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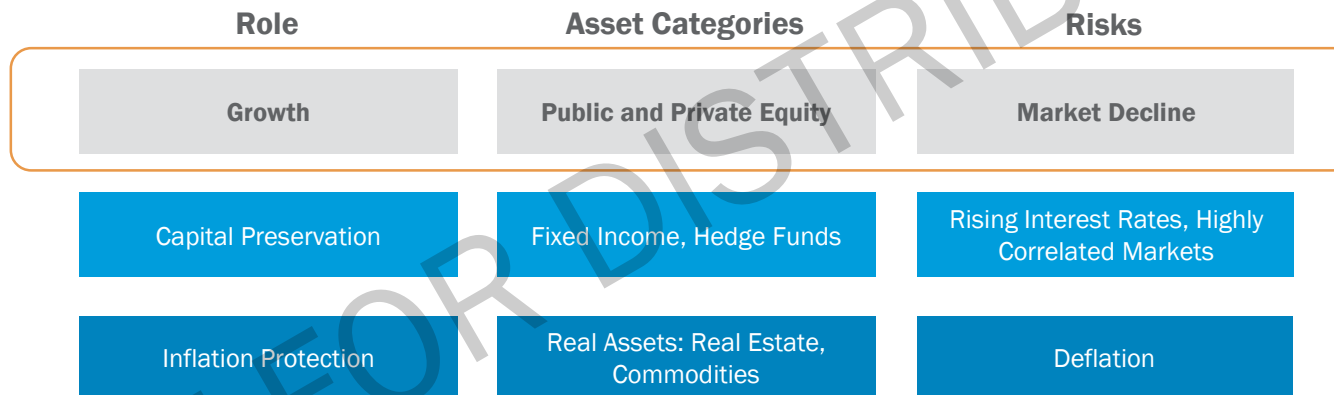
## Quarterly Asset Class Report Global Equity

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September 30, 2021

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

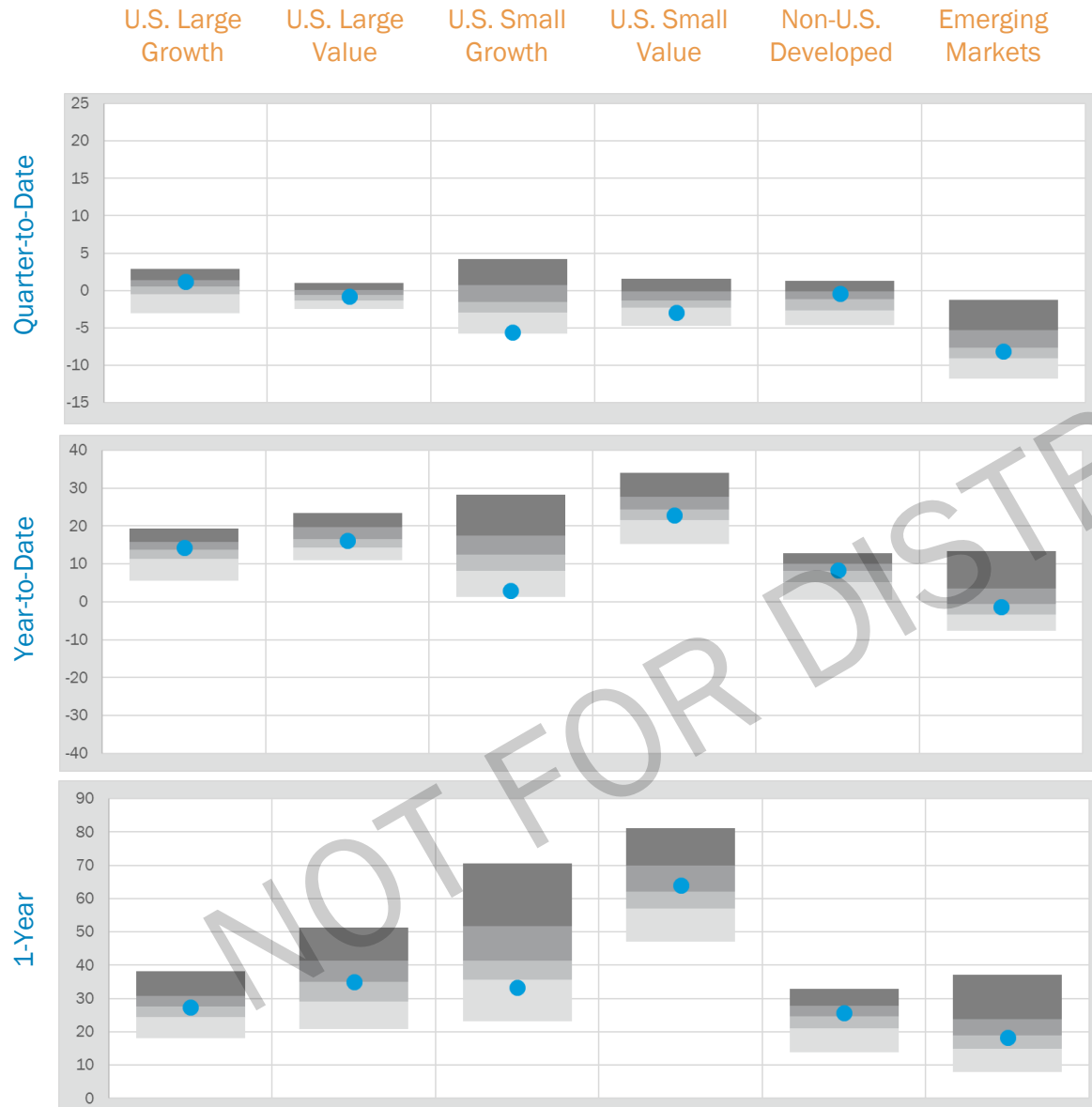
- Provide growth of portfolio assets in excess of inflation and spending rates
- Maintain comparable exposure to the global equity market
- Exhibit returns uncorrelated to fixed income markets



- Canterbury global equity portfolios are set up with a goal to deliver consistent net-of-fees excess returns and moderate tracking error versus the MSCI All Country World Index over longer periods of time.

# Performance (%) as of September 30, 2021

## Equity Review



Blue dots represent the returns of the respective Russell & MSCI benchmarks; gray floating bar charts represent the peer groups by quartile.

- U.S. large-cap stocks outperformed U.S. small-cap stocks in the quarter. Large-cap stocks were slightly positive whereas small-cap stocks fell around 4.4%.
- Large growth companies were positive in the quarter whereas large value, small value and small growth companies were negative. However, value companies are outperforming growth companies over the YTD and 1-year time periods.
- Non-U.S. developed and emerging markets (EM) equities were both negative in the quarter. EM equities significantly lagged non-U.S. developed equities and are now underperforming over the one-year time period.

Sources: Morningstar Direct, Russell, MSCI

## Market Capitalization Mix

## Equity Review

### Equity: U.S. Market Cap

	Current	10 Year Avg	Deviation from Mean*	Large	Neutral	Small
Valuation	Russell Top 200 Current P/E (Large Cap)	25.62	19.20	1.58		+
	R2000 Current P/E (Small Cap)	N/A	45.29	N/A		-
	Avg P/E Ratio (Large/Small)	N/A	0.43	N/A		-
	Russell Top 200 EV/EBITDA <sup>^</sup> (Large Cap)	16.70	11.99	1.74		+
	R2000 EV/EBITDA (Small Cap)	20.25	17.66	0.60		-
	Avg EV/EBITDA Ratio (Large/Small)	0.82	0.68	2.44		++
	Russell Top 200 P/S (Large Cap)	3.45	2.12	2.35		++
	R2000 P/S (Small Cap)	1.23	1.16	0.41		-
	Avg P/S Ratio (Large/Small)	2.81	1.82	2.51		++
Solvency	Russell Top 200 Debt/EBITDA (Large Cap)	3.97	4.26	-1.18	+	
	Russell 2000 Debt/EBITDA (Small Cap)	6.72	6.69	0.02		-
	Avg Debt/EBITDA Ratio (Large/Small)	0.59	0.66	-0.52		-
Growth	Russell Top 200 LT EPS Gr (Fwd) (Large Cap)	25.20	9.61	2.97	++	
	R2000 LT EPS Gr (Fwd) (Small Cap)	9.45	9.71	-0.09		-
	Avg Growth Ratio (Large/Small)	2.67	1.00	2.11	++	
Economy	Case Shiller Home Price (YoY)	19.95	6.04	2.87		++
	Total Leading Economic Indicators	117.10	101.03	1.86		+
	Currency (USD v Broad Basket)	94.23	90.94	0.45		-
	Curve Steepness 2's to 10's	1.21	1.13	0.13		-

\*Deviation from mean represents how many standard deviations the current value is above or below the 10-year average, also known as the "Z-Score." '+' denotes one standard deviation, and '++' denotes two standard deviations in favor of the asset class.

<sup>^</sup> EV/EBITDA, also known as the "enterprise multiple," is a ratio used to determine the value of a company. Unlike P/E, the enterprise multiple takes debt into account. This is often the ratio used by companies looking to acquire another business.

- There are various metrics used to value the equity universe. Canterbury prefers Price/Earnings, EV/EBITDA, and Price/Sales.
- Valuation metrics for both small caps and large caps remain above 10-year averages. The P/E ratio is labeled N/A for the small cap index due to negative earnings in the quarter.
- The growth estimate for large caps is above its long-term average whereas the small caps growth estimate is slightly below its average.
- The interest rate spread between the 10-year and two-year U.S. Treasury was essentially unchanged in the quarter and remains slightly above its long-term average.

Source: Russell

## Region Mix — U.S. vs. R.O.W.

## Equity Review

Equity: Region (U.S./Global)		Current	10 Year Avg	Deviation from Mean*	U.S.	Neutral	R.O.W.
Valuation	S&P 500 Current P/E	25.79	19.37	1.62			+
	MSCI ACWI Current P/E	22.06	18.67	0.87		-	
	Avg P/E Ratio (US /ACWI)	1.17	1.04	2.15			++
	S&P 500 EV/EBITDA <sup>^</sup>	16.65	12.21	1.68			+
	MSCI ACWI EV/EBITDA	13.91	10.95	1.49	+		
	Avg EV/EBITDA Ratio (US/ACWI)	1.20	1.11	1.66			+
	S&P 500 P/S	2.98	1.95	2.29			++
	MSCI ACWI P/S	2.17	1.48	2.25	++		
Avg P/S Ratio (US/ACWI)	1.37	1.32	1.22			+	
Solvency	S&P 500 Debt/EBITDA	4.06	4.19	-0.37		-	
	MSCI ACWI Debt/EBITDA	5.79	5.98	-0.35		-	
	Avg Debt/EBITDA Ratio (US/ACWI)	0.70	0.70	0.02		-	
Growth	S&P 500 LT EPS Gr (Fwd)	19.25	9.11	1.96	+		
	MSCI ACWI LT EPS Gr (Fwd)	12.59	9.35	0.13		-	
	Avg Growth Ratio (US/ACWI)	1.53	0.98	1.08	+		
Economy	Currency (USD v Broad Basket)	94.23	90.94	0.45		-	

\*Deviation from mean represents how many standard deviations the current value is above or below the 10-year average, also known as the "Z-Score." '+' denotes one standard deviation, and '++' denotes two standard deviations in favor of the asset class.

<sup>^</sup> EV/EBITDA, also known as the "enterprise multiple," is a ratio used to determine the value of a company. Unlike P/E, the enterprise multiple takes debt into account. This is often the ratio used by companies looking to acquire another business.

- Earnings and EV multiples fell for both U.S. equities and equities outside of the U.S. Valuations remain above long-term averages.
- Debt levels fell below long-term averages for both U.S. and global (R.O.W.) stocks, suggesting less concerning leverage conditions.
- R.O.W. and domestic equities earnings growth expectations are above their long-term averages.
- The U.S. dollar strengthened in the quarter and was a relative headwind to international returns.

Sources: MSCI, Standard & Poor's

## Region Mix – Non-U.S. Developed vs. R.O.W.

## Equity Review

Equity: Region (Non-U.S. Dev/Global)	Current	10 Year Avg	Deviation from Mean*	Non-U.S. Dev	Neutral	R.O.W.
Valuation	MSCI EAFE Current P/E	19.02	19.16	-0.02	-	
	MSCI ACWI Current P/E	22.06	18.67	0.87	-	
	Avg P/E Ratio (EAFE/ACWI)	0.86	1.02	-1.55	+	
	MSCI EAFE EV/EBITDA <sup>^</sup>	10.55	9.68	0.69	-	
	MSCI ACWI EV/EBITDA	13.91	10.95	1.49	+	
	Avg EV/EBITDA Ratio (EAFE/ACWI)	0.76	0.89	-2.09	++	
	MSCI EAFE P/S	1.47	1.10	1.95		+
	MSCI ACWI P/S	2.17	1.48	2.25	++	
	Avg P/S Ratio (EAFE/ACWI)	0.68	0.75	-1.75	+	
Solvency	MSCI EAFE Debt/EBITDA	7.96	8.37	-0.42	-	
	MSCI ACWI Debt/EBITDA	5.79	5.98	-0.35	-	
	Avg Debt/EBITDA Ratio (EAFE/ACWI)	1.37	1.40	-0.33	-	
Growth	MSCI EAFE LT EPS Gr (Fwd)	7.36	6.38	0.03	-	
	MSCI ACWI LT EPS Gr (Fwd)	12.59	9.35	0.13	-	
	Avg Growth Ratio (EAFE/ACWI)	0.58	0.65	-0.02	-	
Economy	USD/EUR	1.16	1.20	-0.40	-	

\*Deviation from mean represents how many standard deviations the current value is above or below the 10-year average, also known as the "Z-Score." '+' denotes one standard deviation, and '++' denotes two standard deviations in favor of the asset class.

<sup>^</sup> EV/EBITDA, also known as the "enterprise multiple," is a ratio used to determine the value of a company. Unlike P/E, the enterprise multiple takes debt into account. This is often the ratio used by companies looking to acquire another business.

- The non-U.S. developed P/E ratio fell below historical averages, however, the other valuation metrics for both non-U.S. developed and R.O.W. equity valuations remain above their long-term averages.
- Debt levels for both non-U.S. developed and R.O.W. fell below their long-term averages in the quarter.
- Earnings growth forecasts improved for non-U.S. developed equities whereas R.O.W. equities fell slightly. Both growth estimates are above historical averages.
- The euro weakened versus the dollar and remains slightly below its 10-year average.

Source: MSCI

## Region Mix – Emerging Markets vs. R.O.W.

## Equity Review

### Equity: Region (EM/Global)

	Current	10 Year Avg	Deviation from Mean*	EM	Neutral	R.O.W.
Valuation	MSCI EM Current P/E	15.55	14.02	0.53	-	
	MSCI ACWI Current P/E	22.06	18.67	0.87	-	
	Avg P/E Ratio (EM/ACWI)	0.70	0.75	-1.03	+	
	MSCI EM EV/EBITDA <sup>^</sup>	10.49	8.59	1.23		+
	MSCI ACWI EV/EBITDA	13.91	10.95	1.49	+	
	Avg EV/EBITDA Ratio (EM/ACWI)	0.75	0.79	-0.75		-
	MSCI EM P/S	1.55	1.20	1.71		+
	MSCI ACWI P/S	2.17	1.48	2.25	++	
	Avg P/S Ratio (EM/ACWI)	0.71	0.82	-1.20	+	
Solvency	MSCI EM Debt/EBITDA	4.92	4.39	0.75	-	
	MSCI ACWI Debt/EBITDA	5.79	5.98	-0.35	-	
	Avg Debt/EBITDA Ratio (EM/ACWI)	0.85	0.73	1.26		+
Growth	MSCI EM LT EPS Gr (Fwd)	8.53	8.21	0.02	-	
	MSCI ACWI LT EPS Gr (Fwd)	12.59	9.35	0.13	-	
	Avg Growth Ratio (EM/ACWI)	0.68	0.87	-0.39		-

- Both EM equities and R.O.W. equity valuations are above their historical valuation multiples. EM equities appear to be attractively valued from an earnings multiple and price to sales standpoint.
- Debt levels for EM countries remain above long-term averages and fell below historical averages for R.O.W. equities.
- Growth expectations for both EM and R.O.W. equities remain above their historical averages.

\*Deviation from mean represents how many standard deviations the current value is above or below the 10-year average, also known as the "Z-Score." '+' denotes one standard deviation, and '++' denotes two standard deviations in favor of the asset class.

<sup>^</sup> EV/EBITDA, also known as the "enterprise multiple," is a ratio used to determine the value of a company. Unlike P/E, the enterprise multiple takes debt into account. This is often the ratio used by companies looking to acquire another business.

Source: MSCI