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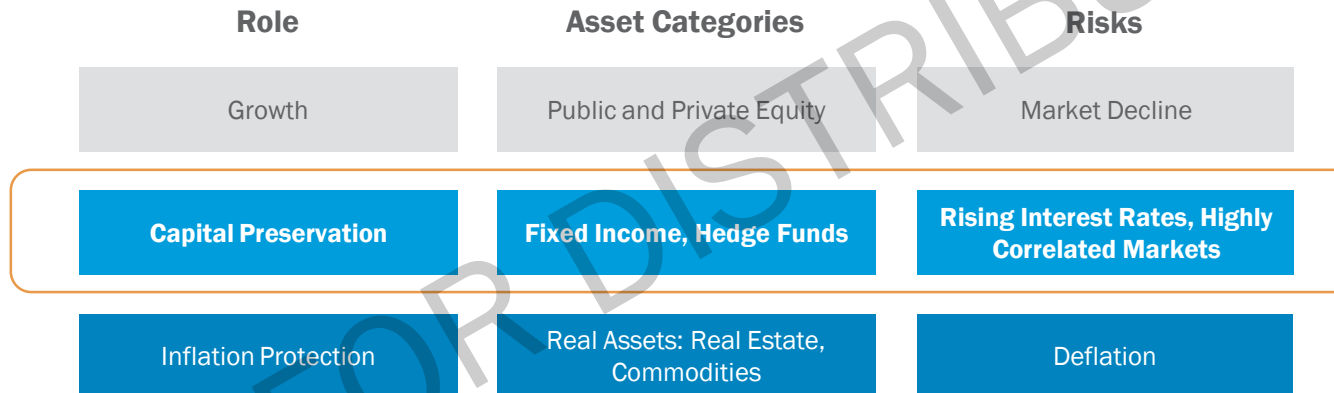
Quarterly Asset Class Report Tax-Exempt Fixed Income

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



- Canterbury fixed income portfolios are expected to deliver consistent net-of-fees excess returns and moderate tracking error versus the Barclays Global Aggregate.
- Relative to the index, Canterbury’s current fixed income portfolios will exhibit lower duration, similar credit quality, and higher yields.

Index Returns as of March 31, 2020

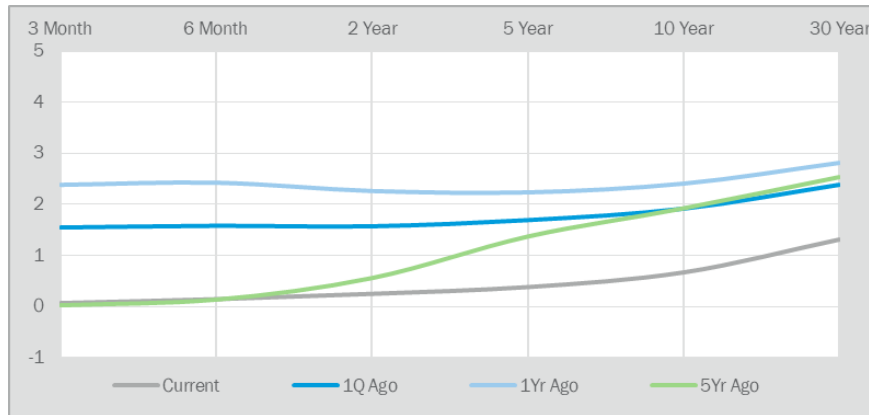
Fixed Income

	QTD	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
Barclays Global Aggregate	-0.33	-0.33	4.20	3.55	2.64	1.60	2.47
Barclays US Agg Bond	3.15	3.15	8.93	4.82	3.36	3.19	3.88
U.S. Treasurys							
BofAML 3M US Treasury Note	0.66	0.66	2.38	1.88	1.22	0.89	0.66
Barclays Short Treasury	0.84	0.84	2.64	1.96	1.32	0.97	0.74
Barclays Intermediate Treasury	5.25	5.25	9.02	4.15	2.78	2.31	2.86
Barclays Long Term US Treasury	20.90	20.90	32.64	13.41	7.32	7.48	8.96
BBgBarc U.S. Treasury TIPS 1-5Y	-0.73	-0.73	2.51	1.56	1.60	0.69	1.56
Barclays US Treasury US TIPS	1.69	1.69	6.85	3.46	2.67	1.37	3.48
U.S. Corporate Credit							
Barclays US Corp IG	-3.63	-3.63	4.98	4.20	3.36	3.57	4.92
S&P/LSTA Leveraged Loan	-13.05	-13.05	-9.16	-0.78	1.14	1.79	3.08
BofAML US HY Master II	-13.12	-13.12	-7.45	0.55	2.67	3.26	5.50
BofAML US HY BB-B Constrained	-11.93	-11.93	-5.56	1.27	2.90	3.50	5.61
BofAML US Corporate AAA	4.49	4.49	13.80	7.70	5.08	4.71	5.10
BofAML US Corporate AA	0.69	0.69	7.53	4.81	3.59	3.59	4.41
BofAML US Corporate A	-1.18	-1.18	6.70	4.61	3.54	3.64	4.89
BofAML US Corps BBB	-7.40	-7.40	1.66	3.24	2.96	3.35	5.06
BofAML US High Yield BB	-10.23	-10.23	-3.25	2.10	3.45	4.08	6.00
BofAML US High Yield B	-14.09	-14.09	-8.41	0.19	2.24	2.81	5.16
BofAML US High Yield CCC	-22.43	-22.43	-21.56	-5.16	0.44	1.19	4.20
Securitized							
Barclays ABS	-0.21	-0.21	2.79	2.35	1.99	1.77	2.47
Barclays MBS	2.82	2.82	7.03	4.04	2.94	2.91	3.28
Barclays CMBS	1.19	1.19	6.13	4.20	3.08	2.85	4.48
Municipals							
Barclays Municipal	-0.63	-0.63	3.85	3.96	3.19	3.27	4.14
Barclays Muni 1-10	-0.61	-0.61	2.50	2.58	2.11	2.09	2.71
Global							
Citi WGBI	2.00	2.00	6.17	4.27	2.96	1.48	2.19
Barclays Gbl Agg Ex USD	-2.68	-2.68	0.74	2.57	2.04	0.38	1.39
JPM EMBI Plus	-8.67	-8.67	-3.13	0.53	2.92	2.45	4.77

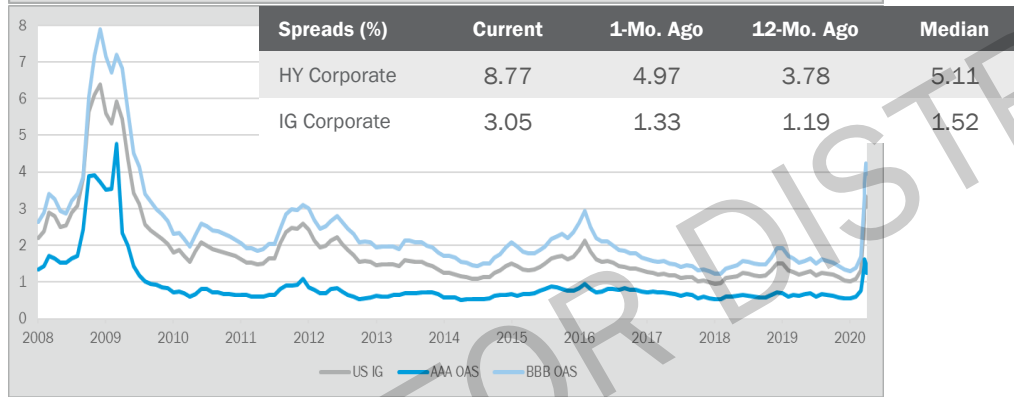
Market Environment as of March 31, 2020

Fixed Income

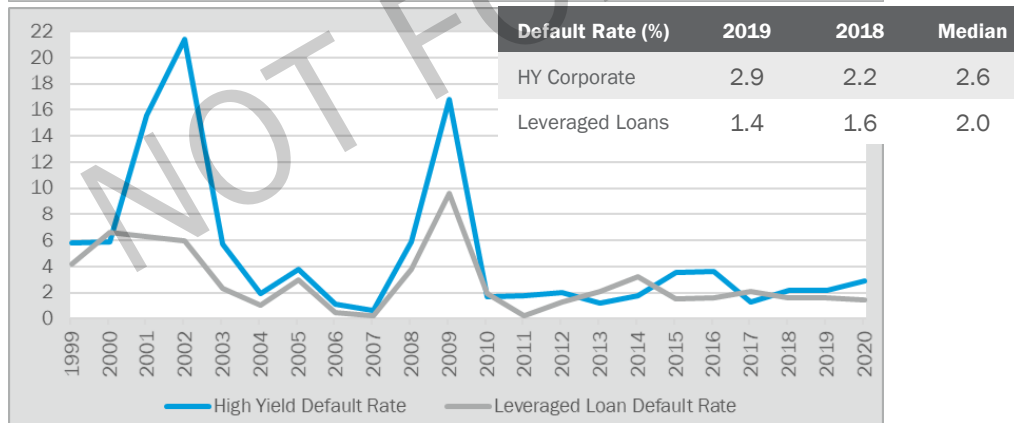
U.S. Treasury Rates



Corporate Spreads



Default Rates



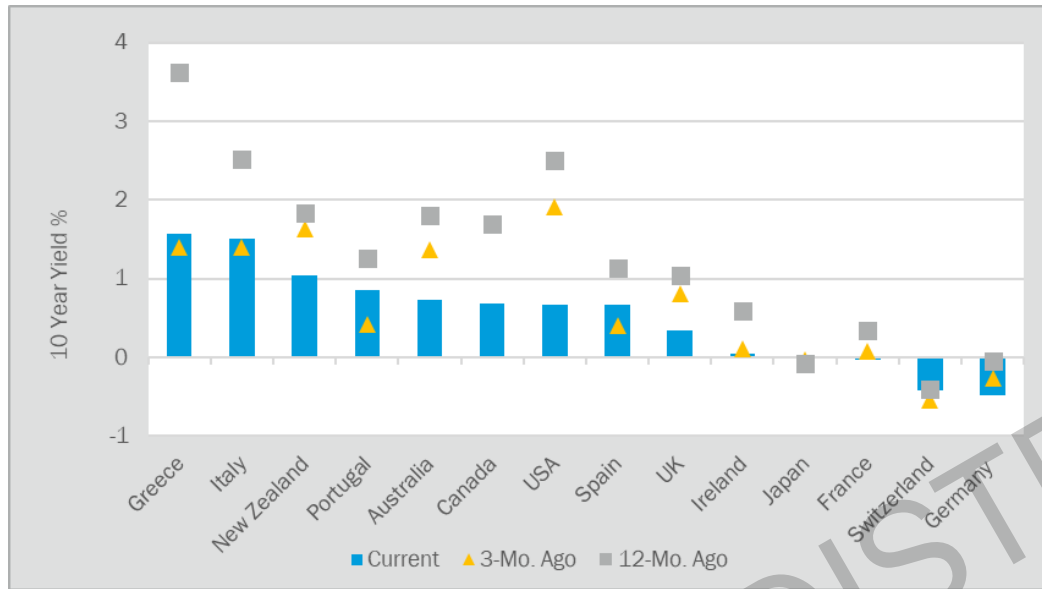
- Core bonds performed well as the Fed cut interest rates to zero and implemented aggressive expansionary monetary policies to combat the negative market effects from the coronavirus pandemic.
- While interest rate volatility was extremely high, the best performing fixed income sector was long-term Treasuries, as the 10-year moved from 1.9% to 0.7% during the quarter.
- Corporate credit sold off along with other risk assets during the quarter. Both investment grade and high yield experienced significant spread widening on the back of higher default expectations and market liquidity concerns.
- High yield energy debt experienced a meaningful drawdown as the oil price war between Russia and Saudi Arabia put U.S. energy companies in a precarious position.
- High yield defaults gradually increased in 2019. However, the figure is expected to rise significantly given the current economic fallout. Default forecasts for next year range from 10–18%.

Sources: Federal Reserve Economic Data; World Bank, U.S. Treasury Department, Barclays as of March 31, 2020

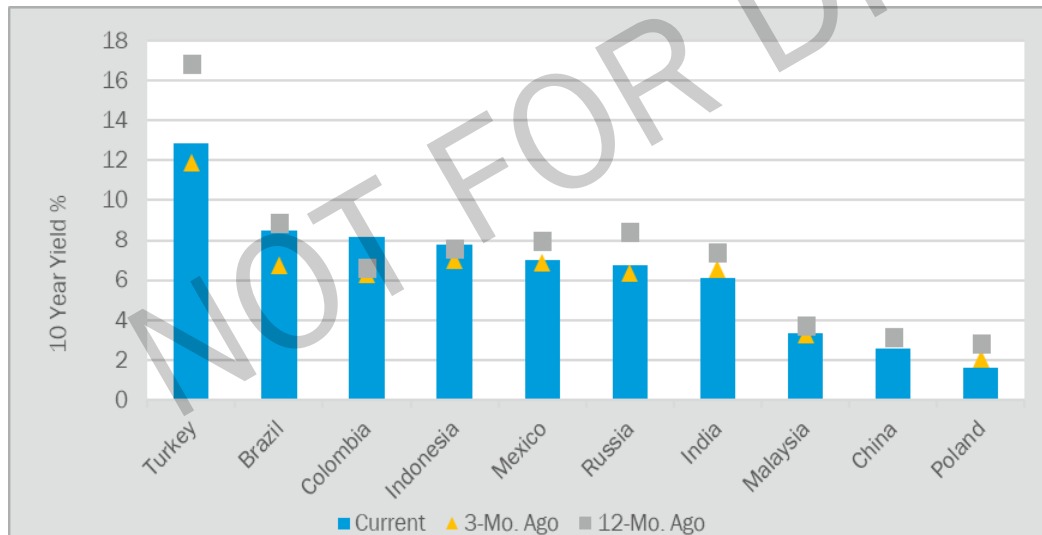
Market Environment as of March 31, 2020

Fixed Income

Developed Yields



EM Yields (Local Currency)



- Developed market yields initially declined when the coronavirus fears accelerated. However, long-term rates experienced significant volatility as investors shifted to short maturity debt and/or cash in March. Most developed country sovereign bonds are yielding below 1% as of March 31, 2020.
- Among developed sovereigns, the U.S. and Canada have experienced the largest yield declines over the last three months. The current Treasury yield to worst (YTW) figure is at an all-time low.
- The majority of local currency EM sovereign debt has performed poorly as investors rotated into U.S. dollars. The high demand for dollars continues to be a headwind for local currency debt.
- The precipitous decline in oil prices has had a negative effect on emerging markets. Oil exporting countries will be at a severe disadvantage going forward.

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.



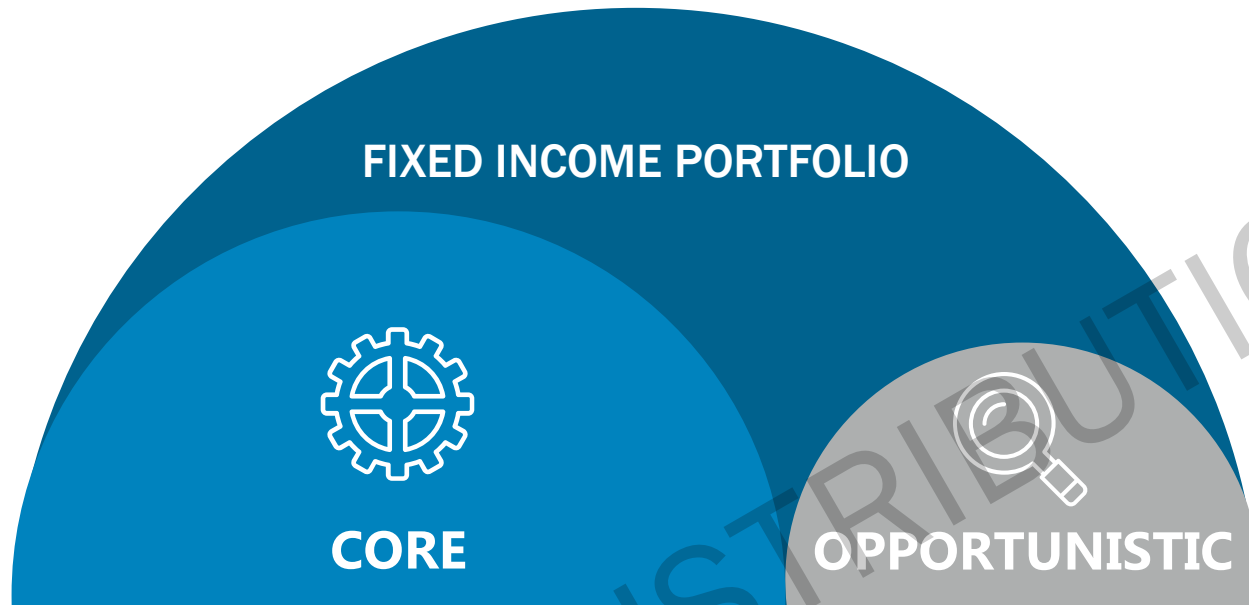
Tax Considerations

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