



Canterbury Consulting

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Quarterly Asset Class Report Real Assets

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March 31, 2026

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.

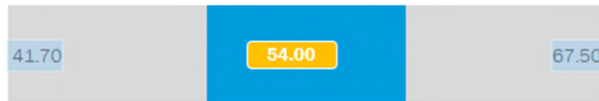
Asset Class Indicators

Real Assets

CPI (YoY)



ISM Services PMI



Forward 5-Year Breakeven Inflation



U.S. Employee Hourly Wage (YoY)



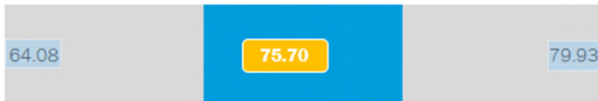
Velocity of M2¹



Bloomberg Commodity Index (YoY)



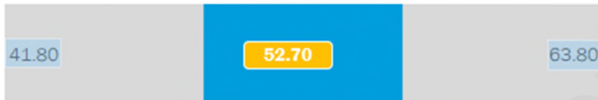
Capacity Utilization



Case-Shiller Home Price (YoY)¹



ISM Manufacturing PMI



Baltic Dry Index (YoY)



Current

+ 1 Standard Deviation From the Mean

10-Year High and Low

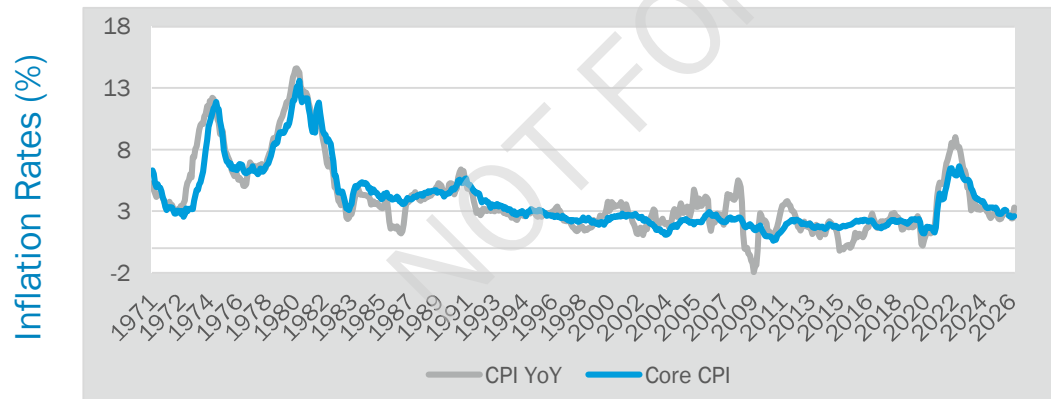
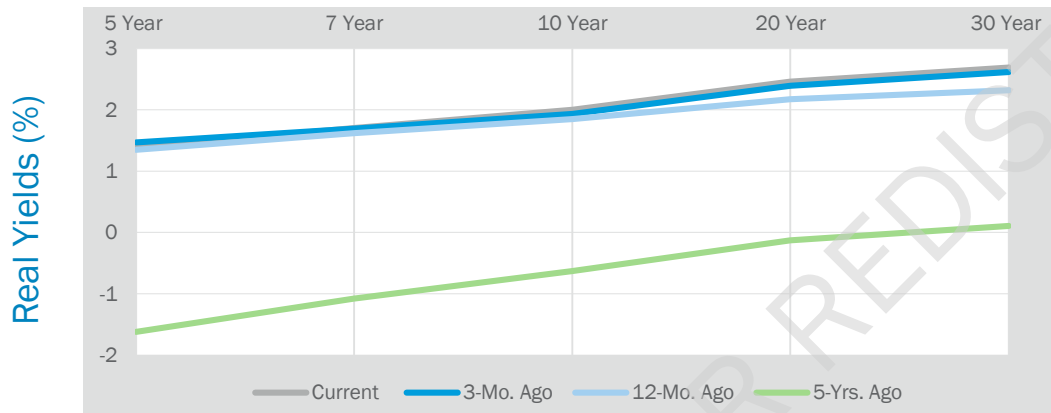
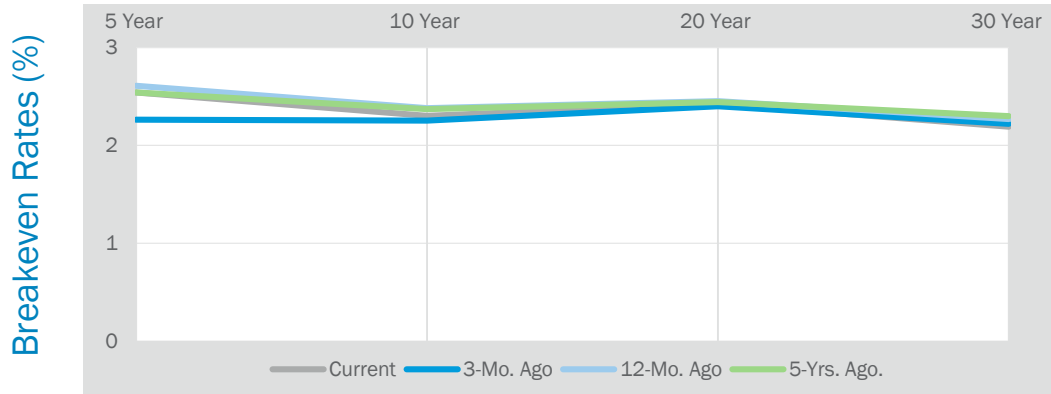
- Canterbury monitors several inflation and real asset indicators to help detect imbalances that could lead to price pressures.
- Inflation, as measured by the Consumer Price Index (CPI), increased at a year-over-year rate of 3.3% in March, up from 2.4% in February. The CPI excluding food and energy, often referred to as Core CPI or "sticky" inflation, increased more moderately at a year-over-year rate of 2.6%, relative to 2.5% in February.
- Indicators of U.S. economic activity, such as the ISM Manufacturing and Services indices, both showed signs of expansion throughout the first quarter, although notably ending the quarter at a slower pace than the start of the year.
- The Bloomberg Commodity Index continued its run of meaningful gains in the first quarter, though largely driven by Iran-related surges in energy prices. Brent and WTI crude oil futures, for example, rose by approximately 63% and 39% in the month of March alone, respectively.

Source: Institute for Supply Management. Federal Reserve Bank of St. Louis. Bureau of Labor Statistics. U.S. Department of the Treasury. Data as of 3/31/2026.

¹Values rolled forward from previous quarter-end.

Market Environment as of March 31, 2026

Fixed Income

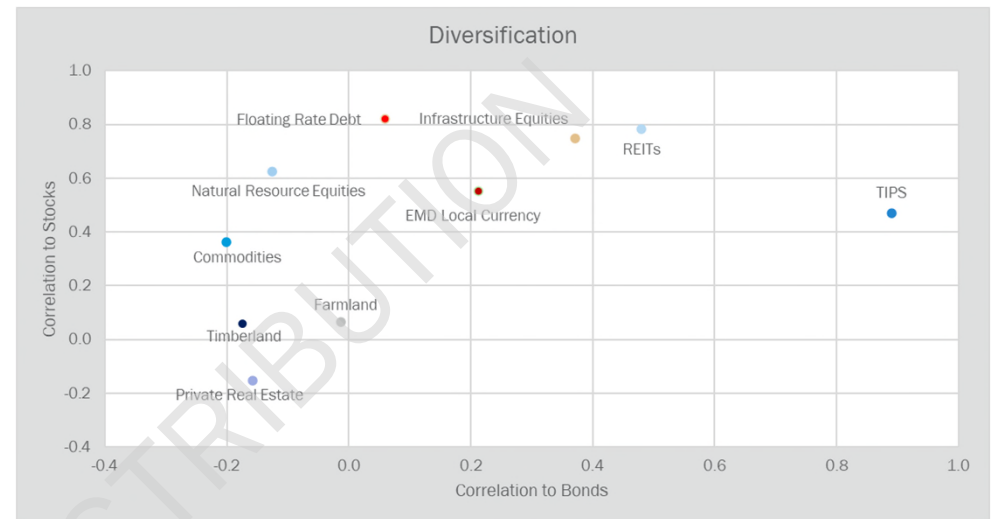
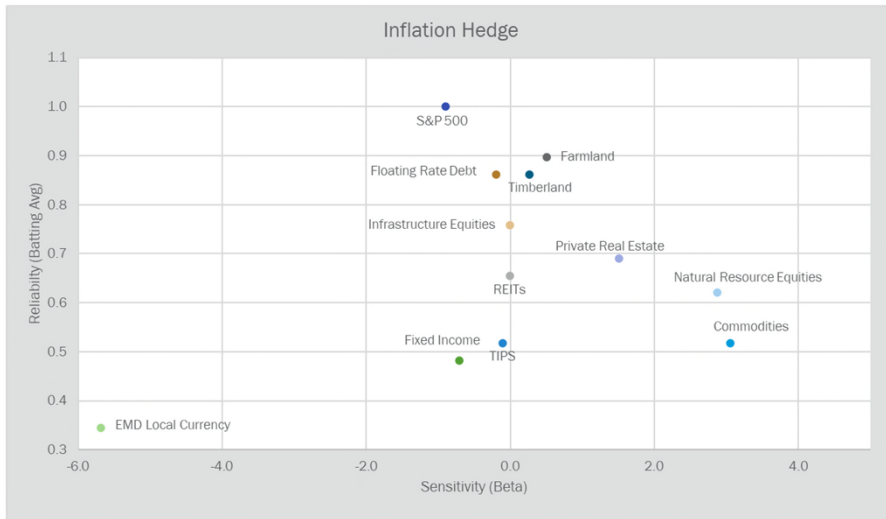


- The breakeven rate yield curve further inverted in the first quarter, with intermediate term breakeven rates (5- and 10-year) increasing meaningfully, while long-term breakeven rates decreased moderately.
- The breakeven rate is the implied inflation rate for a given maturity and is calculated by subtracting 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 concerns over elevated intermediate-term inflation.
- 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.

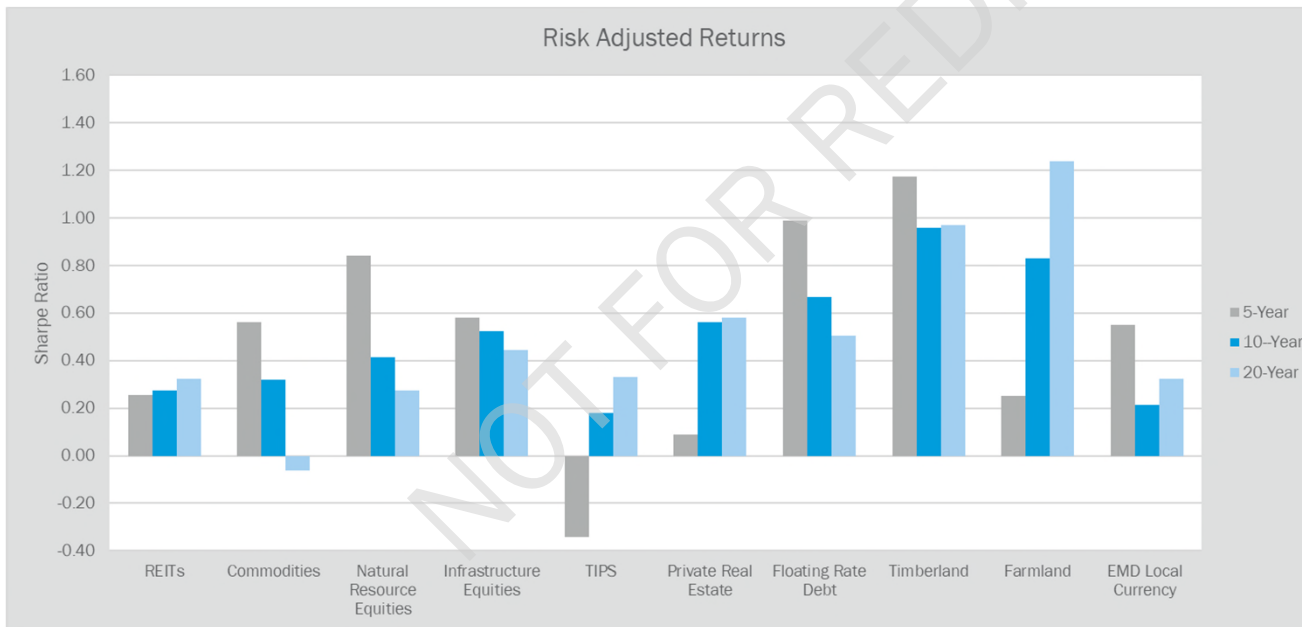
Sub-Asset Class Statistics

Real Assets



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

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- **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. Risk-free rate used in Sharpe calculation defined as yield on 3-month U.S. Treasury Bill.

Source: Morningstar

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

All charts as of March 31, 2026; Reporting is one-quarter lagged, therefore data as of December 31, 2025.

"Floating Rate Debt", represented by the Morningstar LSTA US Leveraged Loan Index, as of 12/31/2025.