



Canterbury Consulting

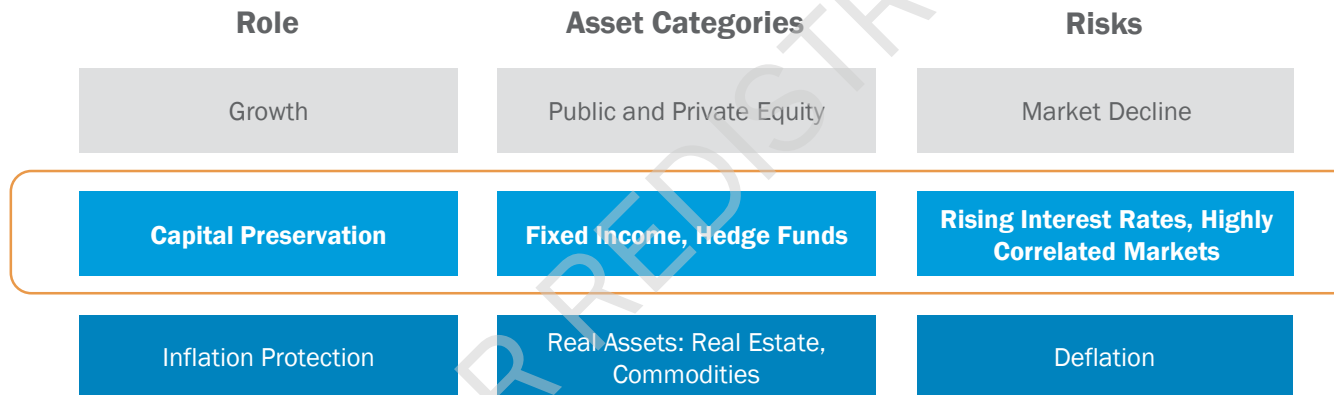
Quarterly Asset Class Report Taxable Fixed Income

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March 31, 2026

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

- Preserve after-tax wealth and mitigate volatility
- Maintain comparable exposure to the broad municipal market
- Focus exposure based on state domicile and after-tax returns
- Exhibit returns uncorrelated to equity markets



- Canterbury global fixed income portfolios are set up with a goal to deliver consistent after-tax and net-of-fees excess returns and moderate tracking error versus the Bloomberg Municipal Bond Index. The goal for taxable fixed income portfolios are to have a high-quality bias with sensitivity toward taxes.
- Canterbury’s fixed income portfolios seek to exhibit benchmark-like, after-tax yields and credit quality through more portfolio diversification. Portfolio diversification will depend on the client’s state of domicile and individual goals (i.e. income vs. capital preservation).

Index Returns as of March 31, 2026

Fixed Income

	QTD (%)	YTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	7 Years (%)	10 Years (%)
Bloomberg Global Aggregate	-1.07	-1.07	4.26	2.59	-1.46	0.19	0.58
Bloomberg US Agg Bond	-0.05	-0.05	4.35	3.63	0.31	1.56	1.70

U.S. Treasuries

BofAML 3M US Treasury Note	0.83	0.83	3.97	4.70	3.34	2.74	2.27
Bloomberg Short Treasury	0.83	0.83	4.08	4.78	3.28	2.73	2.28
Bloomberg Intermediate Treasury	0.05	0.05	3.98	3.63	0.98	1.76	1.52
Bloomberg Long Term US Treasury	-0.41	-0.41	0.47	-1.51	-4.58	-1.75	-0.80
Bloomberg U.S. Treasury TIPS 1-5Y	0.83	0.83	3.90	4.63	3.25	3.77	3.03
Bloomberg US Treasury US TIPS	0.26	0.26	3.00	3.18	1.48	3.08	2.66

U.S. Corporate Credit

Bloomberg US Corp IG	-0.54	-0.54	4.78	4.70	0.76	2.46	2.81
Morningstar LSTA US LL TR USD	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BofAML US HY Master II	-0.55	-0.55	6.90	8.50	4.19	4.94	6.05
BofAML US HY BB-B Constrained	-0.38	-0.38	7.08	7.96	3.97	4.80	5.68
BofAML US Corporate AAA	-0.46	-0.46	3.09	2.25	-0.92	1.12	1.70
BofAML US Corporate AA	-0.31	-0.31	3.71	3.43	0.04	1.50	1.85
BofAML US Corporate A	-0.39	-0.39	4.77	4.58	0.80	2.31	2.52
BofAML US Corps BBB	-0.47	-0.47	5.15	5.59	1.29	3.04	3.49
BofAML US High Yield BB	-0.38	-0.38	6.96	7.53	3.78	4.99	5.59
BofAML US High Yield B	-0.38	-0.38	7.22	8.43	4.17	4.62	5.85
BofAML US High Yield CCC	-2.21	-2.21	4.85	12.21	5.40	5.17	7.90

Securitized

Bloomberg ABS	0.31	0.31	4.66	4.96	2.38	2.75	2.47
Bloomberg MBS	0.40	0.40	5.79	4.17	0.45	1.29	1.43
Bloomberg CMBS	0.32	0.32	5.39	5.42	1.46	2.53	2.41

Municipals

Bloomberg Municipal	-0.18	-0.18	4.29	2.87	0.84	1.92	2.16
Bloomberg Muni 1-10	-0.14	-0.14	4.03	2.80	1.23	1.86	1.85

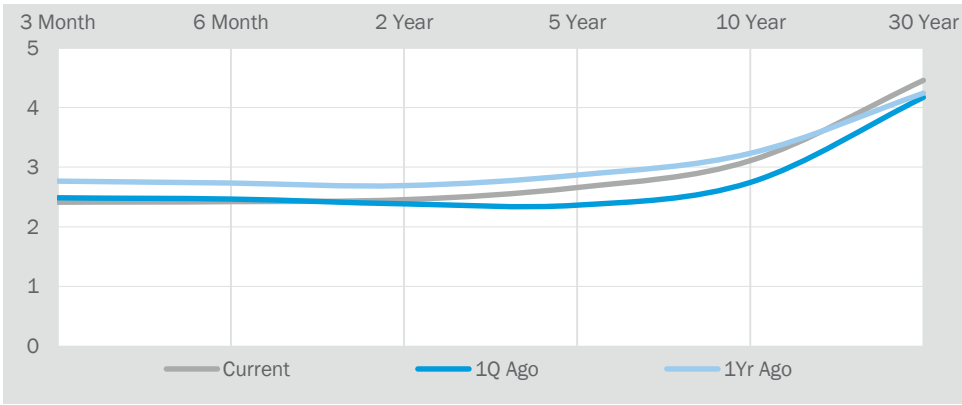
Global

Bloomberg Global Aggregate TR Hdg USD	-0.15	-0.15	3.49	4.07	0.81	1.72	2.05
Bloomberg Gbl Agg Ex USD	-1.87	-1.87	4.18	1.62	-2.90	-1.01	-0.42
FTSE WGBI	-1.05	-1.05	3.75	1.65	-2.60	-0.77	-0.25

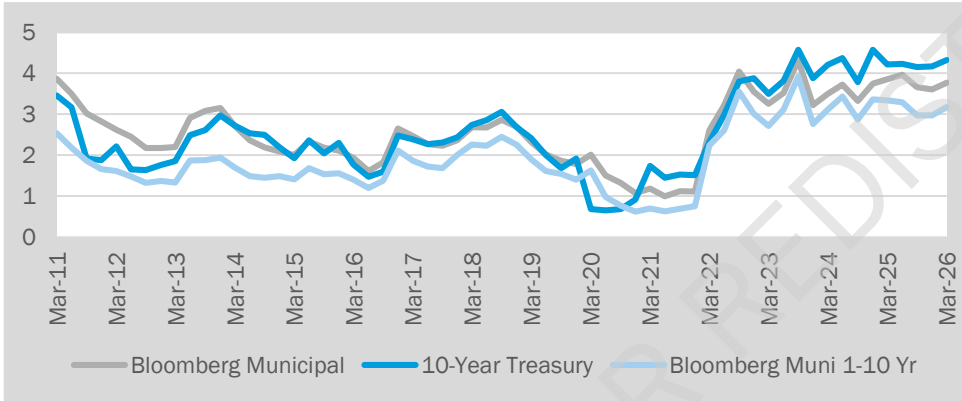
Market Environment as of March 31, 2026

Fixed Income

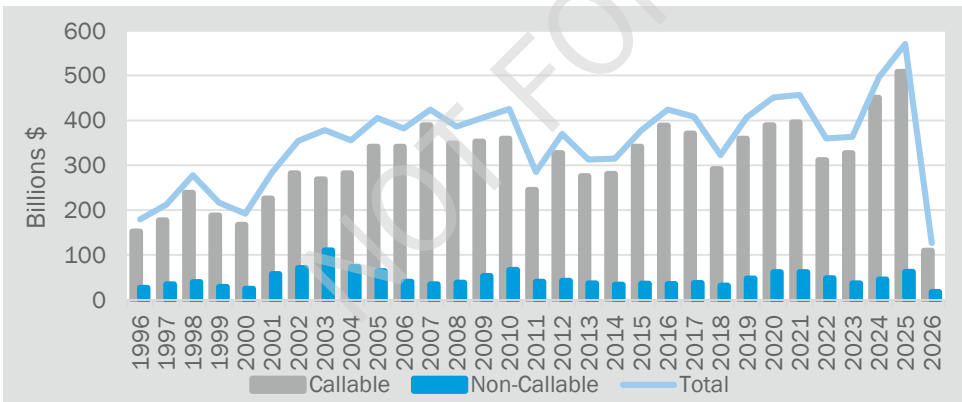
Municipal Yield Curve (%)



Yield Comparison (%)



U.S. Municipal Issuance (\$)

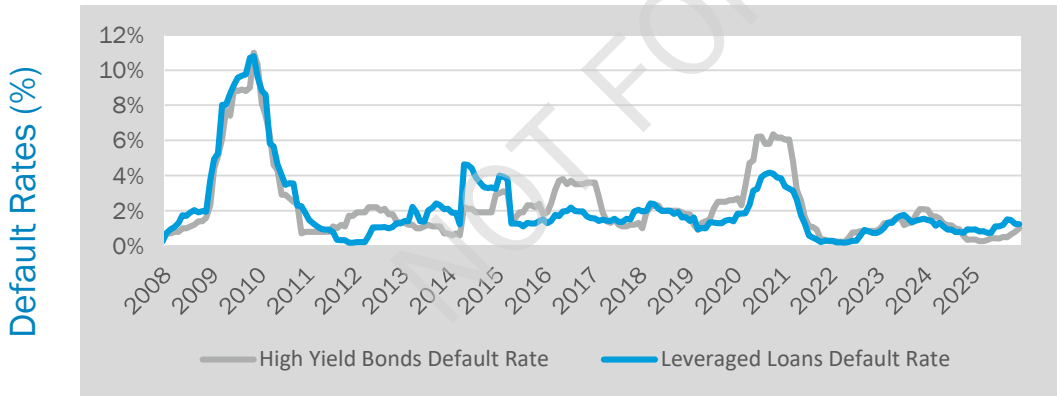
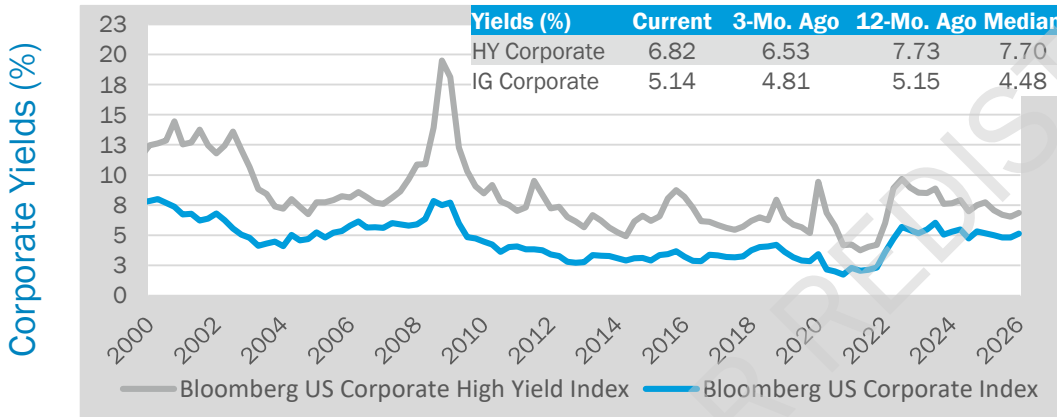
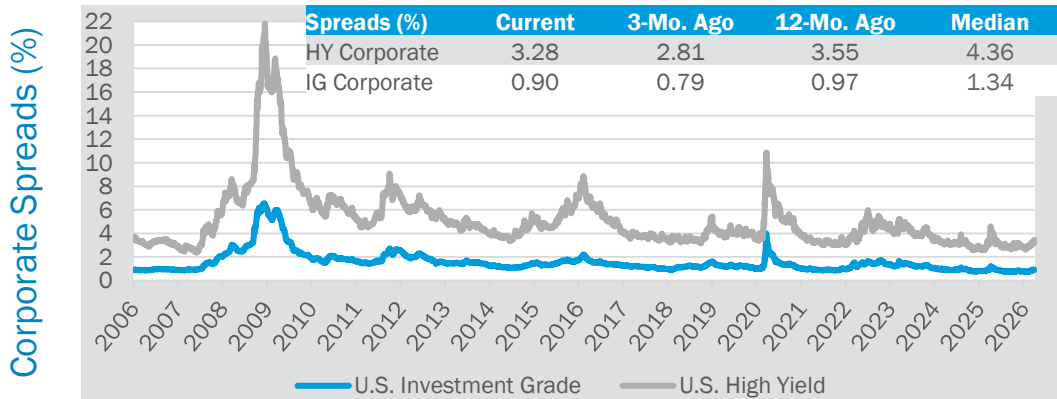


- The Federal Reserve held the federal funds rate constant at both the January and March FOMC meetings in a range of 3.50% - 3.75%.
- In its latest projections, the Fed revised growth and inflation forecasts modestly higher, and left unemployment forecasts largely unchanged relative to December. Rhetoric from Fed Chair Jerome Powell and minutes from the March FOMC meeting suggest the Fed has maintained its “wait-and-see” approach, as heightened uncertainty surrounding Iran and energy-related inflation, as well as lingering concerns over the labor market, continue to divide Fed officials. The Fed still projects just one 25 basis point cut in 2026.
- The municipal yield curve steepened moderately in the first quarter, with intermediate term yields posting the greatest increases, somewhat normalizing from relatively rich levels. Record levels of supply continue to be met with robust investor demand across the curve.
- Municipal bond issuance totaled \$127.1 billion through the first quarter of 2026, an increase of 6.7% relative to the same period in 2025.

Sources: Securities Industry and Financial Markets Association (SIFMA). U.S. Treasury Department, Bloomberg Indices. Data as of 3/31/2026

Market Environment as of March 31, 2026

Fixed Income



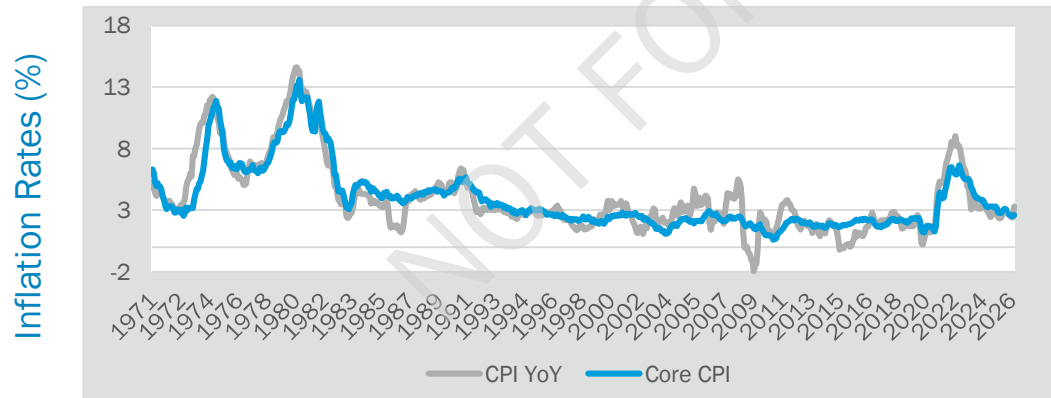
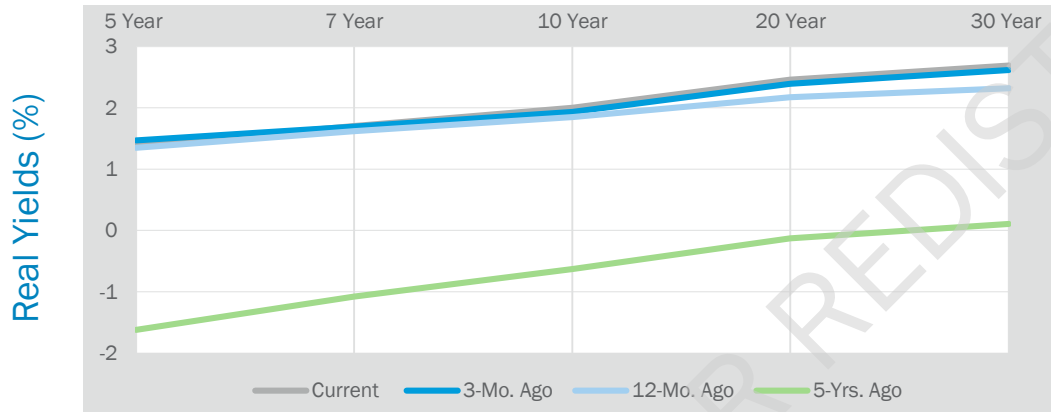
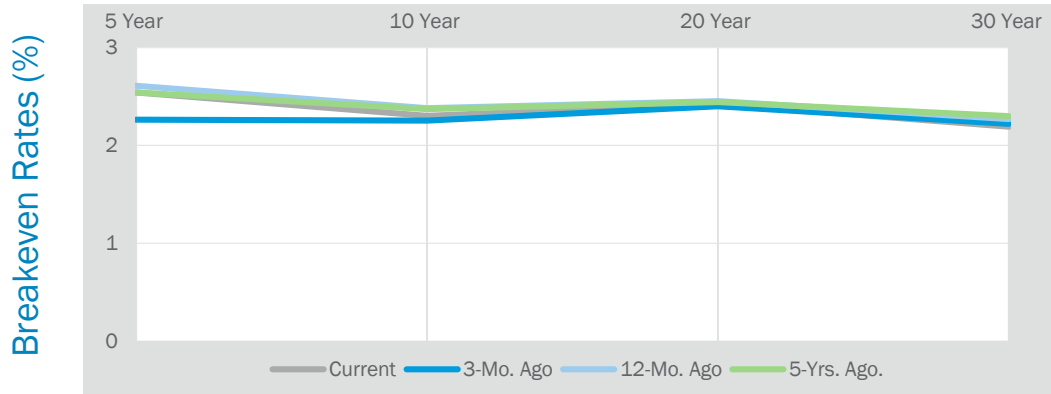
- Investment-grade (IG) and high-yield (HY) credit spreads were volatile in the first quarter, ending the period meaningfully higher, but remained well below their long-term median levels. [1]
- The yield on investment-grade corporate bonds rose from 4.81% to 5.14% over the quarter, while the yield on high-yield corporate bonds rose from 6.53% to 6.82%.
- IG corporate bond yields crept further above their long-term median levels, while HY corporate yields remain well below their long-term median levels. [2]

Sources: Federal Reserve Bank of St. Louis, U.S. Treasury Department. Data as of 3/31/2026. S&P LCD Lev Loan Defaults, JP Morgan HY Bond Defaults, Data as of 12/31/2025.

[1] Long-term median is defined as median data starting in 2006.
 [2] Defined as data starting in 2000.

Market Environment as of March 31, 2026

Fixed Income



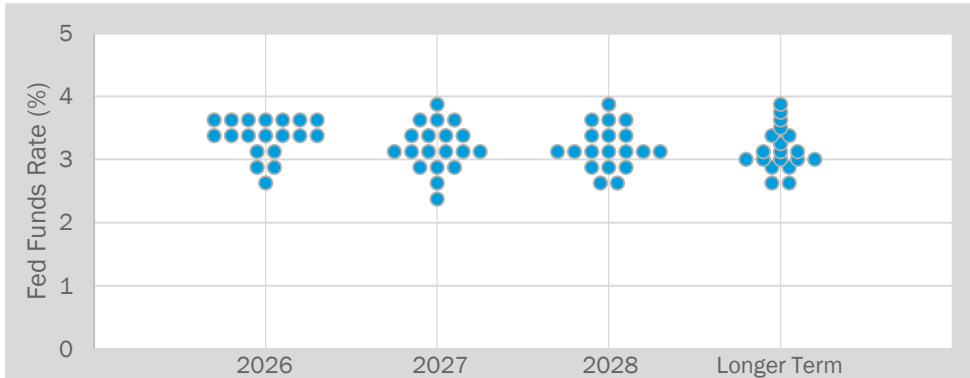
- The breakeven rate yield curve further inverted in the first quarter, with intermediate term breakeven rates (5- and 10-year) increasing meaningfully, while long-term breakeven rates decreased moderately.
- The breakeven rate is the implied inflation rate for a given maturity and is calculated by subtracting the real yield of a Treasury bond from the nominal yield.
- Current breakeven rates suggest that intermediate-term inflation is expected to remain elevated, likely in the 2.3% - 2.5% range, relative to longer-term inflation.
- Real yields increased moderately across the curve, aside from 5-year yields, which decreased given heightened intermediate-term inflation concerns.
- The release of the March Consumer Price Index (CPI) report was marred by the effect of soaring energy prices, with gasoline alone accounting for nearly three quarters of the 3.3% year-over-year headline CPI print. Core CPI rose just 2.6% on a year-over-year basis, slightly below forecasts, but most economists agree the full effects of the Iran conflict have yet to filter through the broader economy.

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 3/31/2026.

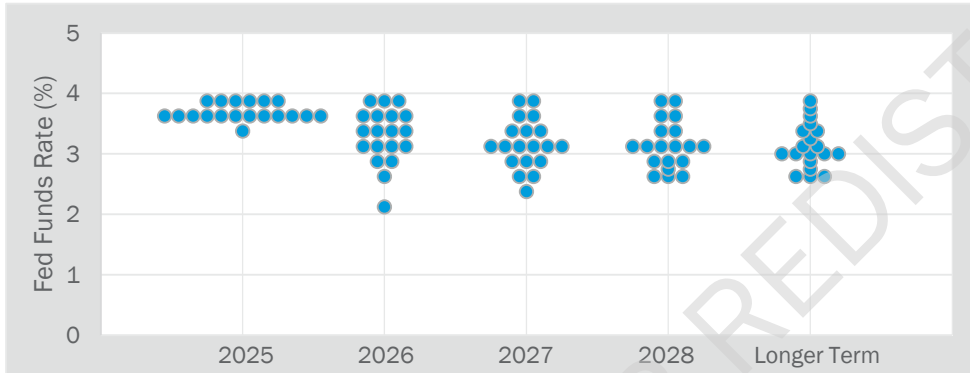
Market Environment as of March 31, 2026

Fixed Income

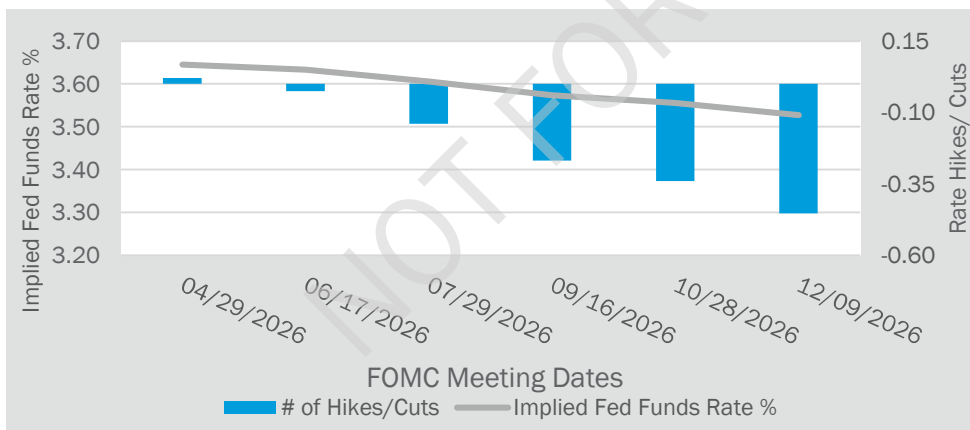
Fed Dot Plot
March 2026



Fed Dot Plot
December 2025



Implied Fed Funds Rate
& Rate Hike Probabilities



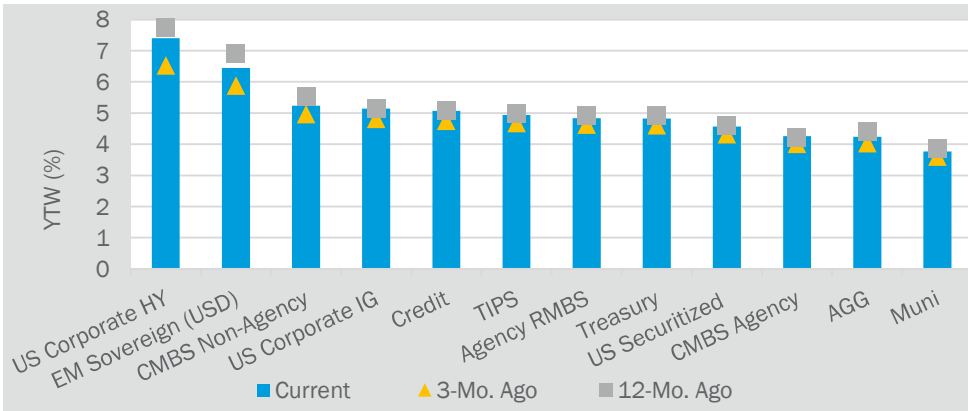
- FOMC projections remain consistent from the December meeting, with March projections indicating just one rate cut through the end of 2026. Fed Chair Jerome Powell noted, however, that while the median projection remained unchanged, several members of the FOMC adjusted their stance in favor of fewer reductions through the end of 2026.
- Market participants, as reflected in the Fed funds futures market, are currently pricing in less than one 25 basis point rate cuts through the Fed's December 2026 meeting.
- The Fed Dot Plot represents where each of the Federal Open Market Committee (FOMC) members believes the Fed funds rate will be in the future.
- The implied Fed funds rate is where market participants believe the Fed funds rate will be based on futures prices.

Source: Board of Governors of the Federal Reserve System, Fed Funds Futures as of 3/31/2026.

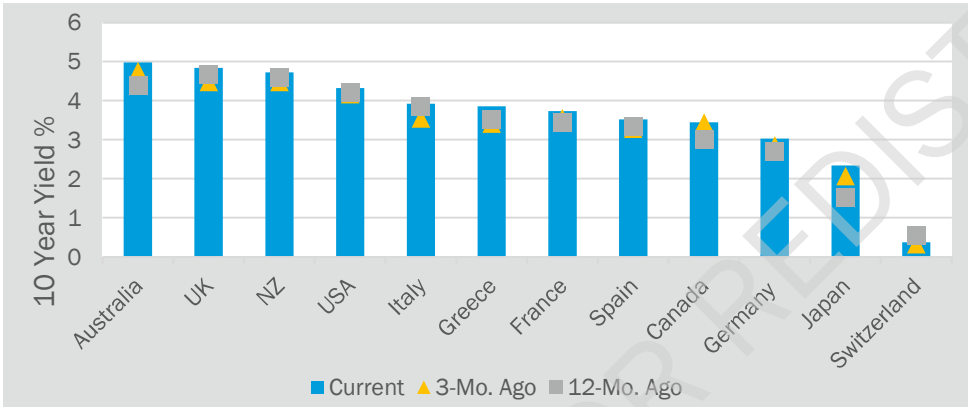
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Fixed Income

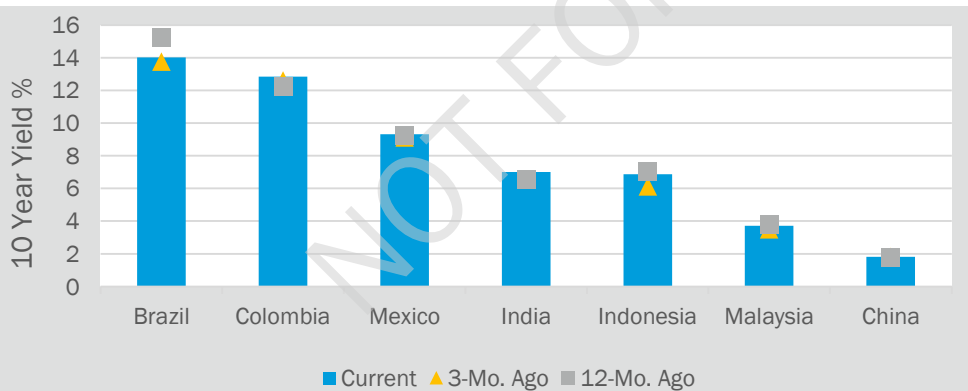
Domestic Yields



Developed Yields (Local Currency)



EM Yields (Local Currency)



- Yields across U.S. fixed income sectors were highly volatile and generally increased in the first quarter, with US Corporate High Yield exhibiting the largest increase (87 basis points) in light of geopolitical instability and broader macroeconomic concerns around software and AI disruption.
- In global developed markets, yields broadly increased. Australian sovereign debt saw the greatest increase, given the country's reliance on energy imports, implications from the Iran conflict on growth, and inflation. While volatile intra-quarter, Canadian sovereign debt yields ended the first quarter largely unchanged from the prior period, reflecting more moderate long-term inflation expectations relative to short-term, where yields moved more meaningfully.
- Emerging market (EM) sovereign yields (local currency) generally increased. Notably, yields on Indonesian sovereign debt increased by approximately 70 basis points given the country's reliance on energy imports.

Source: Bloomberg Indices. 10-year global sovereign yields. Data as of 3/31/2026.



Goals

- Are clients seeking to preserve capital, generate total return, or blend the two within a fixed income segment?
- What level of risk related to portfolio correlation is the client looking to incur?



Interest Rate & Inflationary Environment

- How does the current interest rate regime and inflationary environment affect return and risk (i.e. stagnant, slow-rise, rapid rise)?
- What level of interest rate volatility is the client willing to take?



Risk Tolerance

- How much risk is a client willing to take?
- Duration, yield curve positioning, sector exposure, credit exposure, the correlation to equities, and the client's distribution flows are important factors to measure.



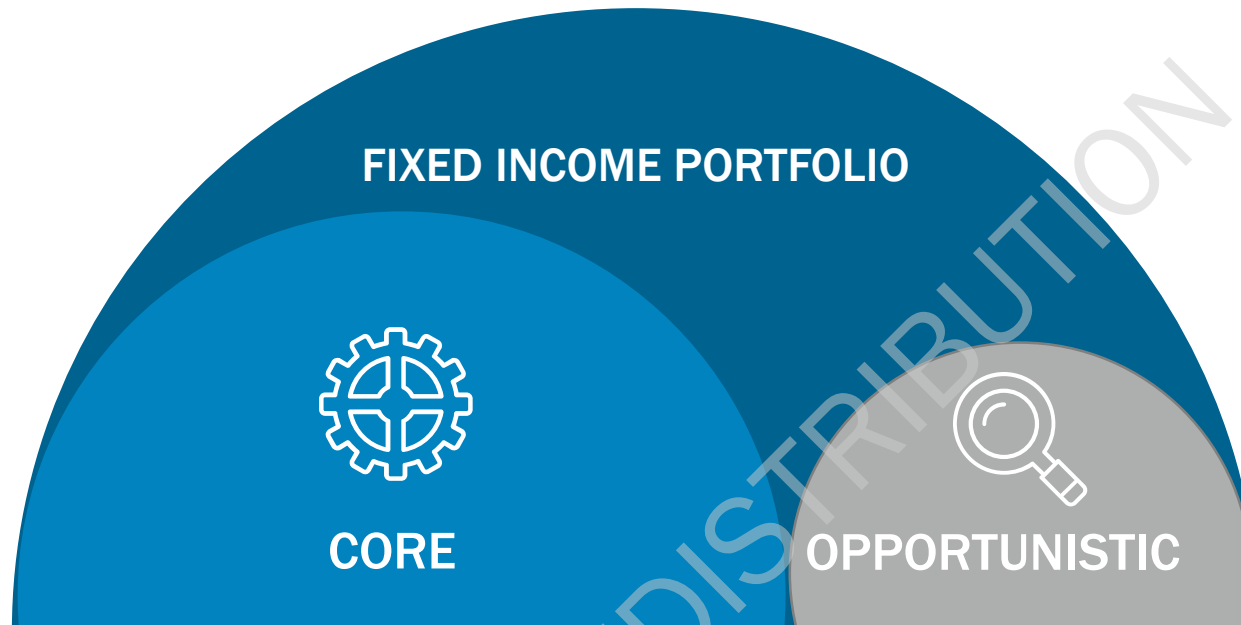
Tax Considerations

- Is the client's status taxable or tax-exempt?
- Does the client have a higher threshold given the respective tax situation?



Time Horizon

- Does the client have short term or long term goals?
- Are spending requirements quarterly, annually, or longer?
- Is spending consistent with the return/risk profile of the portfolio?



Characteristics

- Low volatility
- Uncorrelated to equities
- U.S. Focus



Exposure

- Treasuries
- Agencies
- Investment grade corporate
- MBS



Characteristics

- Income orientated
- Total return focus
- Uncorrelated to core bonds



Exposure

- Non-U.S. developed sovereigns
- EM sovereigns
- High yield
- Bank loans
- Private debt