



Canterbury Consulting

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## Global Positioning Statement™

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September 30, 2021

## Drivers of the Market

### Global Recovery Continues with Increased Volatility

- U.S. stock markets hit new all-time highs in the third quarter even as market volatility picked up in the final weeks of September. Corporate commentary turned cautious and profit warnings cited supply chain constraints and margin compression from multiple industries.
- European equities significantly outperformed emerging markets (EM) equities. Negative news from China appeared throughout the quarter. China's move to turn private tutoring companies into non-profit organizations, the ban on children playing computer games for more than three hours a week, and fears around the potential default of a large Chinese property developer weighed heavily on EM equities.
- In September, the Fed expressed a slightly more hawkish tone by hinting at implementing an asset purchase taper program by year-end. By moving up the taper timeline, the central bank is signaling adequate economic growth and employment conditions while acknowledging that inflation is meeting or exceeding the 2% target. Chairman Powell also expressed that "rate liftoff" is unlikely during tapering, which insinuates that an interest rate increase will likely not happen until the middle-to-end of 2022.
- The treasury yield curve experienced volatility but did not meaningfully change quarter-over-quarter. However, the long end of the yield curve steepened during the last week of September and the first week of October as inflation concerns persisted. Investment grade (IG) and high yield (HY) credit spreads marginally widened over the quarter. The Evergrande credit situation resulted in a selloff across select emerging market debt. In general, spreads remain very low.
- Commodities and energy-related assets performed well on a relative basis as global supply constraints resulted in higher prices. Inflation concerns also acted as a tailwind for commodities. The Case-Shiller Home Price Index rose to an all-time high as demand for U.S. real estate reached a fervor pitch.

Third Quarter 2021

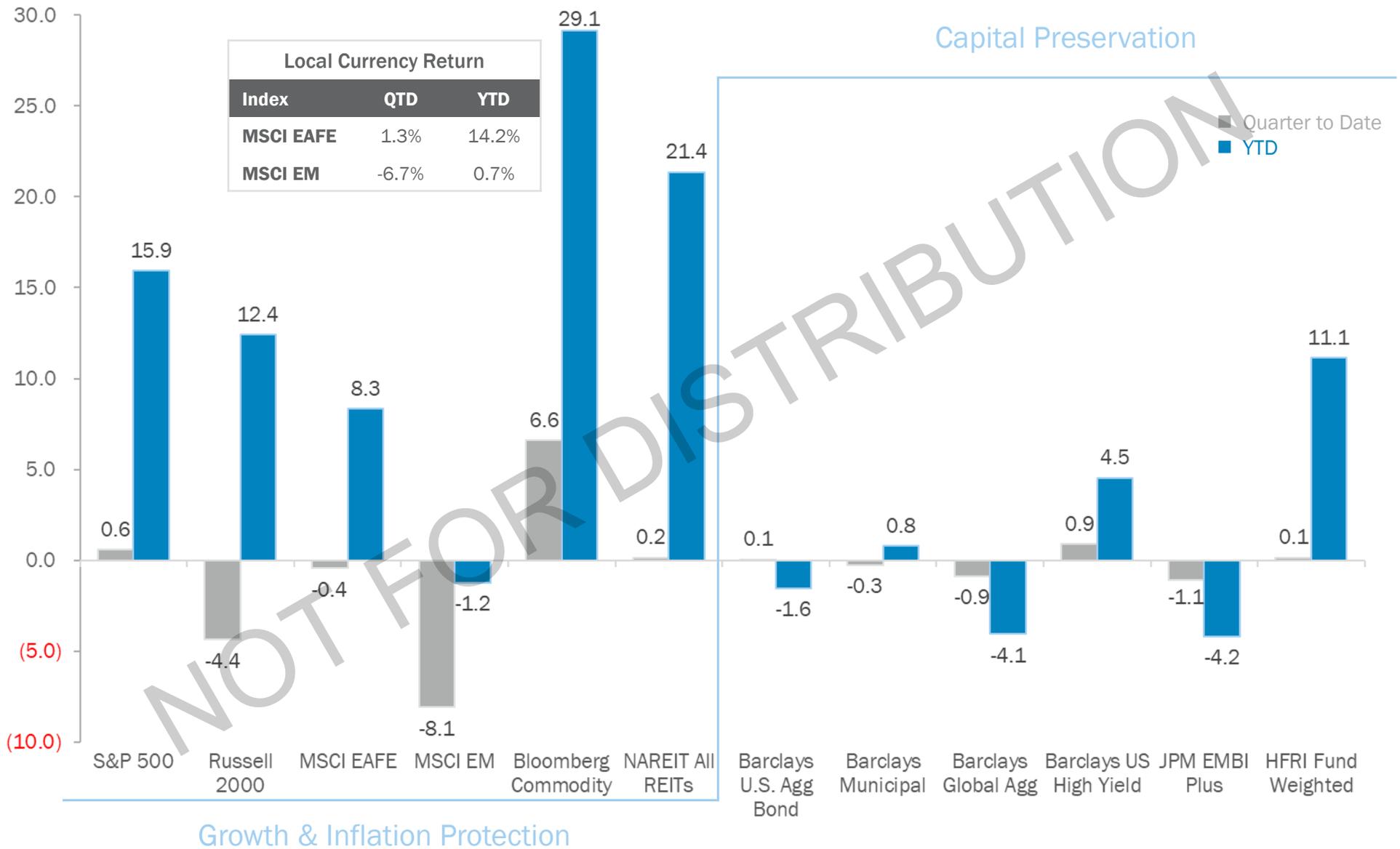
### Returns through September 30, 2021

Index	QTD	YTD
<b>Growth</b> MSCI ACWI	-1.1%	11.10%
<b>Capital Preservation</b> Bloomberg Global Aggregate	-0.9%	-4.06%
<b>Inflation Protection</b> Morningstar U.S. Real Asset*	-0.4%	13.75%

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

# Index Returns (%)

Through September 30, 2021



Source: Morningstar

Year over Year Statistics<sup>1</sup>

	September 30, 2016	September 29, 2017	September 28, 2018	September 30, 2019	September 30, 2020	September 30, 2021
<b>S&amp;P 500</b>	2,168.27	2,519.36	2,913.98	2,976.74	3,363.00	4,307.54
<b>S&amp;P 500 EPS</b>	106.29	118.39	148.56	150.63	126.30	167.04
<b>P/E of S&amp;P 500</b>	20.40	21.28	19.62	19.76	26.63	25.79
<b>P/E of MSCI EAFE</b>	23.27	19.21	15.53	17.25	36.77	18.54
<b>P/E of MSCI EM</b>	16.37	15.10	11.58	13.66	20.14	15.07
<b>S&amp;P 500 Earnings Yield</b>	4.90	4.70	5.10	5.06	3.76	3.88
<b>Fed Funds Effective Rate</b>	0.40	1.15	1.95	2.04	0.09	0.08
<b>3 Month LIBOR</b>	0.85	1.33	2.40	2.09	0.23	0.13
<b>10 Year Treasury Yield</b>	1.59	2.33	3.06	1.66	0.68	1.49
<b>30 Year Mortgage Rate</b>	3.34	3.80	4.57	3.72	3.08	3.18
<b>Barclays U.S. Agg Yield</b>	1.96	2.55	3.46	2.26	1.18	1.56
<b>Barclays HY Spread</b>	4.80	3.47	3.16	3.73	5.17	2.89
<b>Gold (\$/oz)</b>	1,315.87	1,279.75	1,190.88	1,472.49	1,885.82	1,756.95
<b>WTI Crude Oil (\$/bbl)</b>	48.24	51.67	73.25	54.07	40.22	75.03
<b>Unemployment Rate</b>	5.00	4.20	3.70	3.50	7.80	5.20
<b>Headline CPI<sup>2</sup></b>	1.50	2.20	2.30	1.70	1.40	5.30
<b>VIX Index</b>	13.29	9.51	12.12	16.24	26.37	23.14

## Forward Looking Forecasts

	Real GDP <sup>3</sup>	CPI <sup>3</sup>	Unemployment <sup>3</sup>	10-Yr Treasury <sup>3</sup>	S&P 500 EPS <sup>4</sup>	Forward P/E <sup>4</sup>	MSCI EAFE EPS <sup>4</sup>	Forward P/E <sup>4</sup>	MSCI EM EPS <sup>4</sup>	Forward P/E <sup>4</sup>
2021	5.9%	4.3%	5.5%	1.59%	\$206.69	20.84	\$153.29	14.88	\$97.92	12.80
2022	4.1%	3.0%	4.3%	1.99%	\$220.17	19.56	\$154.13	14.80	\$101.37	12.36

1) Source: Bloomberg

2) Values are carried forward from the most recent reported value (9/30/2021)

3) Forecasts are consensus opinions from 77 forecasting agencies throughout the month of September (Median)

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

Estimate calculated from quarter end (i.e. September 30, 2021 - September 30, 2022). Price in P/E ratio static as of quarter end.

## Current U.S. Economic Conditions: Growth

### Contraction

U.S. GDP Growth

U.S. Unemployment: Above avg. unemployment

U.S. Credit Markets

Volatility (VIX): Above avg. volatility

Yield Curve: Below avg. yield curve

Investor Sentiment: Below avg. sentiment

### Normal Growth

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment: Above average

### Panic

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment

### Manic Growth

U.S. GDP Growth: Sig. above avg. growth

U.S. Unemployment

U.S. Credit Markets: Sig. below avg. spreads

Volatility (VIX)

Yield Curve

Investor Sentiment

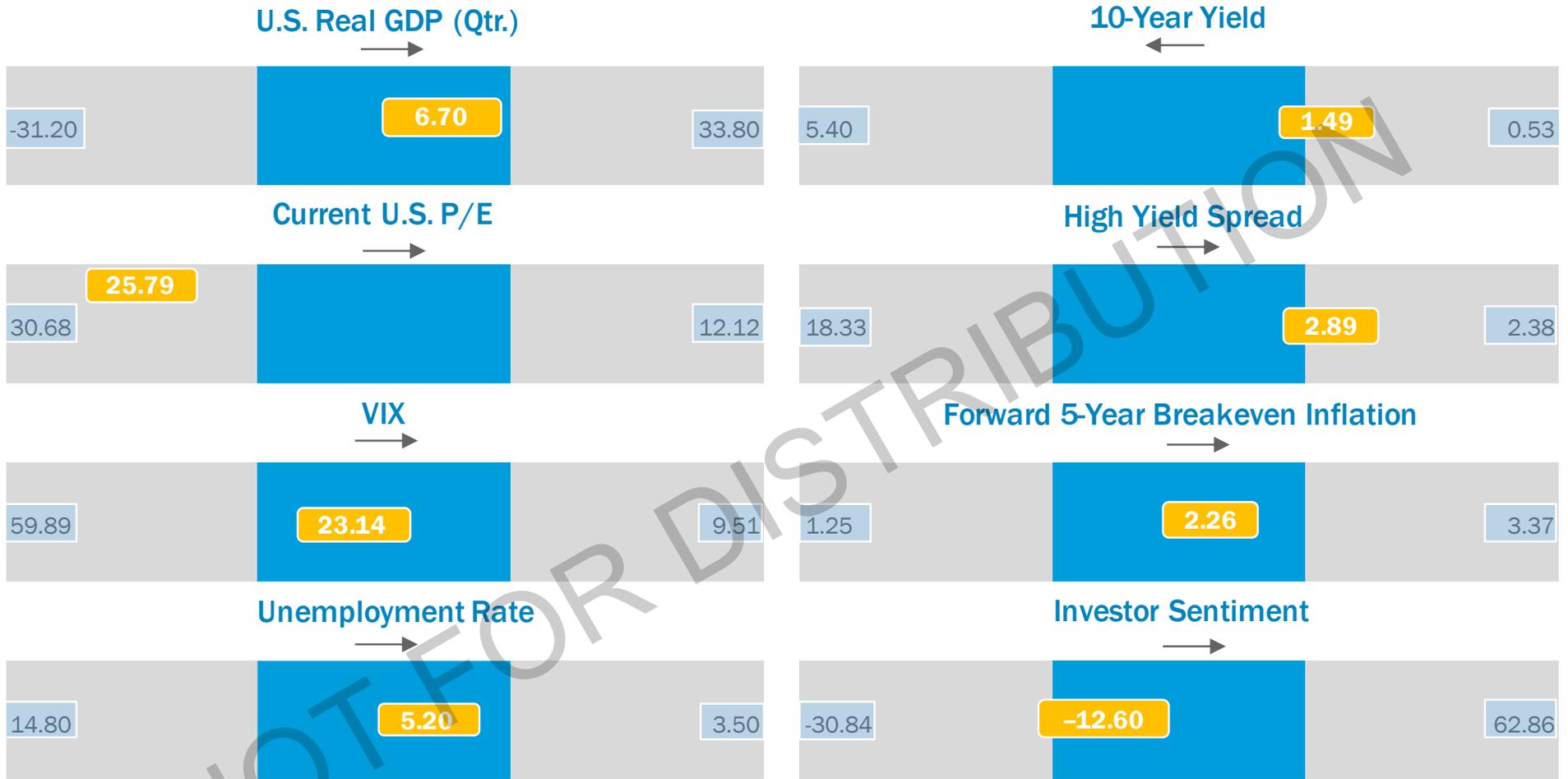
Metrics	Quarter avg.	10-year avg.
<b>U.S. GDP Growth:</b> Prior quarter U.S. Real GDP versus the 10 year U.S. Real GDP average*	6.7%	2.4%
<b>U.S. Unemployment:</b> Quarter avg. unemployment rate versus the 10 year average	5.9%	5.9%
<b>U.S. Credit Markets:</b> Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	290	458
<b>Volatility (VIX):</b> Quarter avg. VIX average versus the 10 year VIX average	19.3	17.8
<b>Yield Curve:</b> Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	173 bps	185 bps
<b>Investor Sentiment:</b> Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	2.0	4.7

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

Source: Bloomberg

# Global Positioning Indicators

Through September 30, 2021



Current

+/- 1 Standard Deviation From the Mean

20-Year High and Low

Source: Bloomberg