



Canterbury Consulting

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Global Positioning Statement™

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June 30, 2023

Drivers of the Market

Markets Improve Amidst Cooling Inflation

- In the second quarter, the U.S equity market continued its strong performance with technology stocks leading the way once again. Additionally, the consumer discretionary sector helped bolster returns as well. Whereas staples, utilities, and energy were a headwind, showing a continued preference for growth over value among investors.
- International developed equities and emerging markets (EM) equities also rose in the quarter despite rising interest rates and continued inflation concerns. Both developed and EM equities lagged their US counterpart. Countries that performed well included Brazil, Greece, Taiwan, Poland, and India.
- Amid elevated inflation, the Federal Reserve raised the key interest rate by 25 basis points in May to a range between 5.00% - 5.25%. In June, the FOMC agreed to keep rates unchanged but projected that they would need to raise rates two more times this year by 25 bps each. They have signaled uncertainty whether the three bank failures of this year would cause tighter lending standards, which would benefit the Fed's goal of slowing economic activity to tame inflation.
- The treasury yield curve increased across the curve as a result of positive economic and labor market data. Inflation/rate expectations were revised by the market, causing yields to rise. Investment grade (IG) spreads narrowed from 145 basis points (bps) to 130 bps over the quarter while high yield (HY) spreads narrowed from 458 bps to 405 bps.
- Inflation, measured by CPI, significantly decreased but remained elevated over the quarter to a year-over-year rate of 3% in June. CPI excluding food and energy, generally viewed as sticky inflation or Core CPI, fell but also remained elevated at a year-over-year rate of 4.8%. Indicators used to measure U.S. economic activity such as the ISM Manufacturing and Non-Manufacturing indexes, continued to decline over the quarter, albeit at a slower pace.

Second Quarter 2023

Returns through June 30, 2023

Index	QTD	YTD
Growth MSCI ACWI	6.2%	13.9%
Capital Preservation Bloomberg Global Aggregate	-1.5%	1.4%
Inflation Protection Morningstar U.S. Real Asset*	-0.1%	2.1%

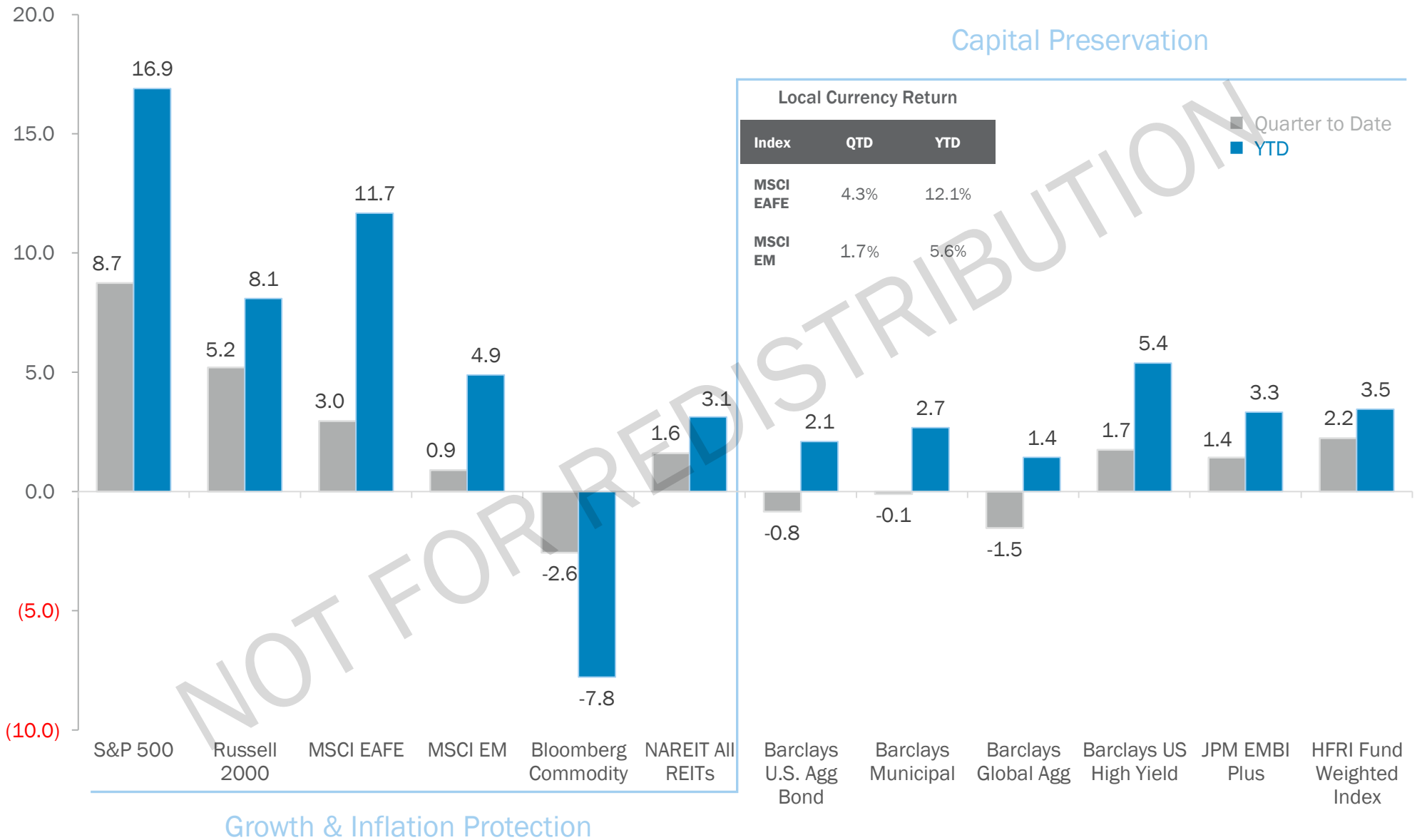
Sources: MSCI ACWI Index, MSCI ACWI ex-US Index, MSCI EAFE Index, MSCI EM Index, Federal Reserve Board of Governors, U.S. Bureau of Labor Statistics, Morningstar

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

** As represented by the ICE BofA Master Option Adjusted Spread data

Index Returns (%)

Through June 30, 2023



Source: Morningstar

Year over Year Statistics¹

	June 29, 2018	June 28, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
S&P 500	2,718.37	2,941.76	3,100.29	4,297.50	3,785.38	4,450.38
S&P 500 EPS	142.74	164.74	159.52	158.42	217.13	223.59
P/E of S&P 500	20.29	19.13	21.19	29.50	18.56	21.30
P/E of MSCI EAFE	14.88	15.43	16.51	22.92	12.45	13.03
P/E of MSCI EM	13.20	13.22	15.97	19.68	11.82	12.08
S&P 500 Earnings Yield	4.93	5.23	4.72	3.39	5.39	4.69
Fed Funds Effective Rate	1.82	2.38	0.08	0.08	1.21	5.08
3 Month LIBOR	2.34	2.32	0.30	0.15	2.29	5.55
10 Year Treasury Yield	2.86	2.01	0.66	1.47	3.01	3.84
30 Year Mortgage Rate	4.40	3.80	3.27	3.13	5.83	7.15
Bloomberg U.S. Agg Yield	3.29	2.49	1.25	1.50	3.72	4.81
Bloomberg HY Spread	3.63	3.77	6.26	2.68	5.69	3.90
Gold (\$/oz)	1,252.60	1,409.55	1,780.96	1,770.11	1,807.27	1,919.35
WTI Crude Oil (\$/bbl)	74.15	58.47	39.27	73.47	105.76	70.64
Unemployment Rate	4.00	3.60	11.00	5.90	3.60	3.60
Headline CPI²	2.90	1.60	0.60	5.40	9.10	3.00
VIX Index	16.09	15.08	30.43	15.83	28.71	13.59

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
2023	1.3%	4.1%	3.8%	3.50%	\$221.93	20.05	\$156.25	13.64	\$77.68	12.74
2024	0.7%	2.6%	4.5%	3.29%	\$240.86	18.48	\$164.95	12.92	\$88.77	11.15

1) Source: Bloomberg

2) Values are carried forward from the most recent reported value (6/30/2023)

3) Forecasts are consensus opinions from forecasting agencies, aggregated by Bloomberg, throughout the month

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

Estimate calculated from quarter end (i.e. June 30, 2023 - June 30, 2024). Price in P/E ratio static as of quarter end.

Current U.S. Economic Conditions: Contraction

Contraction

U.S. GDP Growth: Below avg. growth

U.S. Unemployment

U.S. Credit Markets: Spreads slightly above avg.

Volatility (VIX)

Yield Curve

Investor Sentiment: Below average

Normal Growth

U.S. GDP Growth

U.S. Unemployment: Below avg. unemployment

U.S. Credit Markets

Volatility (VIX): Below avg. volatility

Yield Curve

Investor Sentiment

Panic

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX)

Yield Curve: Sig. below average

Investor Sentiment

Manic Growth

U.S. GDP Growth

U.S. Unemployment

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*	2.0%	2.4%
U.S. Unemployment: Quarter avg. unemployment rate versus the 10 year average	3.5%	5.2%
U.S. Credit Markets: Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	434	430
Volatility (VIX): Quarter avg. VIX average versus the 10 year VIX average	15.8	18.4
Yield Curve: Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	(-64) bps	139 bps
Investor Sentiment: Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	-4.1	1.7

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

Source: Bloomberg

Global Positioning Indicators

Through June 30, 2023



Current

+/- 1 Standard Deviation From the Mean

20-Year High and Low

Source: Bloomberg