CanterburyConsulting

Global Positioning Statement™

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June 30, 2018

Economic Growth Amid Trade War Rhetoric

- The economy has continued to see improvement. Job growth is strong, inflation is nearing the Fed's target level, and a summit with North Korea provided relief for the markets as global political tensions eased. However, trade wars and the potential retaliatory efforts by other countries dominated headlines and ultimately effected risk markets.

- U.S. equities gained 3.9% in the second quarter coming off a negative start to the year when volatility increased and inflation concerns loomed. Despite positive earnings growth and consumer sentiment, international developed equities and emerging markets equities were both negative for the quarter as a strengthening US dollar hurt performance and trade war fears shook the markets.

- U.S. core fixed income experienced pressure as the Fed decided to hike interest rates for a second time in 2018. Moreover, the group revised 2018 forward interest rate guidance from three hikes to four hikes. Investment grade corporate credit remained challenged as higher interest rates led to wider spreads. Below investment grade bonds performed well as the credit markets remained stable.

- Oil prices moved higher during the quarter as turmoil in Venezuela resulted in lower-than-expected production. Proposed U.S. sanctions on Iranian oil reduced expected supply, which also put upward pressure on prices.

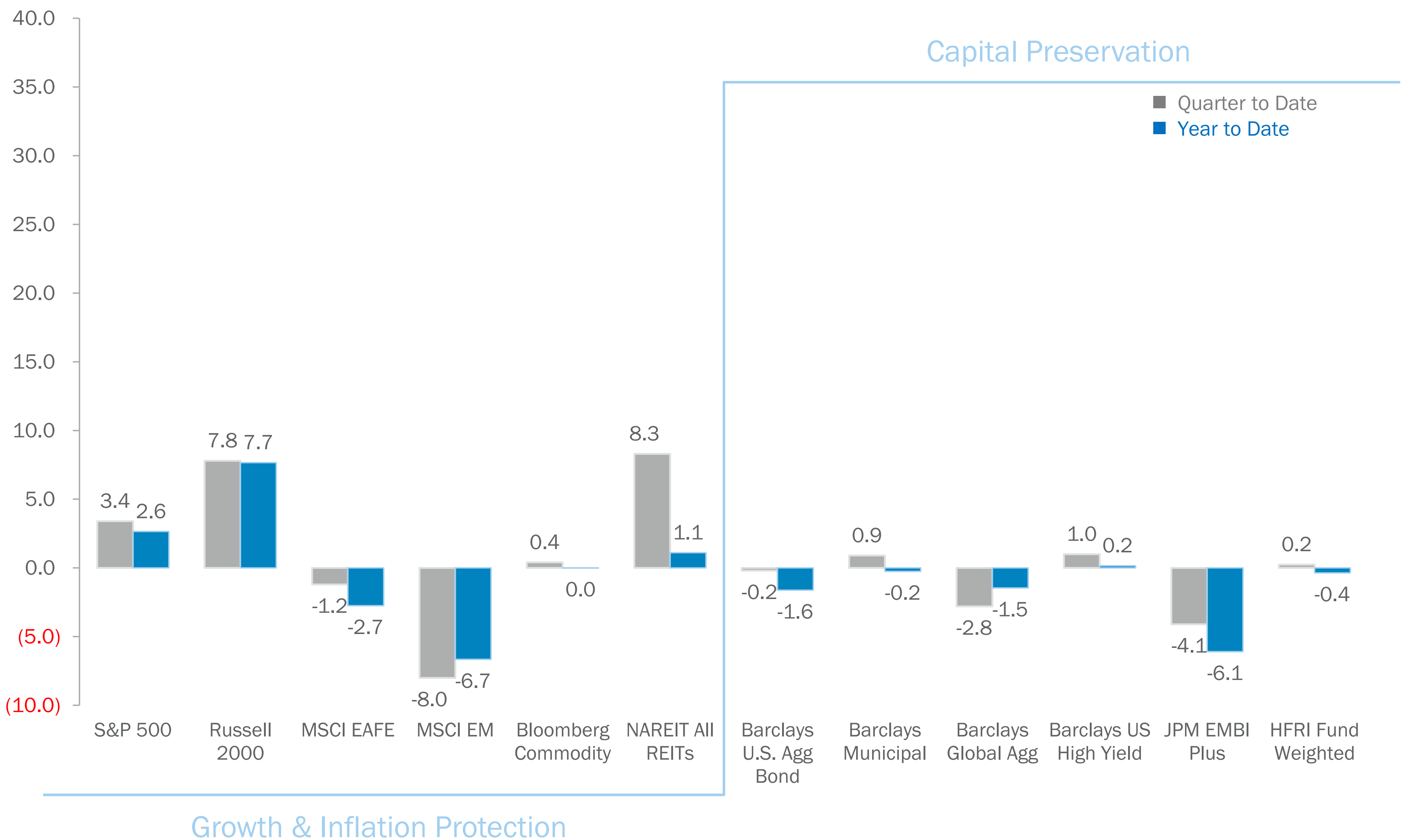
Returns through June 30, 2018

Index	QTD	YTD	1 Year
Growth MSCI ACWI	0.5%	(0.4%)	10.7%
Capital Preservation Barclays Global Aggregate	(2.8%)	(1.5%)	1.4%
Inflation Protection Morningstar U.S. Real Asset*	4.5%	2.4%	7.4%

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

Index Returns (%)

Through June 30, 2018



Source: Morningstar

Economic Data

Second Quarter 2018

Year over Year Statistics[1]

	June 28, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 29, 2018
S&P 500	1,606.28	1,960.23	2,063.11	2,098.86	2,423.41	2,718.37
S&P 500 EPS	101.55	110.85	110.29	106.06	116.13	131.21
P/E of S&P 500	15.82	17.68	18.71	19.79	20.87	20.72
P/E of MSCI EAFE	16.67	18.53	18.42	23.25	18.70	15.45
P/E of MSCI EM	11.24	12.96	14.35	14.23	14.94	13.38
S&P 500 Earnings Yield	6.32	5.66	5.35	5.05	4.79	4.83
Fed Funds Effective Rate	0.09	0.10	0.13	0.38	1.04	1.82
3 Month LIBOR	0.27	0.23	0.28	0.65	1.30	2.34
10 Year Treasury Yield	2.49	2.53	2.35	1.47	2.30	2.86
30 Year Mortgage Rate	4.39	4.15	4.17	3.53	3.87	4.40
Barclays U.S. Agg Yield	3.35	2.91	3.36	2.88	3.19	4.02
Barclays HY Spread	4.92	3.37	4.76	5.94	3.64	3.63
Gold ($/oz)	1,234.53	1,327.33	1,172.35	1,321.90	1,241.61	1,252.60
WTI Crude Oil ($/bbl)	96.56	105.37	59.47	48.33	46.04	74.15
Unemployment Rate	7.50	6.10	5.30	4.90	4.30	4.00
Headline CPI[2]	1.80	2.10	0.10	1.00	1.60	2.80
VIX Index	16.86	11.57	18.23	15.63	11.18	16.09

Forward Looking Forecasts[1]

	Real GDP[3]	CPI[3]	Unemployment[3]	10-Yr Treasury[3]
2018	2.9%	2.6%	3.9%	3.2%
2019	2.4%	2.3%	3.6%	3.5%

S&P 500 EPS[4]	Forward P/E[4]
$167.44	16.23
$176.28	15.42

MSCI EAFE EPS[4]	Forward P/E[4]
$145.54	13.57
$150.53	13.12

MSCI EM EPS[4]	Forward P/E[4]
$95.37	11.21
$100.08	10.69

(1) Source: Bloomberg
(2) Values are carried forward from the most recent reported value (6/30/2018)
(3) Forecasts are consensus opinions from 98 forecasting agencies (Median)
(4) 2018: Forward 12 month estimate 2019: Forward 24 month estimate
Estimate calculated from quarter end (i.e. Jun. 30, 2018 – Jun. 30, 2019). Price in P/E ratio static as of quarter end

Current U.S. Economic Conditions: Normal Growth

Contraction

U.S. GDP Growth: 0.0% - 1.9%

U.S. Earnings: Meeting forecasts

U.S. Credit Markets: Expanding spreads

Volatility (VIX): 25-40

Yield Curve: Flattening yield curve

Investor Sentiment: Demand greater risk premium

Normal Growth

U.S. GDP Growth: 2.0% - 4.0%

U.S. Earnings: Meet or Exceed forecasts

U.S. Credit Markets: Normal spreads, Normal defaults

Volatility (VIX): Normal 15-25

Yield Curve: Yield curve stable

Investor Sentiment: Investors showing rational buying

Panic

U.S. GDP Growth: Negative

U.S. Earnings: Worse than pessimistic forecasts

U.S. Credit Markets: Wide spreads, High defaults

Volatility (VIX): > 40

Yield Curve: Inverted yield curve

Investor Sentiment: Investors sell indiscriminately

Manic Growth

U.S. GDP Growth: Greater than 4.0%

U.S. Earnings: Exceed optimistic forecasts

U.S. Credit Markets: Low defaults, Low spreads

Volatility (VIX): Below 15

Yield Curve: Yield curve steepens

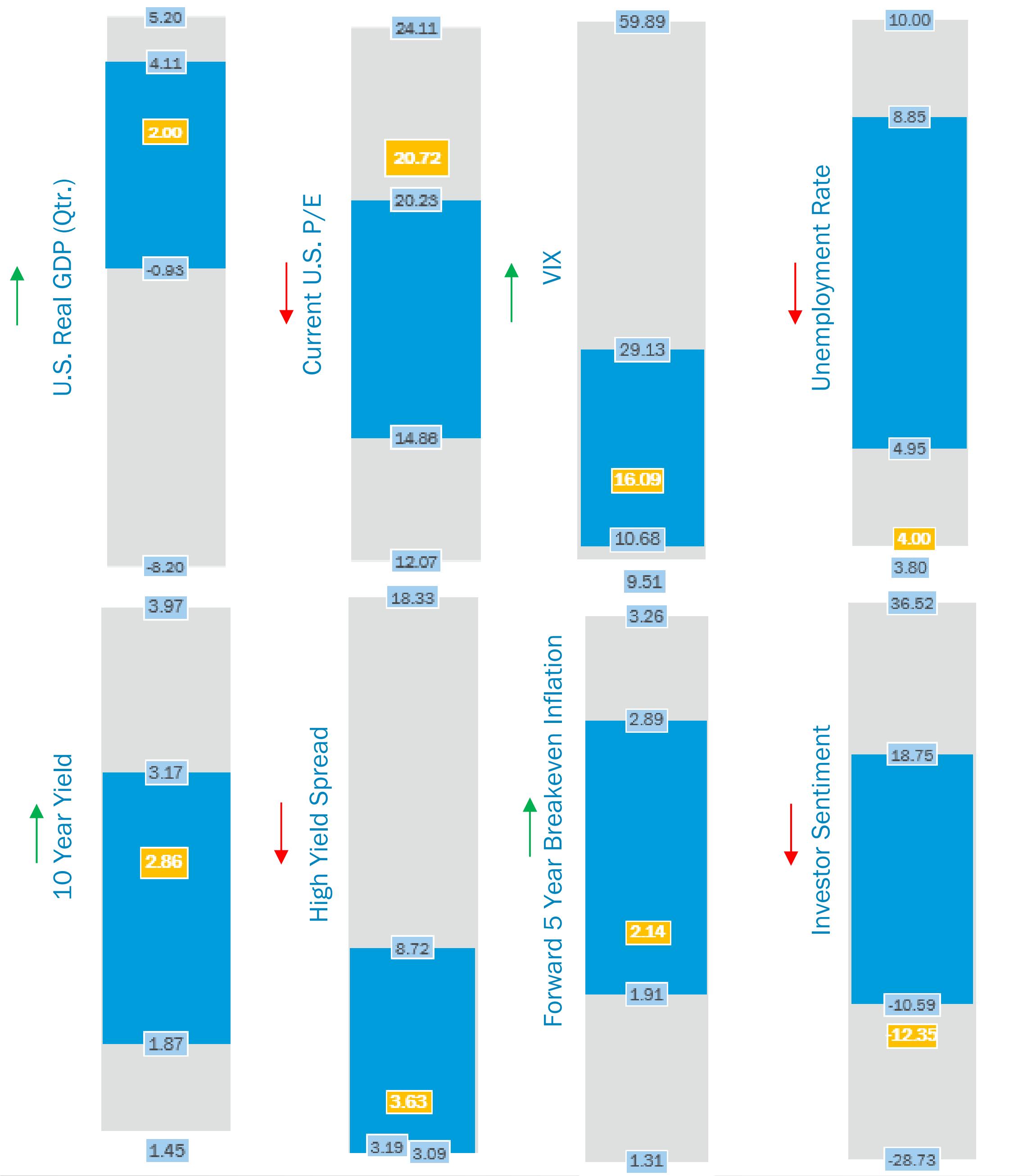
Investor Sentiment: Investors eager to purchase at any price

Measurements

U.S. GDP Growth: Quarterly U.S. Real GDP standard deviation from 10 year U.S. Real GDP
U.S. Earnings: Compare S&P earnings estimates to the % of earnings that met or exceeded forecasts
Spreads: Quarterly Barclays HY Bond spread standard deviation from 10 year Barclays HY Bond spread
Defaults: Quarterly HY default rate standard deviation from 10 year HY default rate
Volatility: Quarterly VIX standard deviation from 10 year VIX
Yield Curve: Difference between U.S. 30 year rates and 2 year rates
Sentiment: Spread between Bull Sentiment Index and Bear Sentiment Index. Quarterly spread standard deviation from 10 year spread

Global Positioning Indicators

Second Quarter 2018



Current

+- 1 Standard Deviation From the Mean

10-Year High and Low

Higher Current Number (YoY)

Lower Current Number (YoY)

- Canterbury monitors several economic and market indicators to help detect potential imbalances or trends
- Risk assets were mixed in the quarter – US equities ended positive and a strong US dollar moved international stocks in to negative territory
- Unemployment hit lows of 3.8%, the lowest since 2000. The rate then ticked up as more people began looking for work

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 emerging markets target if underweight 2. Allocate to high active share strategies	1. Focus on operational hands-on strategies 2. Prudent use of leverage	1. Maintain diversification & defensive posture with interest rates and credit 2. Maintain home country bias	1. Balance allocations between long/short equity and long/short credit	1. Diversify exposure to real assets 2. Rebalance real asset exposure
Reason	1. Better diversification and lower valuations in emerging markets 2. Later stage recovery and rising interest rates support thoughtful security selection	1. Persistent value creation independent of market cycle 2. Late stage in the recovery	1. Interest rate risk is expensive in the current low rate environment. Credit spreads are tighter than median levels 2. Less non-U.S. developed currency risk and a better hedge against investor liabilities	1. Equity and credit strategies look equally attractive	1. Increases the reliability of the asset class against inflation 2. Many investors' allocations to real assets have fallen below target ranges
Positioning Shifts	None	None	None	None	None

June 30, 2018