



Canterbury Consulting

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Global Positioning Statement™

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March 31, 2025

Quarter In Review

First Quarter Commentary

- In the first quarter of 2025, U.S. equity markets experienced broadly negative returns, mainly driven by economic uncertainty impacting investor sentiment. Large-cap equities, represented by the S&P 500, declined by -4.3% in the quarter, largely fueled by a sell-off in the "Magnificent 7" stocks which posted a loss of nearly -16% for the quarter. Small-cap equities experienced a larger pullback than their large (-4.3%) and mid-cap (-7.5%) counterparts, as seen by a drawdown of -9.5% for the Russell 2000.
- International developed and emerging markets equities outperformed U.S. markets in the first quarter, likely driven by a weaker dollar and increasing international diversification with investors shifting away from U.S. markets. The MSCI EAFE index, covering developed markets excluding the U.S. and Canada, posted a positive return of approximately 6.9%, while the MSCI EM index gained approximately 2.9% during the quarter.
- The U.S. Federal Reserve maintained its federal funds rate within the 4.25%–4.50% range through the first quarter with no changes made in the first two FOMC meetings of 2025. Chair Powell emphasized solid economic expansion, a stable labor market with low unemployment, and moderating inflation as signs of progress, despite inflation falling close to the 2% target. Rate cut expectations from the Federal Reserve still indicate 2 cuts in 2025, although there is disagreement amongst FOMC members given the economic uncertainty surrounding tariffs.
- Yields were notably volatile during the quarter, driven largely by uncertainty over trade policy and its potential inflationary effects. Intermediate- and long-term Treasury yields ended the quarter lower, resulting in a relatively flat yield curve. Investment-grade (IG) and high-yield (HY) credit spreads widened modestly but remained well below their long-term median levels.

As of March 31, 2025

Returns through March 31, 2025

Index	QTD	1 - Year
Growth MSCI ACWI	-1.32%	7.15%
Capital Preservation Bloomberg Global Aggregate	2.64%	3.05%
Inflation Protection Morningstar U.S. Real Asset*	4.99%	8.06%

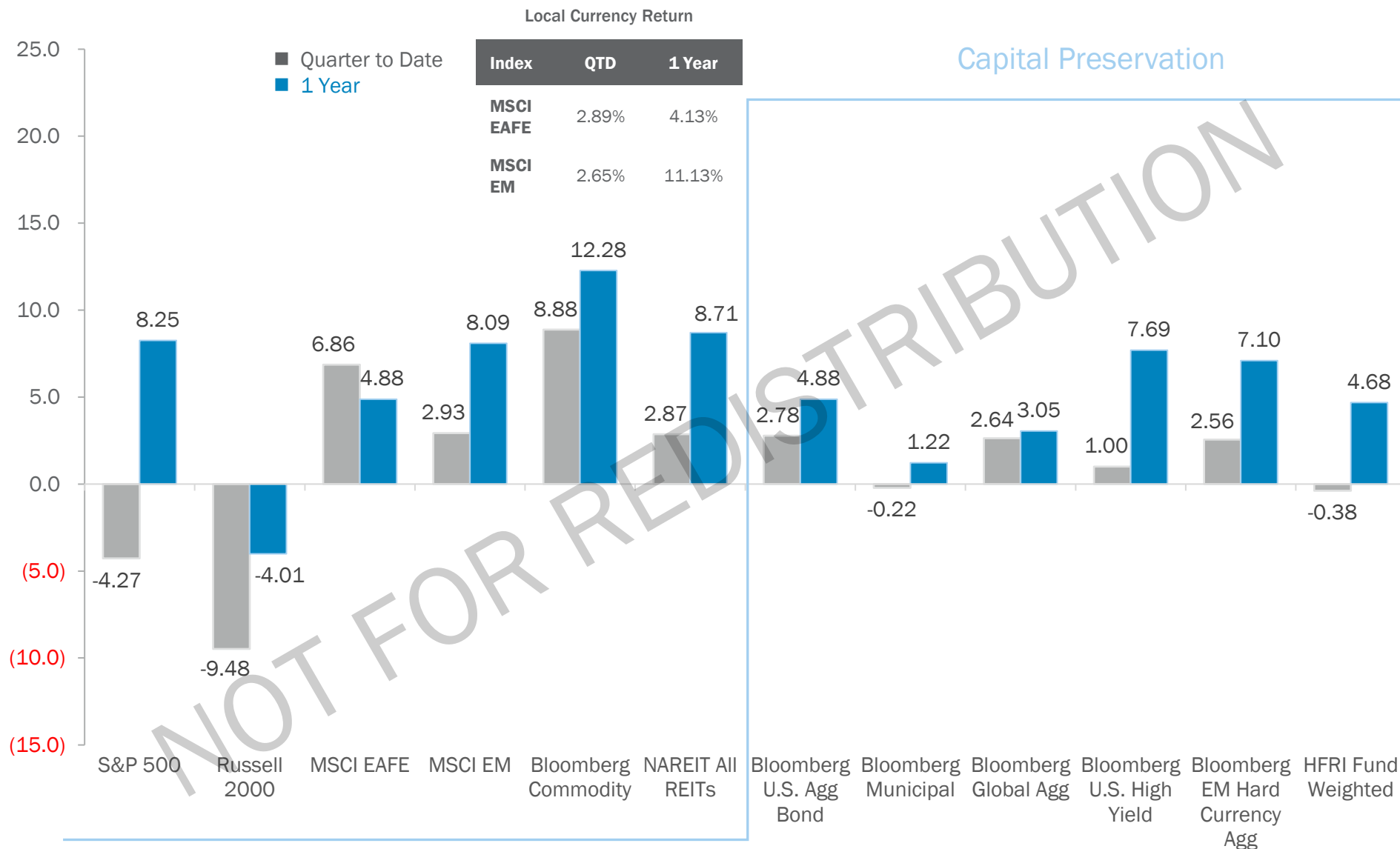
Sources: MSCI ACWI Index, MSCI ACWI ex-US Index, MSCI EAFE Index, MSCI EM Index, Federal Reserve Board of Governors, U.S. Bureau of Labor Statistics, Morningstar

[1] BofA IG & HY spreads data starting Jan 2006

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

Index Returns (%)

As of March 31, 2025



Source: Morningstar

Economic Data

As of March 31, 2025

Year over Year Statistics¹

	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 29, 2024	March 31, 2025
S&P 500	2,584.59	3,972.89	4,530.41	4,109.31	5,254.35	5,611.85
S&P 500 EPS	164.85	142.77	211.86	223.99	223.41	245.45
P/E of S&P 500	16.66	31.31	22.95	19.62	25.10	22.86
P/E of MSCI EAFE	13.03	25.27	14.43	14.47	15.60	15.25
P/E of MSCI EM	11.63	20.46	12.99	12.55	15.08	15.10
S&P 500 Earnings Yield	6.00	3.19	4.36	5.10	3.98	4.17
Fed Funds Effective Rate	0.65	0.07	0.20	4.65	5.33	4.33
3 Month LIBOR	1.45	0.19	0.96	5.19	5.56	4.85
10 Year Treasury Yield	0.67	1.74	2.34	3.47	4.20	4.21
30 Year Mortgage Rate	3.86	3.27	4.90	6.81	7.25	6.77
Bloomberg U.S. Agg Yield	1.59	1.61	2.92	4.40	4.85	4.60
Bloomberg HY Spread	8.80	3.10	3.25	4.55	2.99	3.47
Gold (\$/oz)	1,577.18	1,707.71	1,937.44	1,969.28	2,229.87	3,123.57
WTI Crude Oil (\$/bbl)	20.48	59.16	100.28	75.67	83.17	71.48
Unemployment Rate	4.40	6.10	3.70	3.50	3.90	4.10
Headline CPI²	1.50	2.60	8.50	5.00	3.50	2.80
VIX Index	53.54	19.40	20.56	18.70	13.01	22.28

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
2025	1.8%	3.0%	4.3%	4.23%	\$268.78	20.88	\$164.31	14.61	\$89.12	12.36
2026	1.9%	2.7%	4.4%	4.11%	\$303.23	18.51	\$178.38	13.46	\$100.97	10.91

1) Sources: MSCI, FRED, SP Global

2) Values are carried forward from the most recent reported value (3/31/2025)

3) Forecasts are consensus opinions from forecasting agencies

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

Estimate calculated from quarter end (i.e. Mar. 31, 2025 – Mar. 31, 2026). Price in P/E ratio static as of quarter end.

Current U.S. Economic Conditions: Cautious

Contraction

U.S. GDP Growth: Below avg.

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX): Above avg.

Yield Curve: Below avg.

Investor Sentiment

Panic

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment: Sig. below avg.

Normal Growth

U.S. GDP Growth

U.S. Unemployment: Below avg.

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment

Manic Growth

U.S. GDP Growth

U.S. Unemployment

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

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*	2.4%	2.6%
U.S. Unemployment: Quarter avg. unemployment rate versus the 10-year average	4.1%	4.7%
U.S. Credit Markets: Quarter avg. Barclays US Corporate HY Average OAS versus the 10-year average	296	414
Volatility (VIX): Quarter avg. VIX average versus the 10-year VIX average	19.4	18.5
Yield Curve: Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10-year average	59 bps	89 bps
Investor Sentiment: Quarterly Sentiment spread versus the 10-year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	-19.7	0.0

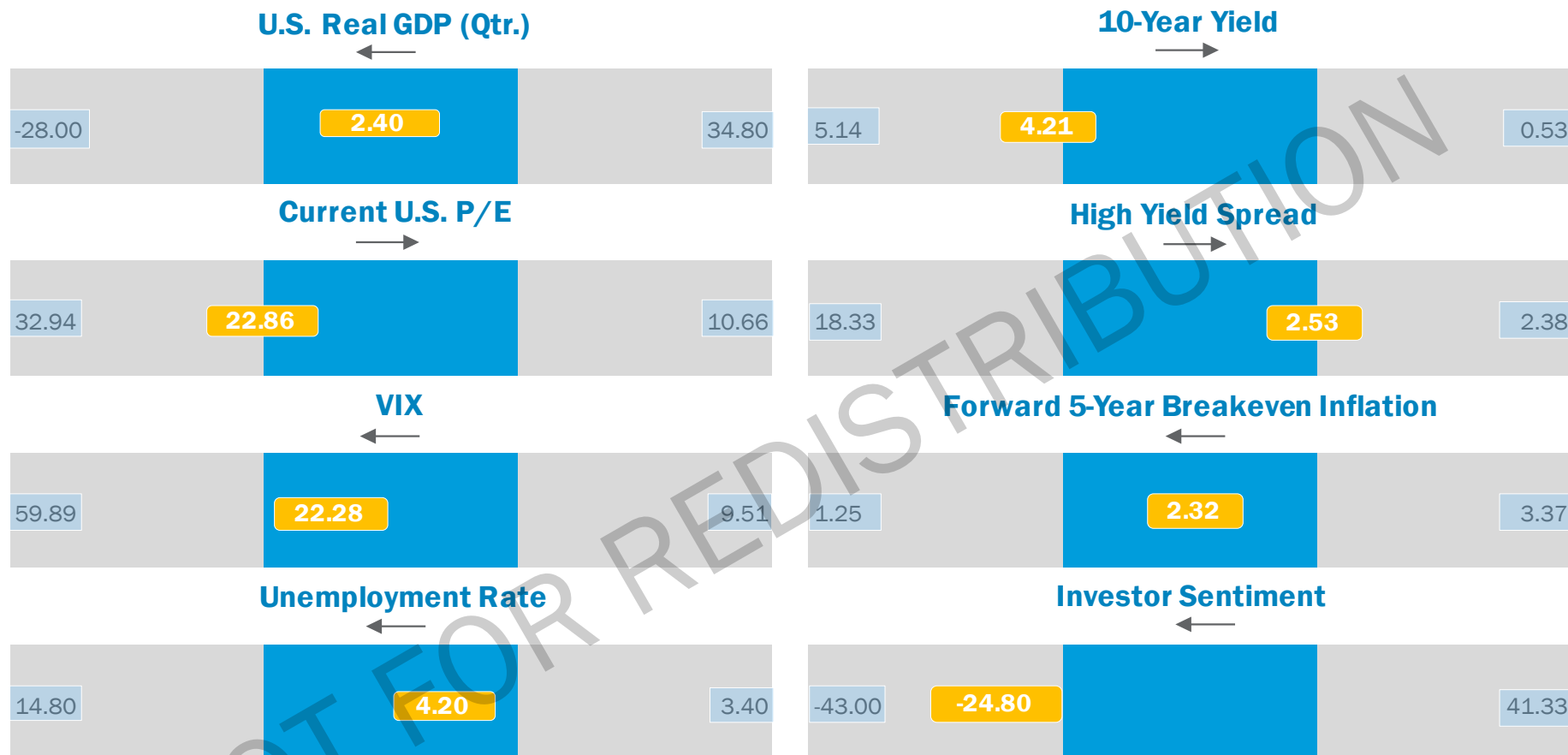
*U.S. GDP Growth is the current, end of previous quarter reading

Sources: FRED, MSCI, SP Global

As of March 31, 2025, Q1 2025 data

Global Positioning Indicators

As of March 31, 2025



Current

+/- 1 Standard Deviation From the Mean

20-Year High and Low

Sources: FRED, MSCI, SP Global

Tariff Overview

What has transpired?

- On Wednesday April 2nd, 2025, President Trump declared that foreign trade and economic practices have created a national emergency and imposed tariffs to strengthen the economic position of the United States and protect American Workers.
- Under the International Emergency Economic Powers Act of 1977 (IEEPA), President Trump imposed a 10% tariff on all countries with sector specific carve-outs subject to a separate tariff rate.
- President Trump also imposed individualized reciprocal tariffs on countries with which the United States has the largest trade deficits, while all other countries will continue to be subject to the 10% tariff baseline.
 - The reciprocal tariffs took effect on April 9th, 2025.
- Canada and Mexico will continue to see a tariff rate between 0% - 25% depending on whether goods are compliant with the USMCA (United States – Mexico – Canada – Agreement).
- On April 9th, President Trump announced the suspension of the individualized reciprocal tariffs for 90 days, except with respect to China, which took effect on April 10th, 2025.
- The reciprocal tariff rate for China was increased from 84% to 125%, which took effect on April 10th, 2025, in response to China's retaliatory tariffs on the U.S.
 - The U.S. imposed a 20% fentanyl-related tariff in March, bringing the total headline tariff rate to 145% on China.
 - Certain sector specific items such as semiconductors and semiconductor equipment were exempted from the reciprocal tariffs.

What additional tariffs are imposed?

- As of March 11th, 25% tariffs are imposed on aluminum and steel imports.
- As of April 2nd, 25% tariffs can be imposed on goods imported from any country that imports Venezuelan oil.
- As of April 3rd, 25% tariffs are imposed on automobiles.
- Starting May 3rd, 25% tariffs will be imposed on auto parts.

Source: White House

Tariffs

- Historically, tariffs serve two primary functions: raising revenue for the federal government and protecting domestic industries (encouraging American production by making foreign goods more expensive).
- As Treasury Secretary Scott Bessent stated, President Trump added a third key function for tariffs: negotiation, which includes trade terms, border security, and geopolitical issues.
- On April 9th, Trump announced a 90-day pause on reciprocal tariffs with exception of China and a lowered tariff during this period, of 10%.

The Good?

- Tax and Fiscal Policy Benefits:
 - Tariff revenue could fund tax cuts (e.g., no tax on tips, Social Security exemptions).
 - Bessent: "Substantial revenue" may reduce borrowing costs via fiscal discipline.
- Domestic Support: Potential boost to U.S. manufacturing.

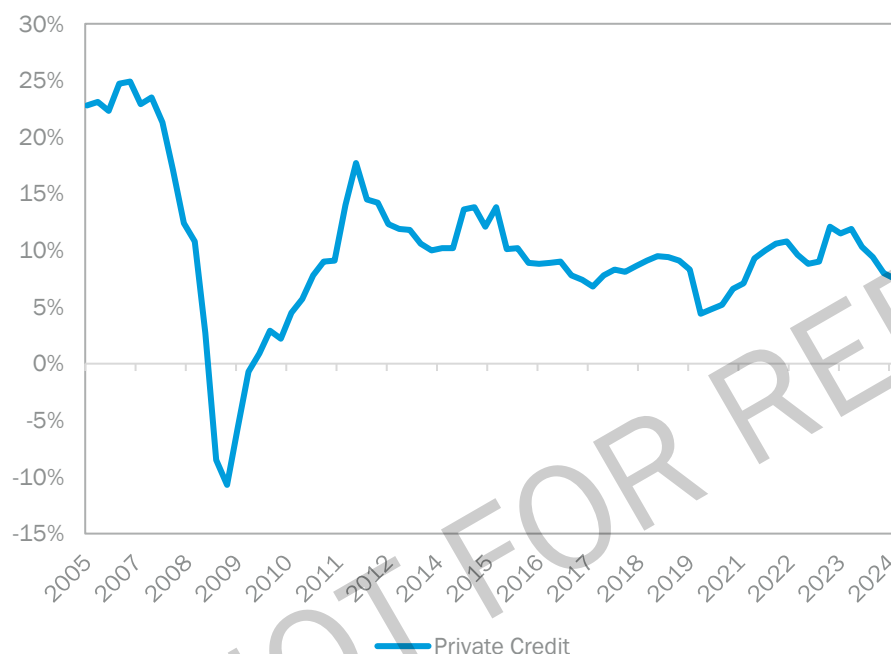
The Bad?

- Recession Likelihood:
 - Risk of stagflation from higher consumer costs.
 - Following Trump's April 9th announcement, Goldman Sachs reverted back to its non-recession baseline
- Trade War Risks: Retaliation from partners like China (100%+ tariff on U.S. goods).
- Economic Impact (if tariffs persist): Yale Budget Lab estimates 0.9% GDP growth cut in 2025.
- The OECD revised its global growth forecast downward due to new tariffs, projecting a decline from 3.2% in 2024 to 3.1% in 2025 and 3.0% in 2026.

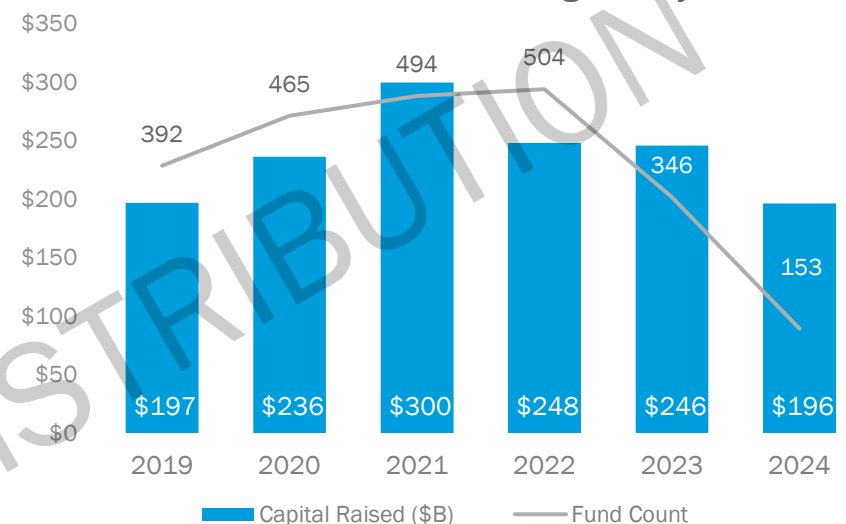
Source: Goldman Sachs, Organization for Economic Co-operation and Development (OECD), The Budget Lab (Yale)

Market Environment

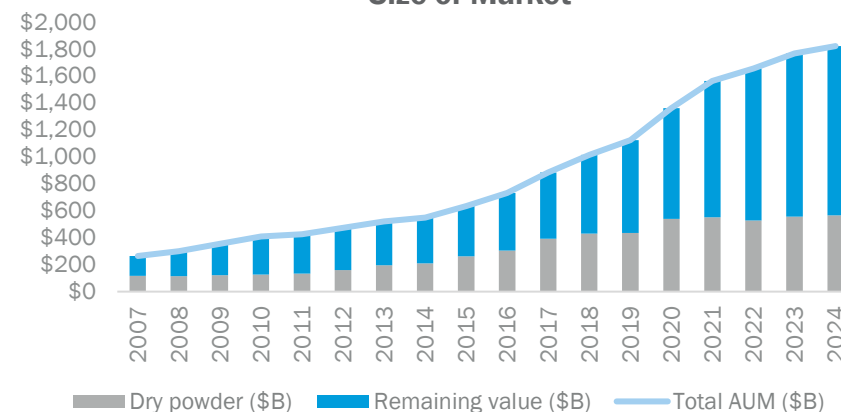
Private Credit Rolling 3-Year IRR¹



Private Credit Fundraising Activity²



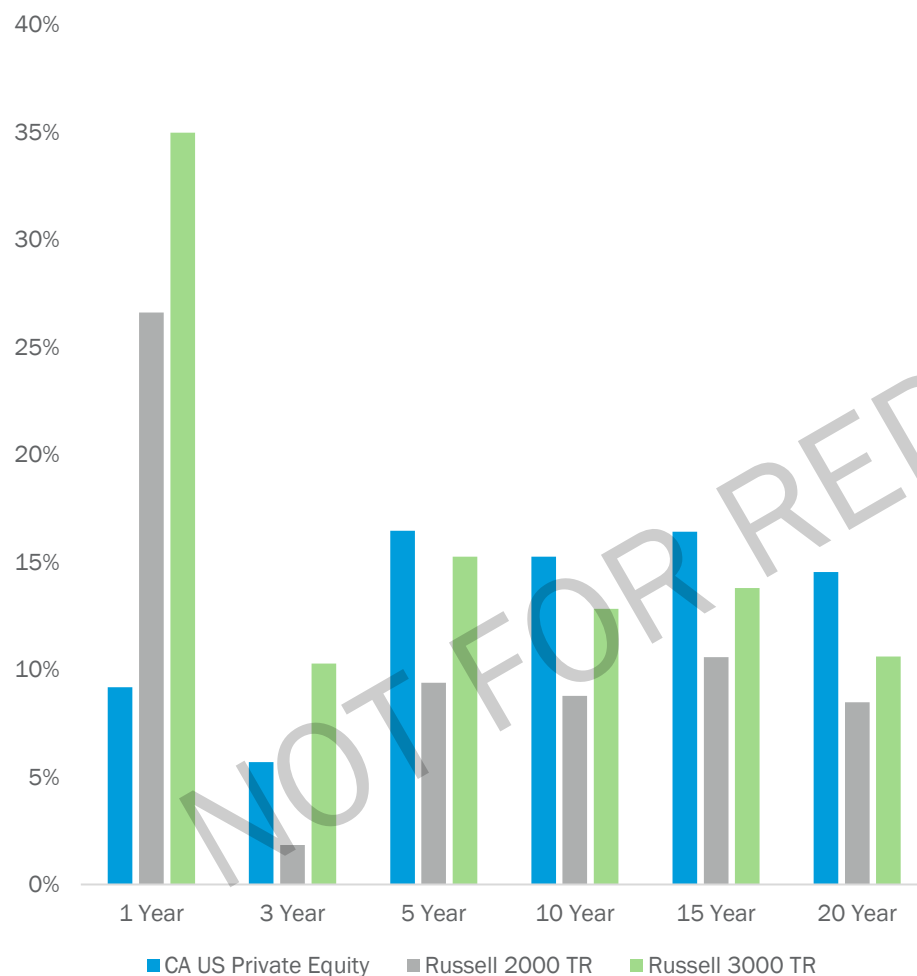
Size of Market³



Historical Returns

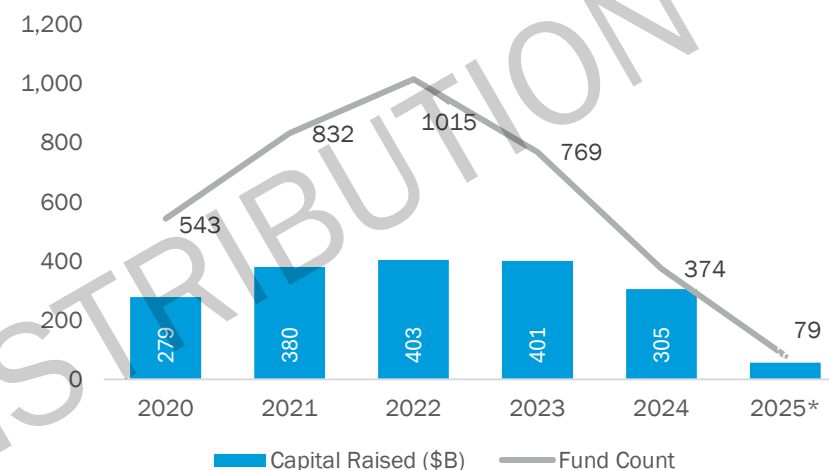
Market Environment

US Private Equity and Public Equity Index Returns¹ as of 9/30/2024



Historical Returns

US PE Fundraising Activity²



US Deal and Exit Value²

