



Canterbury Consulting

canterburyconsulting.com

Global Positioning Statement™

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, 2020

Drivers of the Market

Historic Market Rally

- Global equities experienced the fastest 30% drawdown in history in the first quarter. The second quarter witnessed the largest 50-day advance in market history. In the U.S. equity market, the NASDAQ hit a record-high in June and the S&P 500 ended the quarter only a few percentage points below where it started in 2020. Strong fiscal stimulus, low interest rates, low inflation, and country reopenings have been supportive of equity markets.
- International and emerging market (EM) countries experienced market rebounds, supported by global monetary and fiscal stimulus. Despite concerns from China and the U.S. over security issues tied to Hong Kong and Taiwan, EM equities outperformed international developed equities. A weaker U.S. dollar was an additional tailwind for both international and EM equities.
- U.S. interest rates were range-bound as the Fed continued to backstop the bond market with quantitative easing (QE) and credit programs. While equity markets experienced a meaningful rebound, Treasury rates resisted a move higher as investors questioned sustained future growth.
- Investment grade (IG) and high yield (HY) spreads tightened significantly as the Fed purchased several billion dollars worth of IG bonds, ETFs, and HY ETFs. From peak-to-trough, IG spreads tightened approximately 240 basis points while HY spreads tightened approximately 540 basis points. From a global perspective, a slightly weaker dollar benefited emerging market debt and local currencies.
- Inflation breakeven rates remained subdued and were well below 2% as the market continued to discount inflation given the lack of economic demand. Commodities and energy-related assets benefited from the broad market rebound as well as from more certainty related to oil supply/demand.

Second Quarter 2020

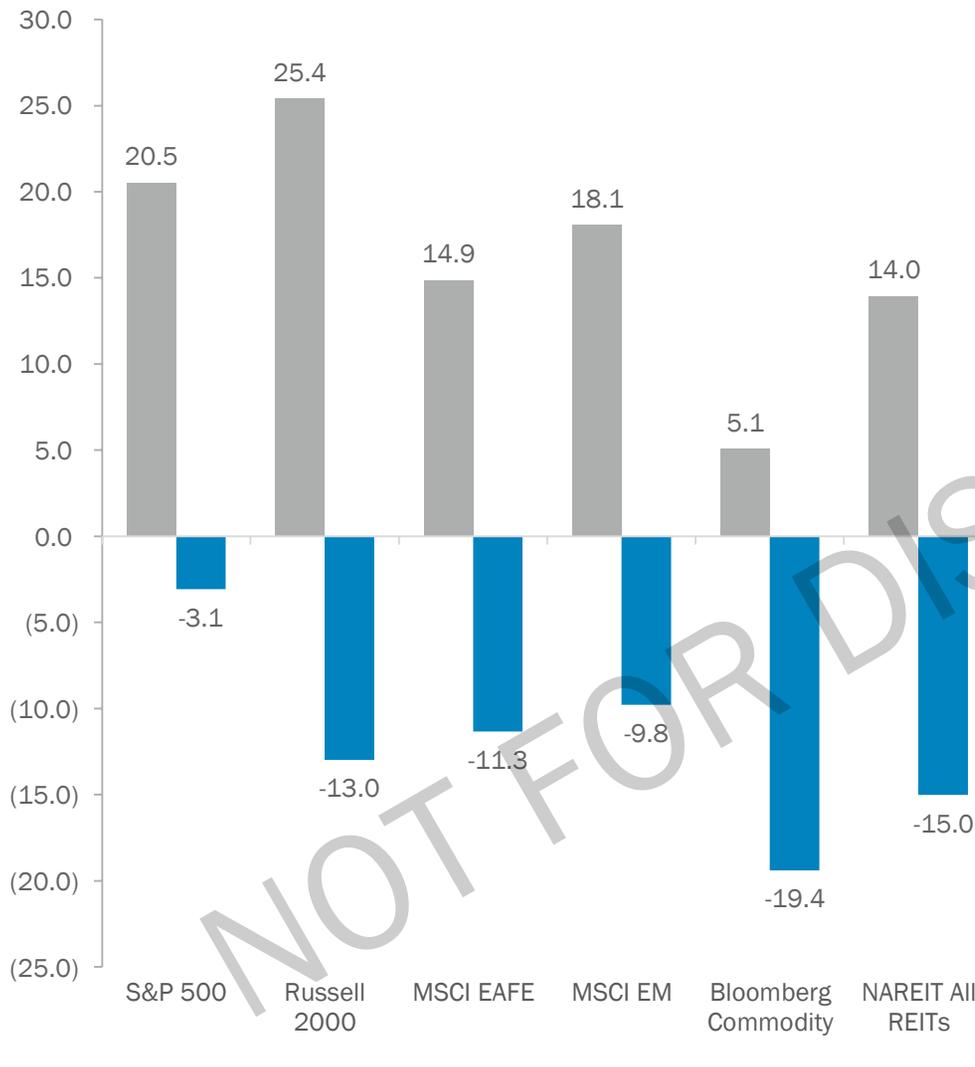
Returns through June 30, 2020

Index	QTD	YTD	1-Year
Growth MSCI ACWI	19.2%	-6.3%	2.1%
Capital Preservation Barclays Global Aggregate	3.3%	3.0%	4.2%
Inflation Protection Morningstar U.S. Real Asset*	6.5%	-4.7%	-2.6%

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

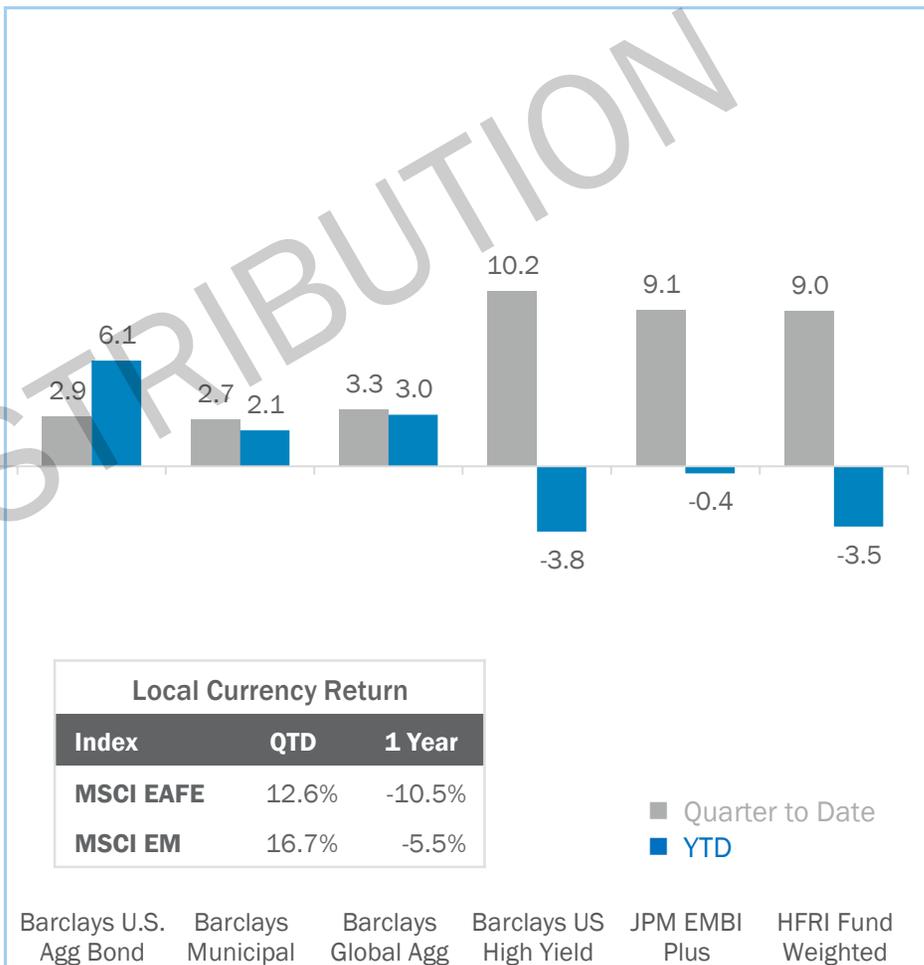
Index Returns (%)

Through June 30, 2020



Growth & Inflation Protection

Capital Preservation



Local Currency Return		
Index	QTD	1 Year
MSCI EAFE	12.6%	-10.5%
MSCI EM	16.7%	-5.5%

■ Quarter to Date
■ YTD

Source: Morningstar

Year over Year Statistics¹

	June 30, 2015	June 30, 2016	June 30, 2017	June 29, 2018	June 28, 2019	June 30, 2020
S&P 500	2,063.11	2,098.86	2,423.41	2,718.37	2,941.76	3,100.29
S&P 500 EPS	111.85	105.73	115.74	139.75	152.06	139.40
P/E of S&P 500	18.45	19.85	20.94	19.45	19.35	22.24
P/E of MSCI EAFE	18.42	23.25	18.70	15.50	16.86	18.98
P/E of MSCI EM	14.57	14.34	14.93	12.76	14.15	16.34
S&P 500 Earnings Yield	5.42	5.04	4.78	5.14	5.17	4.50
Fed Funds Effective Rate	0.13	0.38	1.04	1.82	2.38	0.08
3 Month LIBOR	0.28	0.65	1.30	2.34	2.32	0.30
10 Year Treasury Yield	2.35	1.47	2.30	2.86	2.01	0.66
30 Year Mortgage Rate	4.17	3.53	3.87	4.40	3.80	3.27
Barclays U.S. Agg Yield	2.39	1.91	2.55	3.29	2.49	1.25
Barclays HY Spread	4.76	5.94	3.64	3.63	3.77	6.26
Gold (\$/oz)	1,172.35	1,321.90	1,241.61	1,252.60	1,409.55	1,780.96
WTI Crude Oil (\$/bbl)	59.47	48.33	46.04	74.15	58.47	39.27
Unemployment Rate	5.30	4.90	4.30	4.00	3.70	11.10
Headline CPI²	0.10	1.00	1.60	2.90	1.60	0.60
VIX Index	18.23	15.63	11.18	16.09	15.08	30.43

Forward Looking Forecasts

	Real GDP ³	CPI ³	Unemployment ³	10-Yr Treasury ³	S&P 500 EPS ⁴	Forward P/E ⁴	MSCI EAFE EPS ⁴	Forward P/E ⁴	MSCI EM EPS ⁴	Forward P/E ⁴
2020	-5.6%	0.8%	9.4%	0.94%	\$128.23	24.18	\$92.41	19.27	\$66.46	14.97
2021	4.1%	1.7%	7.5%	1.34%	\$160.85	19.27	\$118.32	15.05	\$81.62	12.19

1) Source: Bloomberg

2) Values are carried forward from the most recent reported value (6/30/2020)

3) Forecasts are consensus opinions from 83 forecasting agencies throughout the month of June (Median)

4) Index Forecasts - Forward 12-month estimate, Forward 24-month estimate

Estimate calculated from quarter end (i.e. June 30, 2020 – June 30, 2021). Price in P/E ratio static as of quarter end.

Current U.S. Economic Conditions: Contraction/Panic

Contraction

U.S. GDP Growth:

U.S. Earnings Yield

U.S. Credit Markets

Volatility (VIX)

Yield Curve: Below average yield curve

Investor Sentiment:

Panic

U.S. GDP Growth: Sig. below average growth

U.S. Earnings Yield: Sig. below avg. earnings yield

U.S. Credit Markets: Spreads sig. above average

Volatility (VIX): Significantly above avg. volatility

Yield Curve

Investor Sentiment: Significantly below average

Normal Growth

U.S. GDP Growth

U.S. Earnings Yield

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment

Manic Growth

U.S. GDP Growth

U.S. Earnings Yield

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment

Metrics	Quarter avg.	10-year avg.
U.S. GDP Growth: Prior quarter U.S. Real GDP versus the 10 year U.S. Real GDP average*	-5.0%	2.1%
U.S. Earnings Yield: Quarter avg. S&P 500 earnings yield versus the 10 year S&P 500 earnings yield average	4.7%	5.7%
U.S. Credit Markets: Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	669	483
Volatility (VIX): Quarter avg. VIX average versus the 10 year VIX average	30.7	17.7
Yield Curve: Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	120 bps	209 bps
Investor Sentiment: Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	-12.8	4.8

*U.S. GDP Growth is the current, end of previous quarter reading

Source: Bloomberg

Global Positioning Indicators

Through June 30, 2020



Source: Bloomberg

Equity Performance Dispersion

As of June 30, 2020

Since 2/19/20* Returns (%)

	Value	Core	Growth
Large Cap	-17.0	-7.3	1.2
Mid Cap	-19.4	-12.2	-2.0
Small Cap	-21.6	-13.9	-7.1

YTD Returns (%)

	Value	Core	Growth
Large Cap	-16.3	-2.8	9.8
Mid Cap	-18.1	-9.1	4.2
Small Cap	-23.5	-13.0	-3.1

1-Year Returns (%)

	Value	Core	Growth
Large Cap	-8.8	7.5	23.3
Mid Cap	-11.8	-2.2	11.9
Small Cap	-17.5	-6.6	3.5

Global
U.S.
International
Emerging Markets

-8.3
-7.3
-10.4
-8.3

-6.3
-3.1
-11.3
-9.8

2.1
7.5
-5.1
-3.4

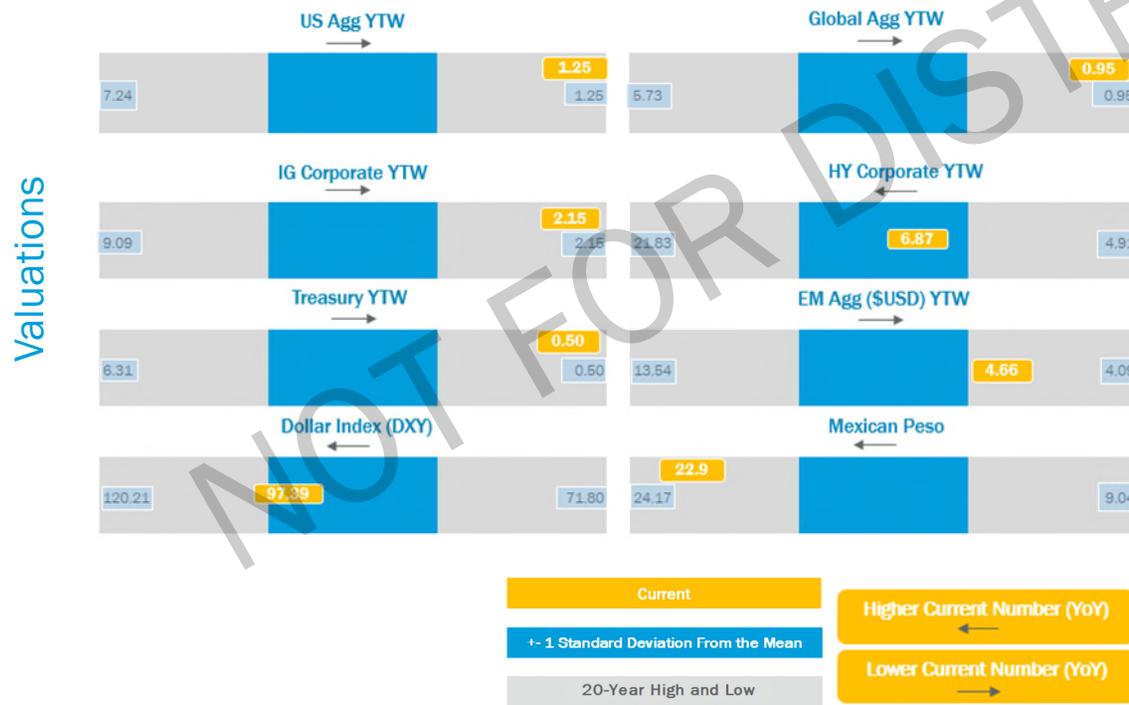
Source: Morningstar. *2/19/20 is used as a start date because it was the high of the S&P 500 Index. Returns over one year are annualized. Large Cap Value represented by Russell 1000 Value Index. Large Cap Core represented by Russell 1000 Index. Large Cap Growth represented by Russell 1000 Growth Index. Mid Cap Value represented by Russell Mid Cap Value Index. Mid Cap Core represented by Russell Mid Cap Index. Mid Cap Growth represented by Russell Mid Cap Growth Index. Small Cap Value represented by Russell 2000 Value Index. Small Cap Core represented by Russell 2000 Index. Small Cap Growth represented by Russell 2000 Growth Index. Global represented by MSCI ACWI Index. U.S. represented by S&P 500 Index. International represented by MSCI EAFE Index. Emerging Markets represented by MSCI Emerging Markets Index.

Fixed Income Review

As of June 30, 2020



Spread denoted by the Option-adjusted spread (OAS). **US IG:** BofAML US Corporate Index. **US HY:** BofAML US High Yield Index



Market Insights

- The top chart displays historical spreads for investment grade (IG) and high yield (HY) debt. While spreads are wider YoY, both IG and HY tightened significantly in Q2 as the Fed provided swift and aggressive accommodative measures
 - IG spreads peaked at 401bps on 3/23 and bottomed at 156bps on 6/8
 - HY spreads peaked at 1087bps on 3/23 and bottomed at 550bps on 6/5
- The bottom charts display the yield-to-worst (YTW) data points for the following Bloomberg Barclays Indices:
 - US Agg, Global Agg
 - US Corporate
 - US Corporate High Yield
 - US Treasury
 - Emerging Market Agg (dollar-denominated)
- Excluding the High Yield and EM Indices, all other fixed income indices exhibit yields that are at 20 year lows
- While EM currencies slightly retraced from significant depreciation in Q1, many countries still exhibit historically low currencies relative to the US dollar. The Mexican peso is illustrated as an example

Sources: Bloomberg, FRED, Barclays, BofA