



Canterbury Consulting

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Quarterly Asset Class Report Real Assets

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March 31, 2025

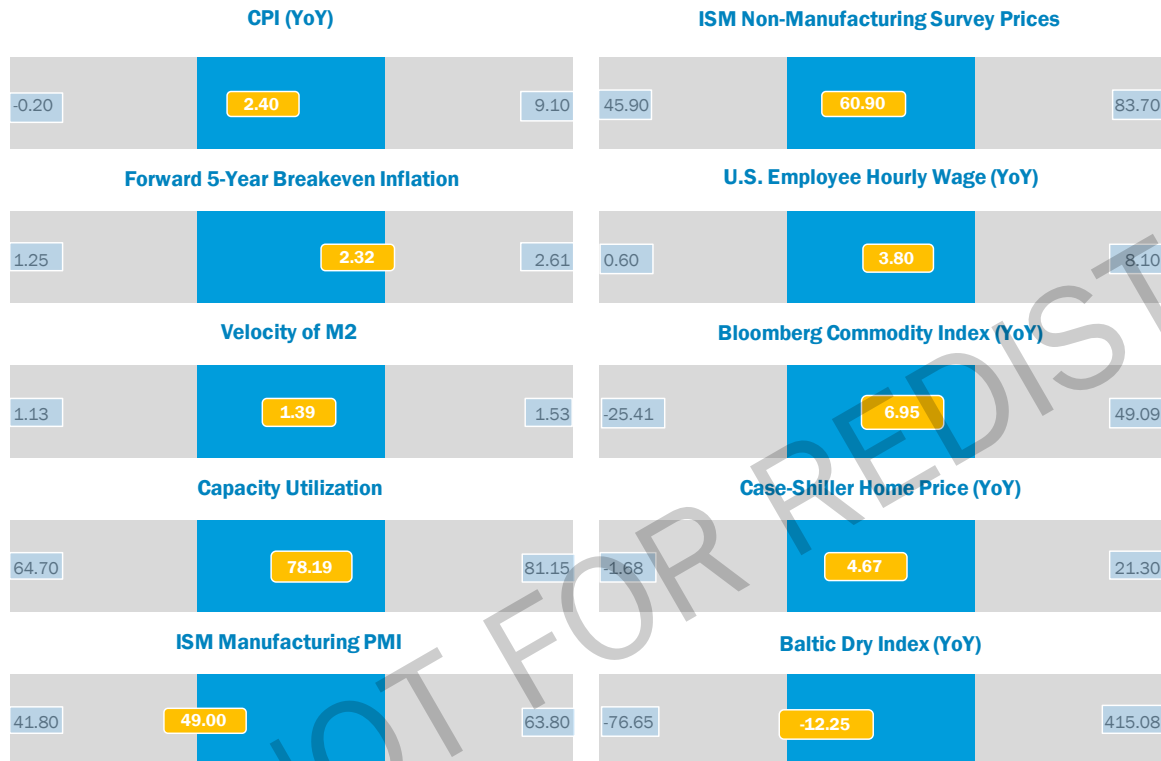
Canterbury Consulting recommends and communicates asset-class strategy with the objective of constructing a diversified portfolio of real asset strategies designed to (in aggregate):

- 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

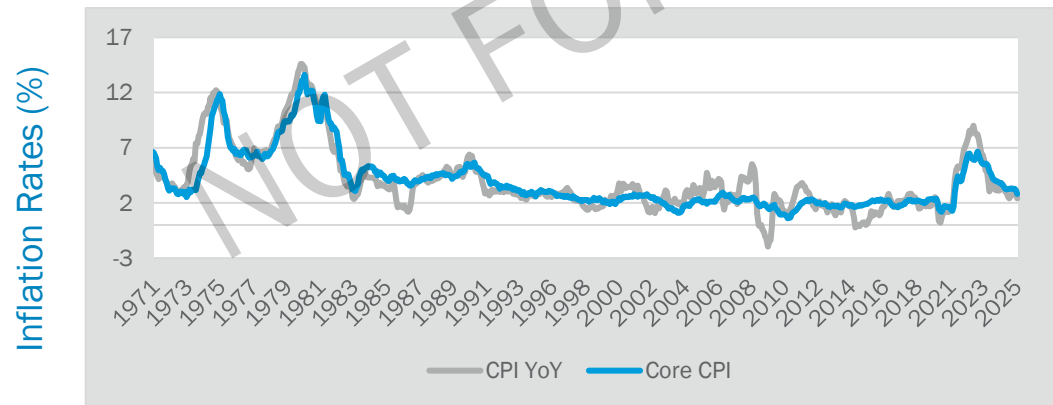
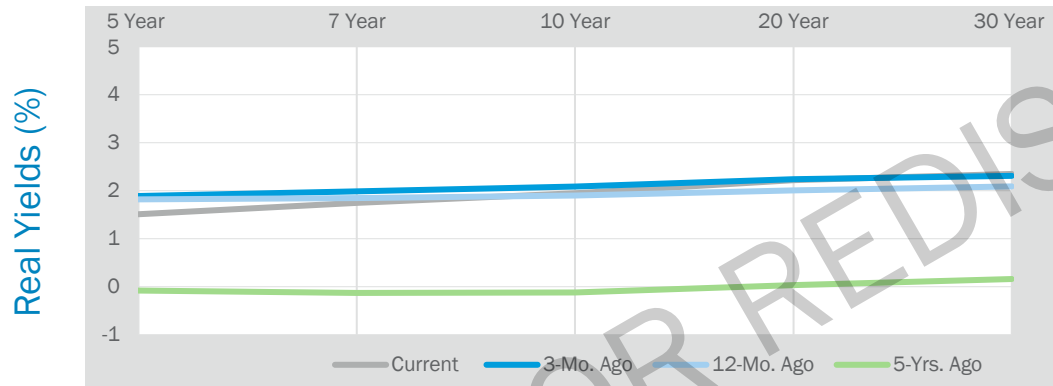
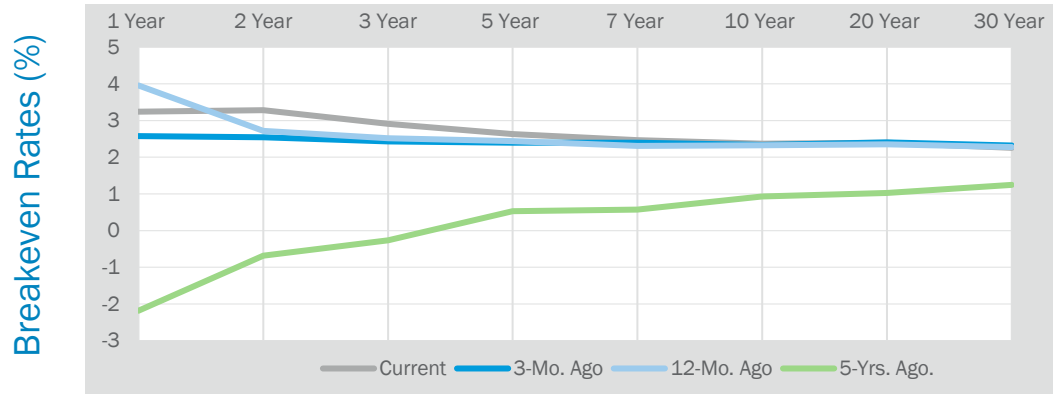
10-Year High and Low

- Canterbury monitors several inflation and real asset indicators to help detect imbalances that could lead to price pressures.
- Inflation, as measured by the Consumer Price Index (CPI), decreased from 2.9% in December to a year-over-year rate of 2.4% in March. The CPI excluding food and energy, often referred to as Core CPI or "sticky" inflation, declined to 2.8% quarter-over-quarter, down from 3.2% in December.
- Indicators of U.S. economic activity, such as the ISM Manufacturing and Non-Manufacturing indexes, continued to show mixed signals of both contractionary and expansionary trends, leaving the outlook for future Fed rate cuts uncertain.
- Housing prices, represented by the Case-Shiller Home Price Index, continued to remain elevated at a year-over-year rate of 4.7%. Despite elevated mortgage rates, housing prices have remained supported by the low supply of homes.

Source: Institute for Supply Management. Federal Reserve Bank of St. Louis. Bureau of Labor Statistics. U.S. Department of the Treasury. Bloomberg data available as of March 31, 2025.

Market Environment as of March 31, 2025

Real Assets

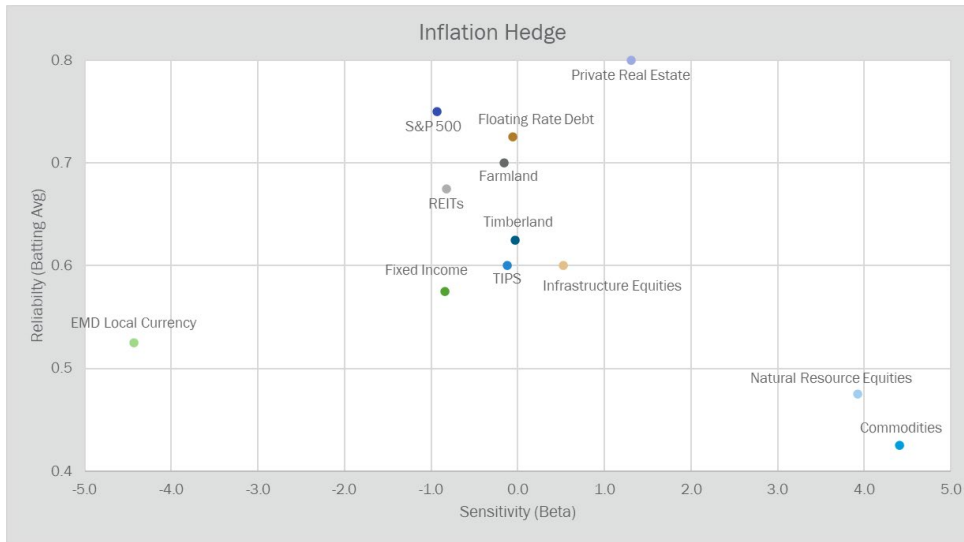


- Front-end breakeven inflation rates rose during the quarter, while long-term breakeven rates remained relatively range-bound, hovering slightly above 2%. The breakeven rate is the implied inflation rate for a given maturity and is calculated by subtracting the real yield of a Treasury bond from the nominal yield.
- Breakeven rates currently imply that short-term inflation should trend around 3%, while intermediate-to-long-term breakevens imply that inflation should run marginally above 2%.
- Real yields declined across most maturities, except for the 30-year, with real yields on 5- to 10-year maturities dipping back below 2%.
- Inflation slowed in the first quarter, with Core CPI dipping below 3% for the first time since early 2021. Lower gasoline prices contributed to the softer March reading, although grocery prices remain elevated.

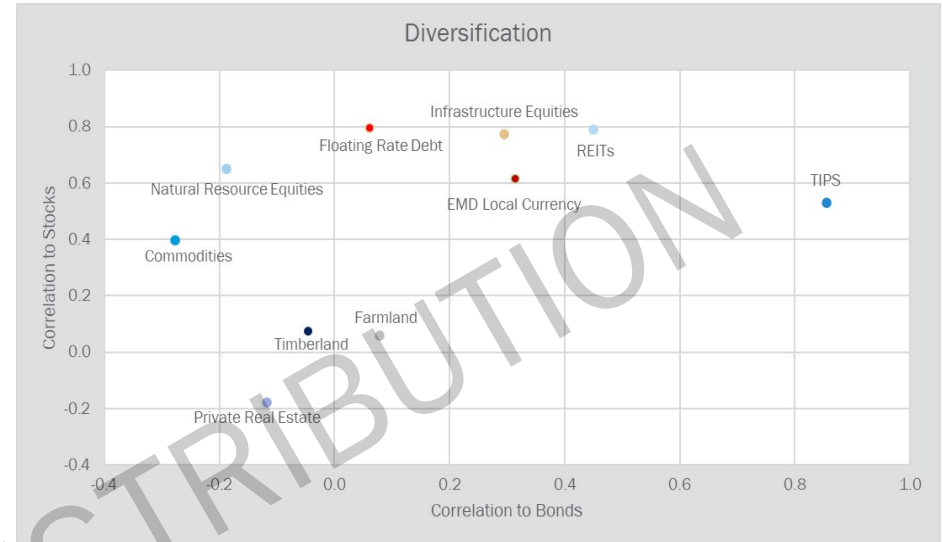
Source: Federal Reserve Bank of St. Louis, Bureau of Labor Statistics CPI & PCE Data, U.S. Treasury Department, U.S. Treasury Inflation-Indexed Rates. Data as of 3/31/2025.

Sub-Asset Class Statistics

Real Assets



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



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



Source: Morningstar

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

All charts as of June 30, 2024

- 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