CanterburyConsulting

Quarterly Asset Class Report
Real Assets

March 31, 2023

canterburyconsulting.com

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

— Preserve purchasing power

— Generate uncorrelated returns to other asset classes

— Manage the volatility profile of the segment

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**

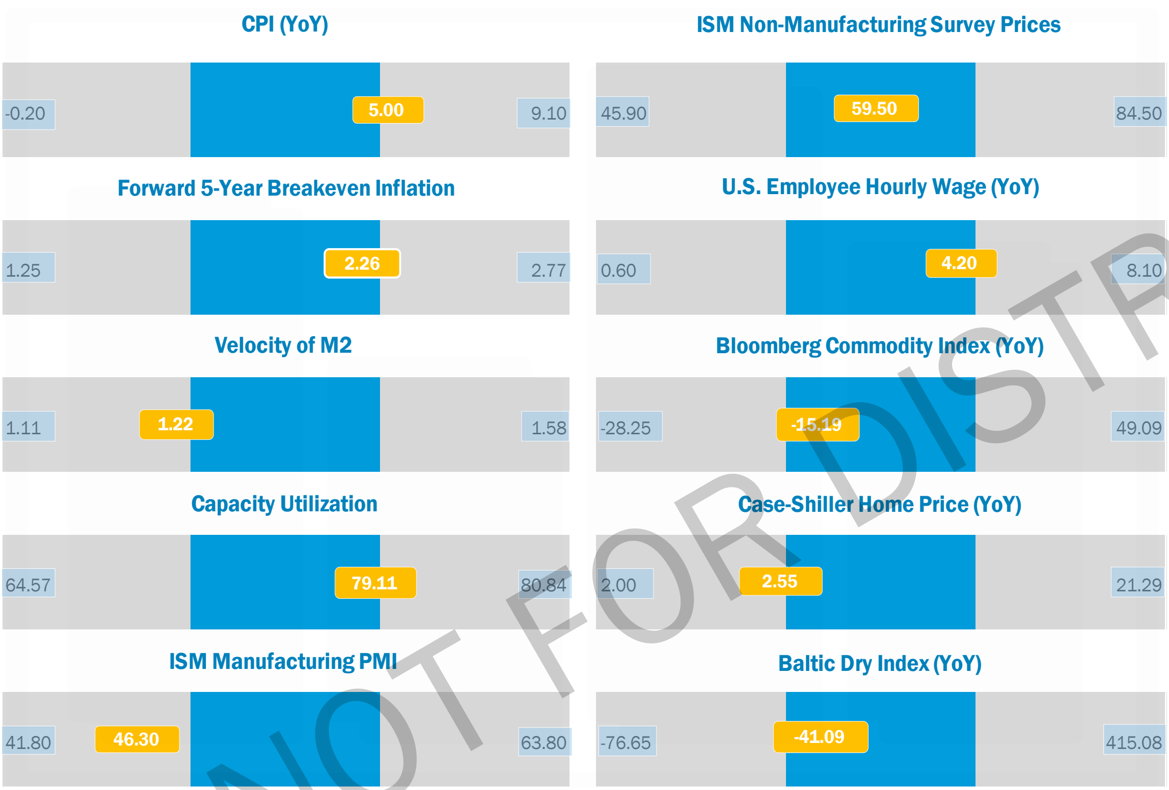
— Real assets are appropriate for investors with long time horizons (10+ years) and inflation-linked liabilities.

— Real asset portfolios should aim to maximize high inflation sensitivity and high inflation reliability, while limiting volatility.

— Portfolio allocations will differ depending on the client's risk tolerance.

Asset Class Indicators

Real Assets



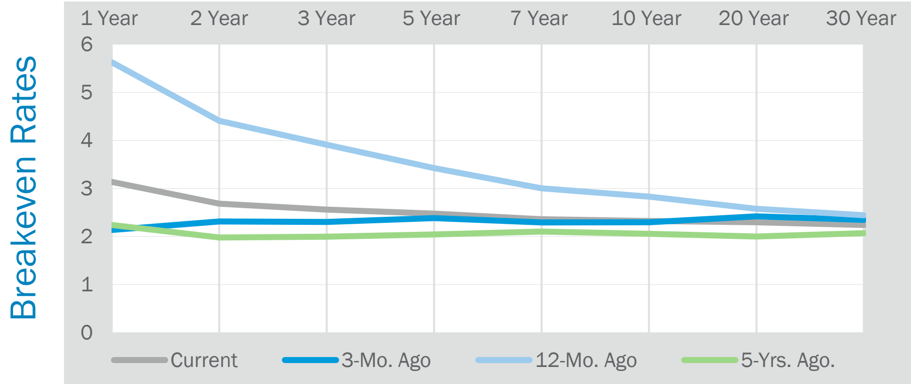
Current

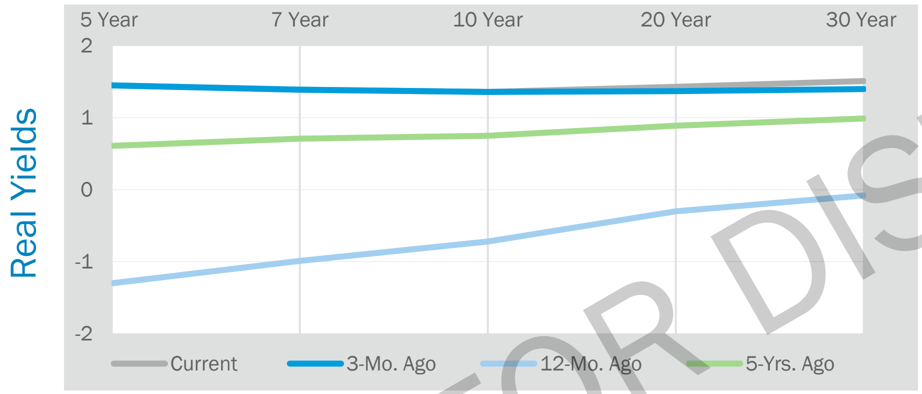
+- 1 Standard Deviation From the Mean

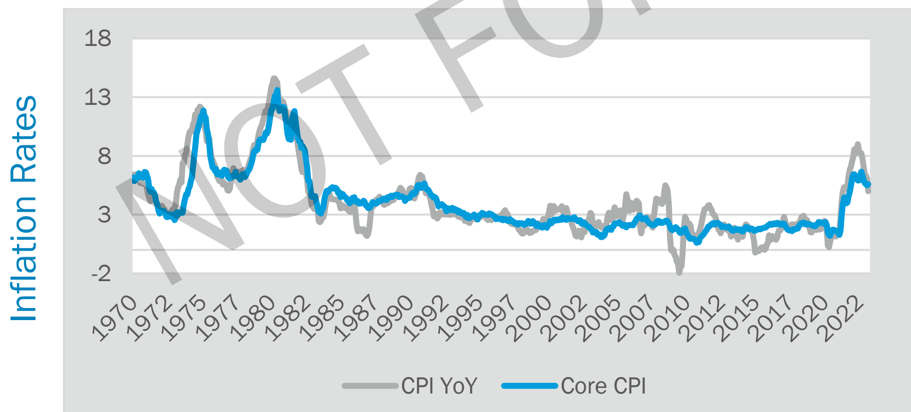
10-Year High and Low

- Canterbury monitors several inflation and real asset indicators to help detect imbalances that are expected to cause price pressures.
- Inflation, measured by CPI, remained persistently elevated over the quarter but slowed down to a year-over-year rate of 5% in March. CPI excluding food and energy, generally viewed as sticky inflation or Core CPI, remained relatively stable at a year-over-year rate of 5.6%.
- Indicators used to measure U.S. economic activity such as the ISM Manufacturing and Non-Manufacturing indexes, continued to decline over the quarter. As a result, concerns of a slowing economy increased.
- Mortgage rates remained elevated, leading housing demand to slow. Housing prices, represented by the Case-Shiller Home Price Index, fell to a low of 2.55% compared to a record high of 21% in April of 2022.

Source: Bloomberg as of March 31, 2023





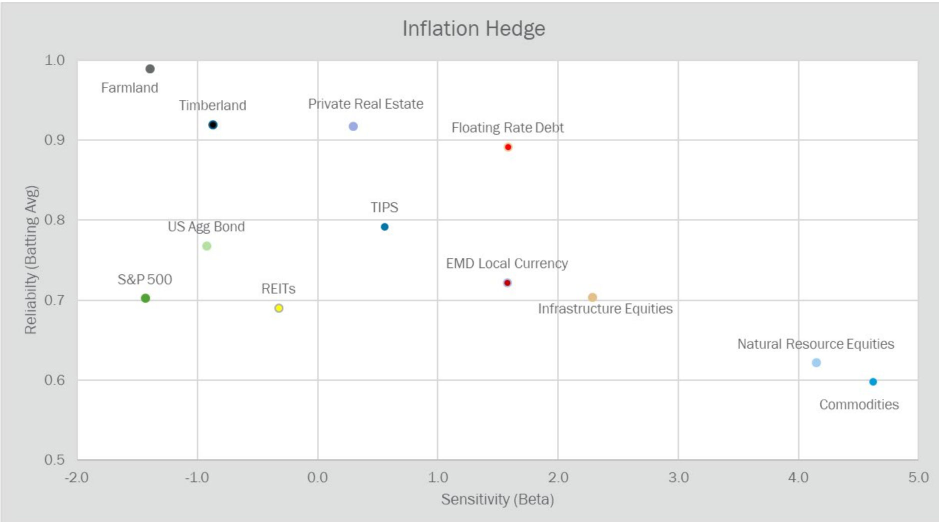


- Front-end breakeven inflation rates increased over the quarter while intermediate-to-long-term breakevens remained unchanged. The breakeven rate is the implied inflation rate for a given maturity and is calculated by subtracting the real yield of a treasury bond from the nominal yield.
- Current long-term breakeven rates imply that inflation should trend above the Fed's original inflation target of 2% in the long run.
- Real yields from the 5-year maturity and beyond remained unchanged, showing that nominal yields outpaced implied inflation.
- Inflation continues to be driven by supply/demand imbalances, the Ukraine/Russia war, tight labor markets, and high wage growth.

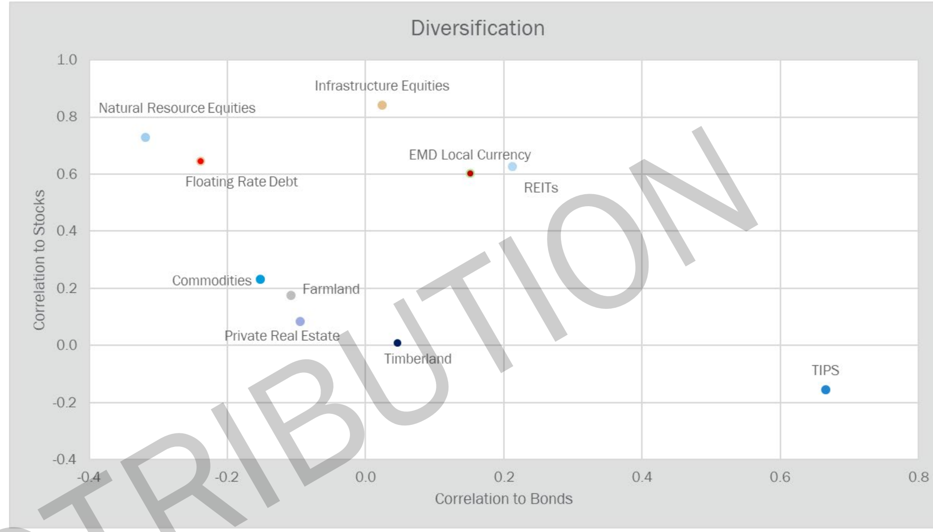
Source: Bloomberg. FRED. CPI & PCE Data. U.S. Breakeven Rates. U.S. Treasury Inflation-Indexed Rates. Data as of 03/31/2023.

Sub-Asset Class Statistics

Real Assets



Charts are based on 10-yr rolling data since inception, take average from 10-yr rolling data



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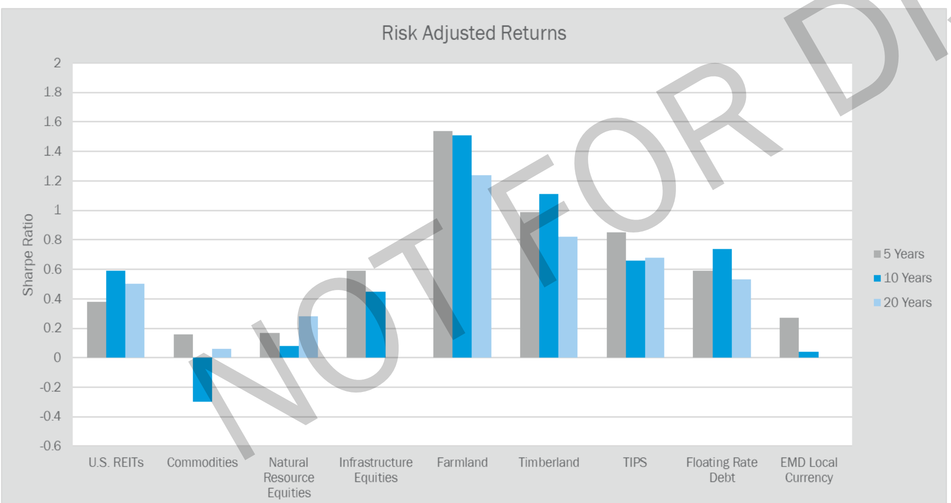

Charts are based on 10-yr rolling data since inception, take average from 10-yr rolling data
All charts as of June 30, 2022

- Inflation Reliability (% of time asset is positive when inflation is positive)
- Inflation Sensitivity (rate of change, i.e. how many units an asset moves given a 1 unit change in inflation)

- Risk-adjusted returns of the remaining asset classes are used to help optimize real asset portfolios