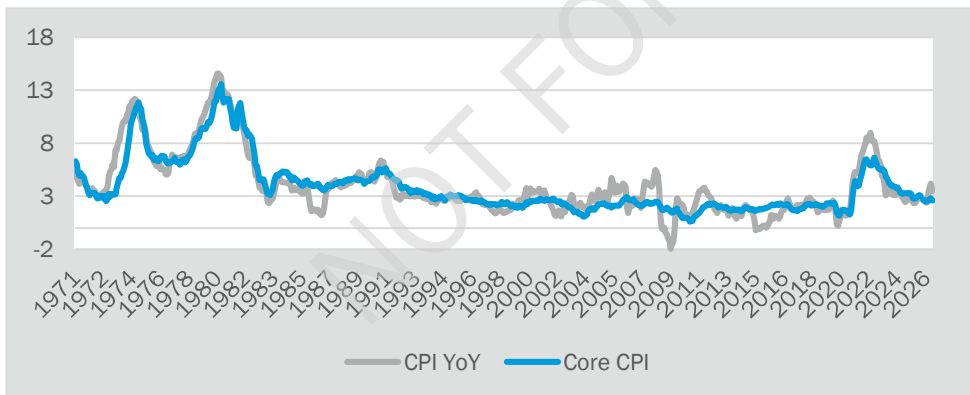
Breakeven Rates (%)



Real Yields (%)



Inflation Rates (%)



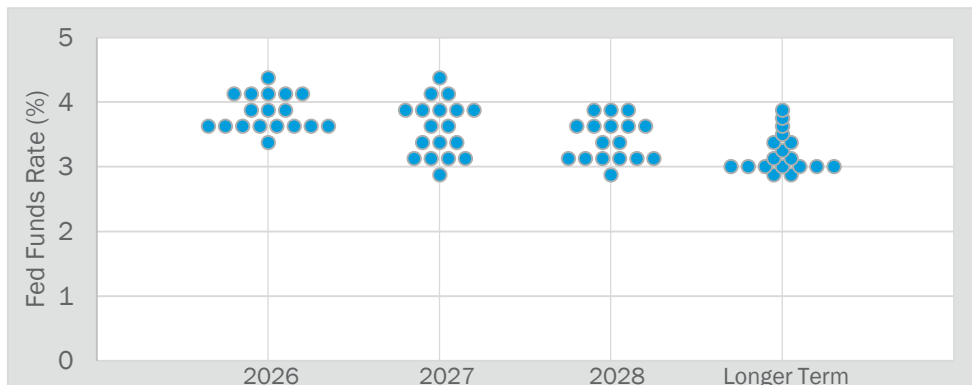
- The breakeven rate yield curve flattened in the second quarter, with intermediate term breakeven rates (specifically the 5-year) decreasing meaningfully, while long-term breakeven rates decreased moderately.
- The breakeven rate is the implied inflation rate for a given maturity and is calculated by subtracting the real yield of a Treasury bond from the nominal yield.
- Current breakeven rates suggest that intermediate-term inflation is expected to remain elevated, likely in the 2.2 - 2.3% range, relative to longer-term inflation.
- Real yields increased materially across the curve given elevated near and intermediate-term inflation expectations, with 5-year real yields increasing by nearly 40% from the prior quarter.
- The June Consumer Price Index (CPI) report came in cooler than expected, though inflation remained elevated. Easing energy and services price pressures contributed to the 3.5% year-over-year headline inflation rate. On a seasonally adjusted basis, CPI declined 0.4% in June, marking the largest monthly decrease since April 2020. Core CPI also came in below expectations and was unchanged from the prior month, bringing the year-over-year core inflation rate to 2.6%.

Source: Federal Reserve Bank of St. Louis, Bureau of Labor Statistics CPI & PCE Data, U.S. Treasury Department, U.S. Treasury Inflation-Indexed Rates. Data as of 6/30/2026.

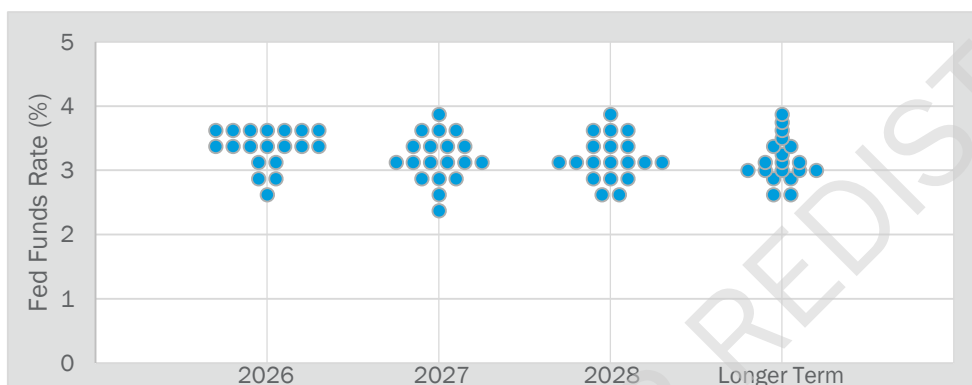
Market Environment as of June 30, 2026

Fixed Income

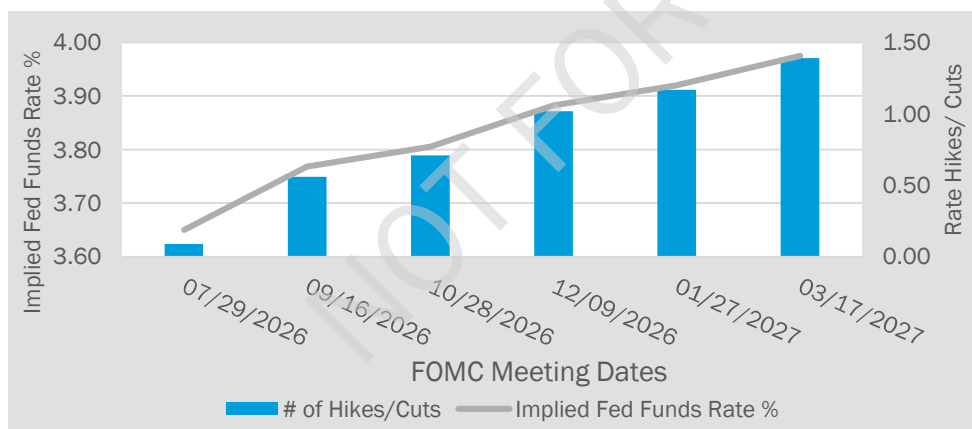
Fed Dot Plot
June 2026



Fed Dot Plot
March 2026



Implied Fed Funds Rate
& Rate Hike Probabilities

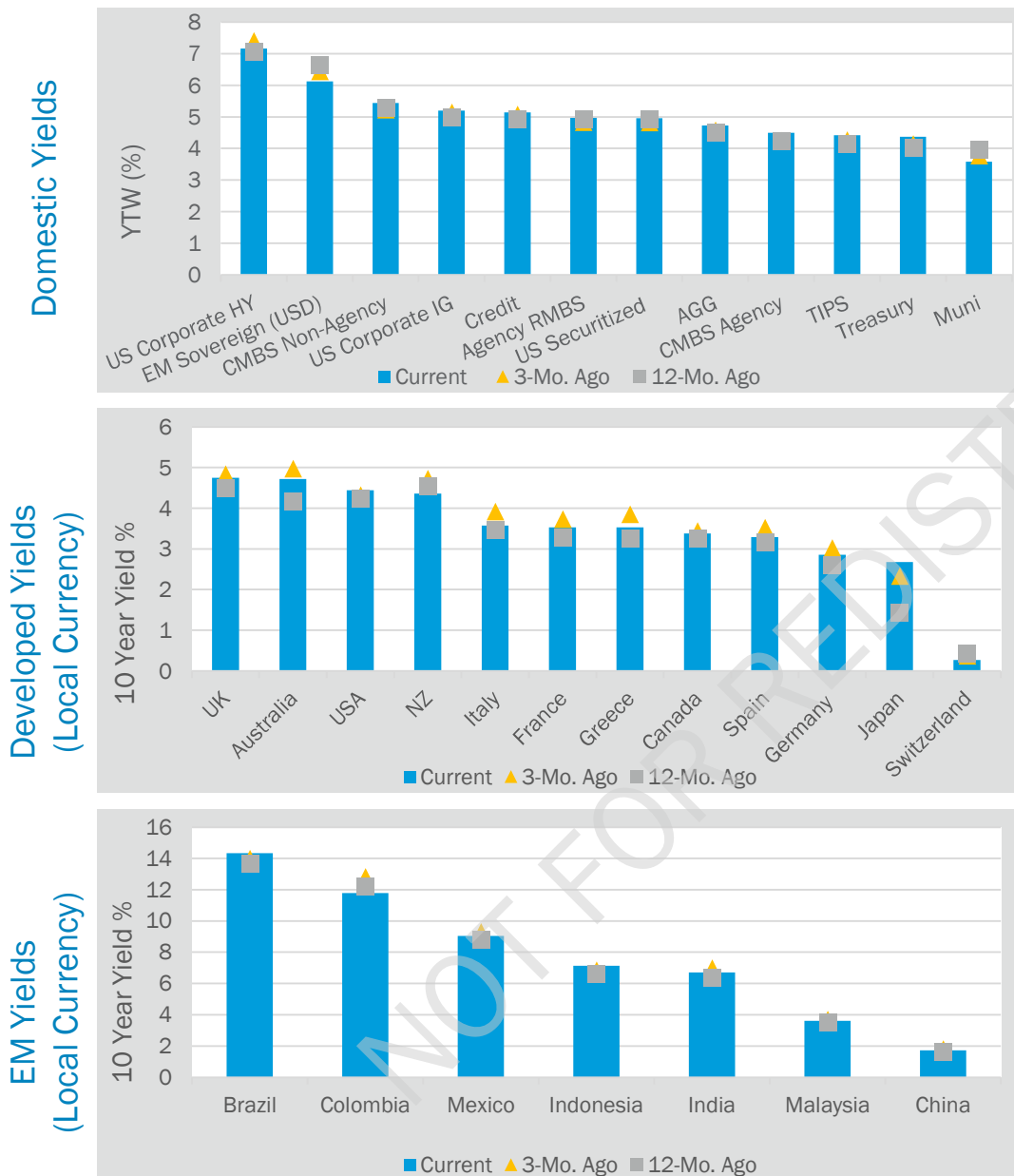


- FOMC projections showed greater dispersion at the June meeting, with the median forecast indicating support for one additional rate hike through the end of 2026. Chair Warsh declined to submit a dot plot, consistent with his view that the Federal Reserve should place less reliance on forward guidance.
- Market participants, as reflected in the Fed funds futures market, are currently pricing in approximately one 25 basis point rate hike through the Fed's December 2026 meeting. This marks a shift since last quarter's assessment, where participants were pricing in just under one rate cut.
- The Fed Dot Plot represents where each of the Federal Open Market Committee (FOMC) members believes the Fed funds rate will be in the future.
- The implied Fed funds rate is where market participants believe the Fed funds rate will be based on futures prices.

Source: Board of Governors of the Federal Reserve System, Fed Funds Futures as of 6/30/2026.

Market Environment as of June 30, 2026

Fixed Income



- Yields across U.S. fixed income sectors were volatile and generally increased in the second quarter, although yields on dollar-denominated Emerging Market Sovereign¹ debt compressed by approximately 32 basis points due to speculation around de-escalation in the Middle East and a variety of country-specific tailwinds.
- In global developed markets, yields broadly decreased. New Zealand sovereign debt exhibited the largest decrease, driven partially by the announcement of a reduced five-year borrowing plan, helping alleviate investor concerns regarding national debt levels. Japanese sovereign debt, however, saw yields end the quarter materially higher, driven by concerns over elevated energy-related inflation and broader fiscal health.
- Emerging market (EM) sovereign yields (local currency) posted a mixed bag of results. Yields on Colombian sovereign debt decreased by over 100 basis points following the conclusion of a highly contested presidential election and growing investor optimism over a right-wing regime shift.

Source: Bloomberg Indices. 10-year global sovereign yields. Data as of 6/30/2026.

¹As measured via the Bloomberg Emerging Markets USD Aggregate – Sovereign Index.



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.



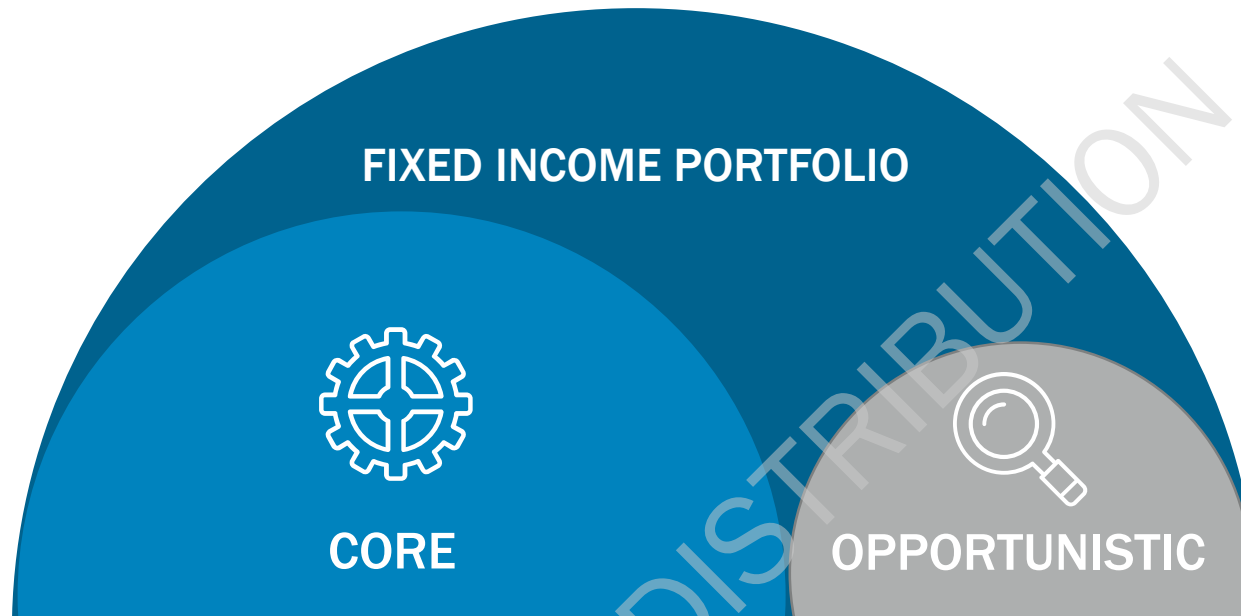
Tax Considerations

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



Time Horizon

- Does the client have short term or long term goals?
- Are spending requirements quarterly, annually, 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
- Investment grade corporate
- MBS



Characteristics

- Income orientated
- Total return focus
- Uncorrelated to core bonds



Exposure

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