



Canterbury Consulting

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Global Positioning Statement™

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December 31, 2019

Drivers of the Market

Strong Performance Leads to Record Highs

- U.S. equities rose in the fourth quarter, reaching all-time highs. The de-escalation of the U.S.-China trade war calmed markets and boosted trade-sensitive stocks as the two countries indicated plans to sign a “phase one” trade agreement in January.
- International equities moved higher, boosted by improved U.S.-China trade relations, a Brexit-related election in the U.K. that increased the likelihood of a negotiated withdrawal from the European Union, and a weaker U.S. dollar. Emerging market equities posted the strongest returns amongst global equity benchmarks. The limited trade deal between the U.S. and China as well as a planned rollback of trade tariffs helped drive returns.
- U.S. interest rates moved gradually higher as the Fed communicated a “wait-and-see” approach to implementing further rate cuts. U.S.-China and Brexit resolutions also resulted in developed country rates moving higher as investors rotated into riskier assets. Emerging market bonds benefited from strong currency returns and constructive economic growth.
- Corporate debt performed well as risk-on sentiment led to tighter spreads. High yield outperformed investment-grade bonds as investors allocated to lower quality credit.
- Energy largely performed well as production cuts from OPEC and easing U.S.-China tensions resulted in a supportive demand environment for oil.

Fourth Quarter 2019

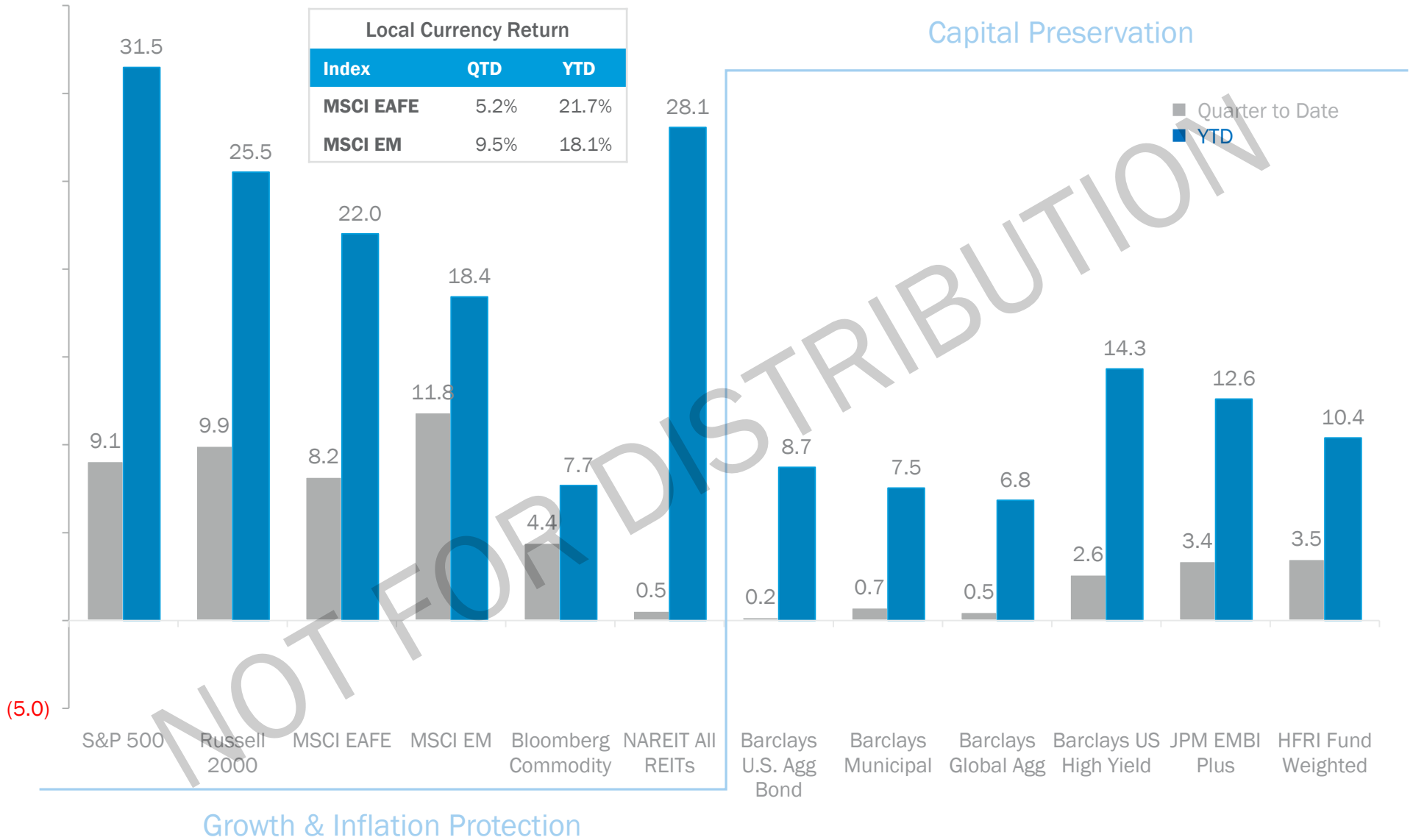
Returns through December 31, 2019

Index	QTD	1-Year
Growth MSCI ACWI	8.95%	26.6%
Capital Preservation Barclays Global Aggregate	0.5%	6.8%
Inflation Protection Morningstar U.S. Real Asset	1.4%	9.9%

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

Index Returns (%)

Through December 31, 2019



Source: Morningstar

Year over Year Statistics¹

	December 31, 2014	December 31, 2015	December 30, 2016	December 29, 2017	December 31, 2018	December 31, 2019
S&P 500	2,058.90	2,043.94	2,238.83	2,673.61	2,506.85	3,230.78
S&P 500 EPS	112.08	108.84	108.97	122.58	151.75	149.50
P/E of S&P 500	18.37	18.78	20.54	21.81	16.52	21.61
P/E of MSCI EAFE	16.75	21.35	20.00	17.54	14.15	18.56
P/E of MSCI EM	12.90	15.55	14.24	15.24	11.72	15.43
S&P 500 Earnings Yield	5.44	5.32	4.87	4.58	6.05	4.63
Fed Funds Effective Rate	0.12	0.24	0.54	1.30	2.27	1.55
3 Month LIBOR	0.26	0.61	1.00	1.69	2.81	1.91
10 Year Treasury Yield	2.17	2.27	2.44	2.41	2.68	1.92
30 Year Mortgage Rate	3.99	3.90	4.06	3.85	4.51	3.86
Barclays U.S. Agg Yield	3.11	3.67	3.37	3.25	4.20	2.84
Barclays HY Spread	4.83	6.60	4.09	3.43	5.26	3.36
Gold (\$/oz)	1,184.37	1,061.10	1,147.50	1,302.80	1,282.49	1,517.27
WTI Crude Oil (\$/bbl)	53.27	37.04	53.72	60.42	45.41	61.06
Unemployment Rate	5.60	5.00	4.70	4.10	3.90	3.50
Headline CPI²	0.80	0.70	2.10	2.10	1.90	2.10
VIX Index	19.20	18.21	14.04	11.04	25.42	13.78

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	1.8%	2.1%	3.6%	1.9%	\$171.13	18.88	\$143.94	14.15	\$80.81	13.79
2021	1.8%	2.0%	3.7%	2.2%	\$179.57	17.99	\$139.37	14.62	\$86.91	12.83

(1) Source: Bloomberg

(2) Values are carried forward from the most recent reported value (12/31/2019)

(3) Forecasts are consensus opinions from 98 forecasting agencies (Median)

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

Estimate calculated from quarter end (i.e. Dec. 31, 2019 – Dec. 31, 2020). Price in P/E ratio static as of quarter end.

Current U.S. Economic Conditions: Normal Growth/Contraction

Contraction

U.S. GDP Growth: Below average growth

U.S. Earnings Yield:

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment:

Normal Growth

U.S. GDP Growth

U.S. Earnings Yield

U.S. Credit Markets: Spreads below average

Volatility (VIX): Below average volatility

Yield Curve

Investor Sentiment: Above average sentiment

Panic

U.S. GDP Growth

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

U.S. Credit Markets

Volatility (VIX)

Yield Curve: Significantly below average spread

Investor Sentiment

Manic Growth

U.S. GDP Growth

U.S. Earnings Yield

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment

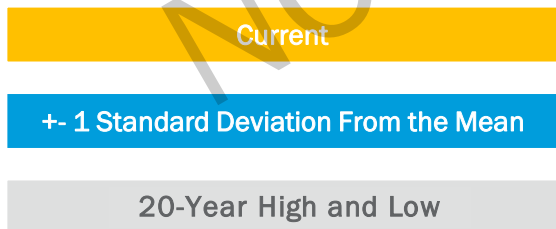
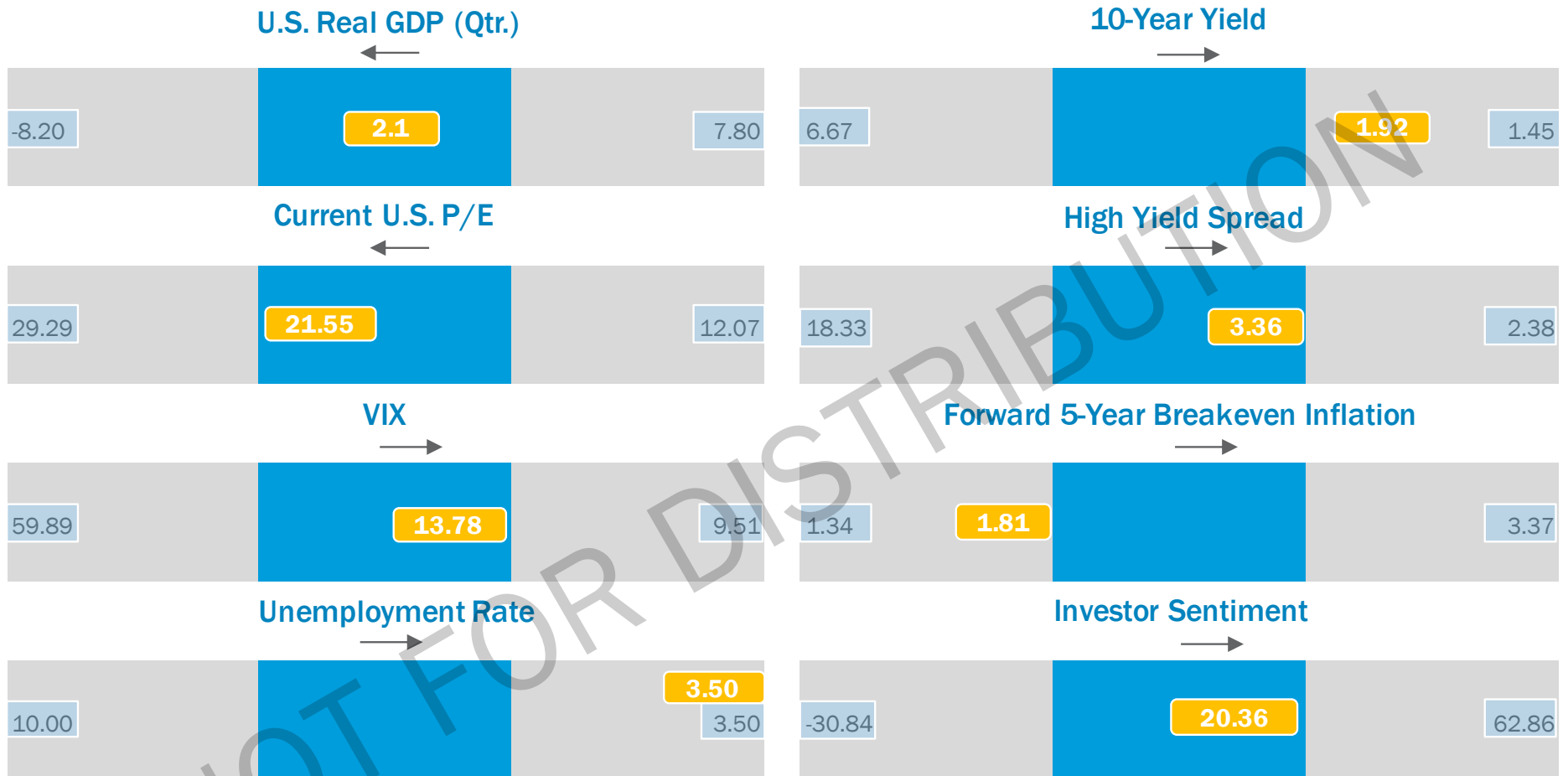
Metrics	Quarter avg.	10-year avg.
U.S. GDP Growth: Prior quarter U.S. Real GDP versus the 10 year U.S. Real GDP average	2.1%*	2.3%
U.S. Earnings Yield: Quarter avg. S&P 500 earnings yield versus the 10 year S&P 500 earnings yield average	4.8%	5.7%
U.S. Credit Markets: Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	366	483
Volatility (VIX): Quarter avg. VIX average versus the 10 year VIX average	13.2	17.1
Yield Curve: Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	69 bps	222 bps
Investor Sentiment: Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	9.8	5.6

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

Source: Bloomberg

Global Positioning Indicators

Through December 31, 2019



Source: Bloomberg