



Canterbury Consulting

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Global Positioning Statement™

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December 31, 2020

Drivers of the Market

Vaccine Success, Presidential Election, and Market Rally

- U.S. stock markets ended the year at another all-time high, benefiting from a rebound in economic growth and earnings. The conclusion of the U.S. election and positive news on COVID vaccines helped more cyclical segments of the market recover. Value stocks had their best quarter in over a decade, but still lagged growth equities by a wide margin for the calendar year.
- Emerging markets (EM) equities outperformed European equities for the quarter and year. In the U.K., concerns about a new variant of the COVID virus led to renewed restrictions. A second wave of infections hindered other European countries as well. Among emerging markets, South Korea and Brazil led gains in the quarter.
- U.S. core bonds ended the year with positive returns given the Fed's commitment to QE. The long end of the U.S. yield curve steepened slightly as growth rebounded on the back of the vaccine news. Many expect the Fed to eventually purchase bonds with longer maturities, which may keep long-dated rates range bound over the next several years. Non-U.S. developed rates remained in negative-yielding territory as global central banks continued to signal easing monetary conditions.
- Investment grade (IG) and high yield (HY) spreads tightened, albeit at a slower pace relative to the middle of the year. IG spreads tightened from 401 bps to 103 bps while HY spreads tightened from 1087 bps to 386 bps from peak-to-trough in 2020.
- Low-rated credits rebounded as they continued to outperform high-rated credits. Moreover, low quality bond performance coincided with positive returns in value and small cap-oriented sectors. Emerging market debt also performed well and participated in the renewed growth story.
- Commodities and energy-related assets generated positive returns as the global economic restart narrative took hold. Demand for precious metals and other inflation-hedged assets soared as the market assessed the potential for significant currency debasement given easing Central Bank guidance.

Fourth Quarter 2020

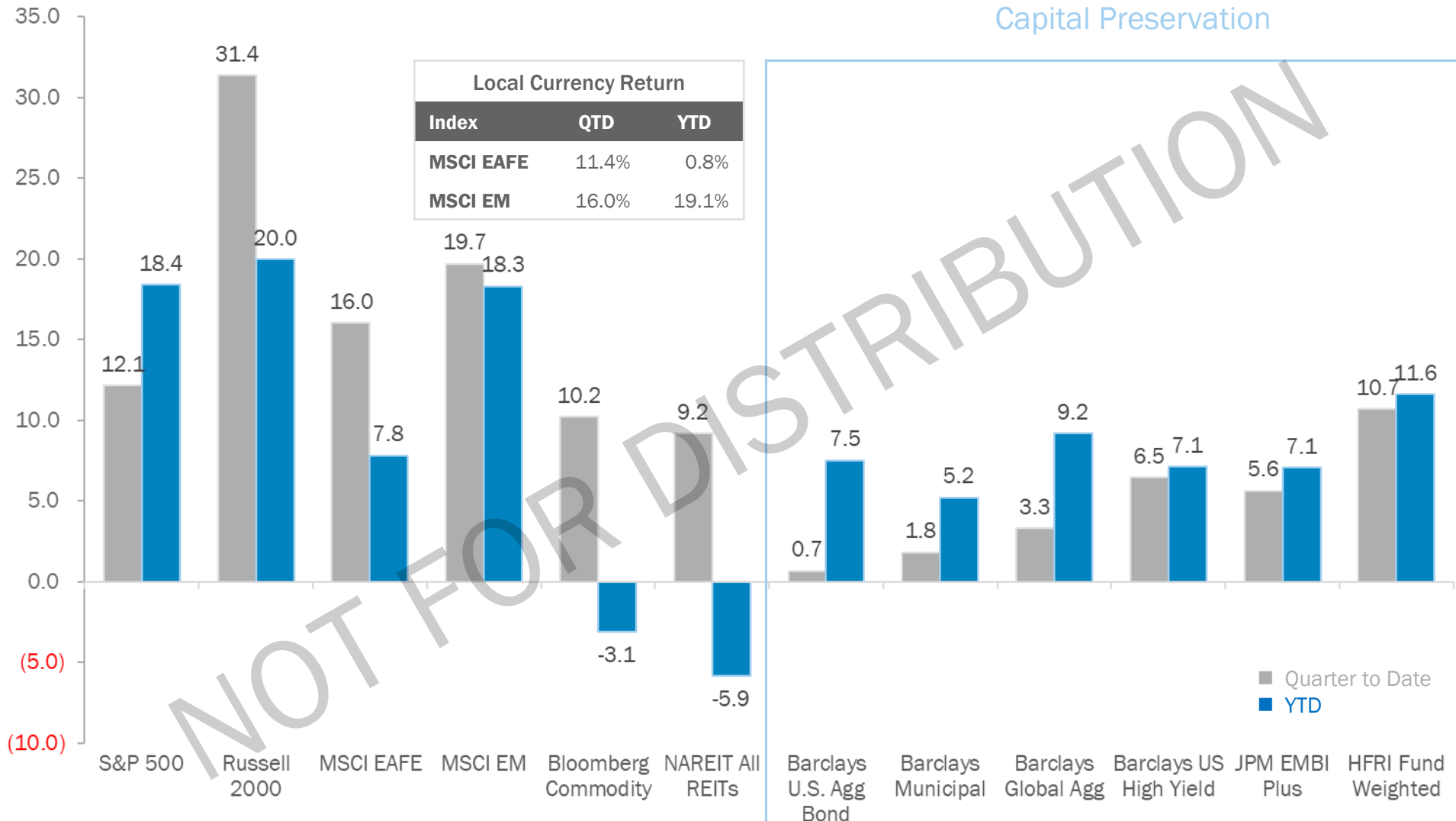
Returns through December 31, 2020

Index	QTD	1-Year
Growth MSCI ACWI	14.7%	16.3%
Capital Preservation Barclays Global Aggregate	3.3%	9.2%
Inflation Protection Morningstar U.S. Real Asset*	6.2%	1.03%

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

Index Returns (%)

Through December 31, 2020



Growth & Inflation Protection

Capital Preservation

Source: Morningstar

Year over Year Statistics¹

	December 31, 2015	December 30, 2016	December 29, 2017	December 31, 2018	December 31, 2019	December 31, 2020
S&P 500	2,043.94	2,238.83	2,673.61	2,506.85	3,230.78	3,756.07
S&P 500 EPS	108.86	109.22	125.60	150.60	152.25	125.07
P/E of S&P 500	18.78	20.50	21.29	16.65	21.22	27.00
P/E of MSCI EAFE	21.35	20.00	17.54	14.15	19.33	22.67
P/E of MSCI EM	15.89	14.25	15.12	11.70	15.79	19.87
S&P 500 Earnings Yield	5.33	4.88	4.70	6.01	4.71	3.33
Fed Funds Effective Rate	0.24	0.54	1.30	2.27	1.55	0.09
3 Month LIBOR	0.61	1.00	1.69	2.81	1.91	0.24
10 Year Treasury Yield	2.27	2.44	2.41	2.68	1.92	0.91
30 Year Mortgage Rate	3.90	4.06	3.85	4.51	3.86	2.87
Barclays U.S. Agg Yield	2.59	2.61	2.71	3.28	2.31	1.12
Barclays HY Spread	6.60	4.09	3.43	5.26	3.36	3.60
Gold (\$/oz)	1,061.10	1,147.50	1,302.80	1,282.49	1,517.27	1,898.36
WTI Crude Oil (\$/bbl)	37.04	53.72	60.42	45.41	61.06	48.52
Unemployment Rate	5.00	4.70	4.10	3.90	3.60	6.70
Headline CPI²	0.70	2.10	2.10	1.90	2.30	1.40
VIX Index	18.21	14.04	11.04	25.42	13.78	22.75

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
2021	4.0%	2.0%	6.0%	1.21%	\$158.39	23.71	\$112.59	19.07	\$78.12	16.53
2022	3.2%	2.1%	5.0%	1.52%	\$169.90	22.11	\$125.97	17.05	\$85.57	15.09

1) Source: Bloomberg

2) Values are carried forward from the most recent reported value (12/31/2020)

3) Forecasts are consensus opinions from 79 forecasting agencies throughout the month of December (Median)

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

Estimate calculated from quarter end (i.e. December 31, 2020 - December 31, 2021). Price in P/E ratio static as of quarter end.

Current U.S. Economic Conditions: Contraction/Panic

Contraction

U.S. GDP Growth

U.S. Earnings Yield

U.S. Credit Markets

Volatility (VIX)

Yield Curve: Below average yield curve

Investor Sentiment

Normal Growth

U.S. GDP Growth

U.S. Earnings Yield

U.S. Credit Markets: Below average spreads

Volatility (VIX)

Yield Curve

Investor Sentiment: Above average

Panic

U.S. GDP Growth

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

U.S. Credit Markets

Volatility (VIX): Significantly above avg. volatility

Yield Curve

Investor Sentiment

Manic Growth

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

U.S. Earnings Yield

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment

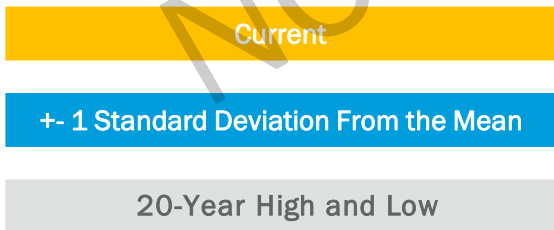
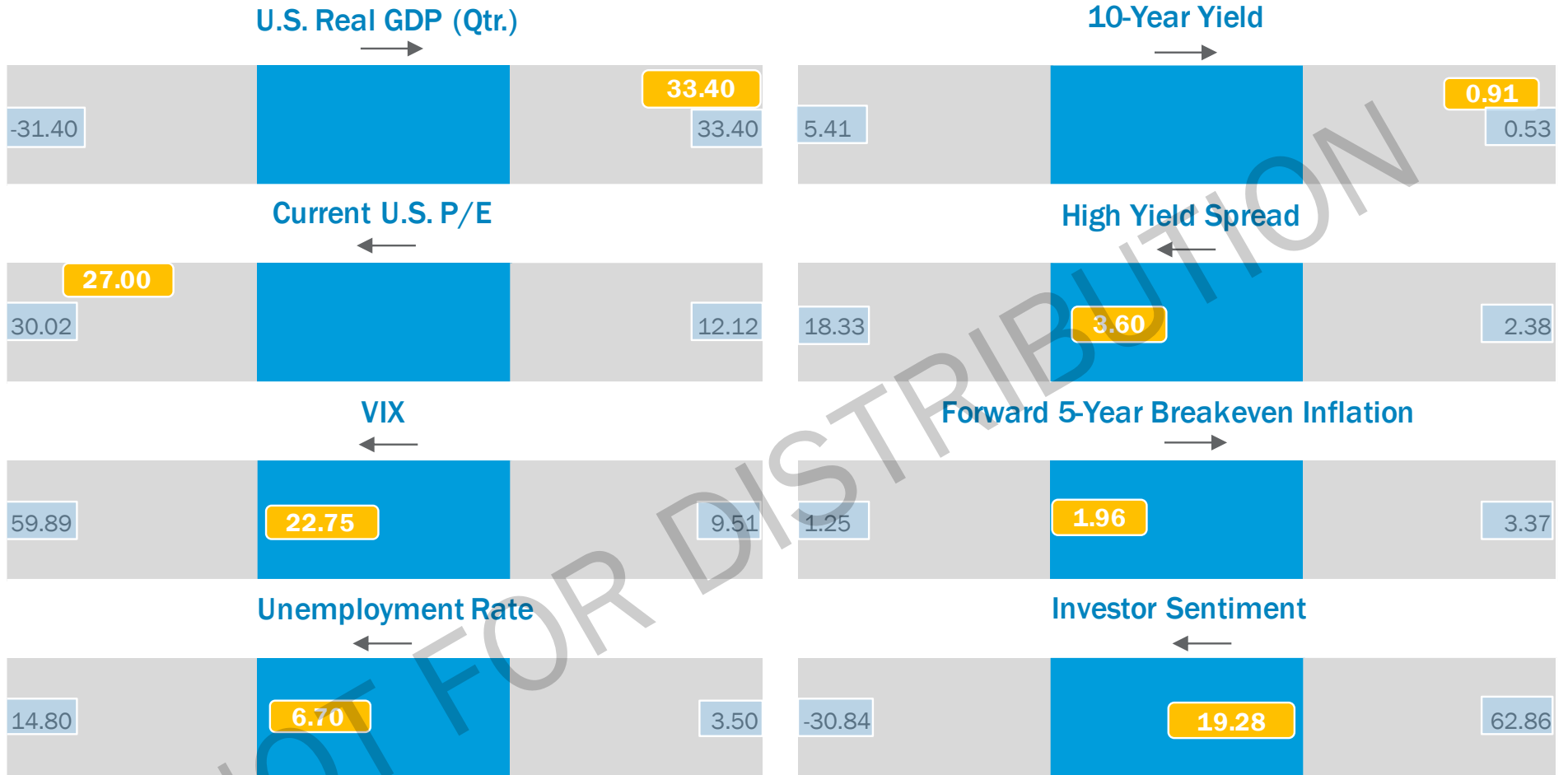
Metrics	Quarter avg.	10-year avg.
U.S. GDP Growth: Prior quarter U.S. Real GDP versus the 10 year U.S. Real GDP average*	33.4%	2.3%
U.S. Earnings Yield: Quarter avg. S&P 500 earnings yield versus the 10 year S&P 500 earnings yield average	3.6%	5.5%
U.S. Credit Markets: Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	427	474
Volatility (VIX): Quarter avg. VIX average versus the 10 year VIX average	27.1	17.7
Yield Curve: Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	148 bps	199 bps
Investor Sentiment: Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	13.0	4.3

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

Source: Bloomberg

Global Positioning Indicators

Through December 31, 2020



Source: Bloomberg