



Canterbury Consulting

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Global Positioning Statement™

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March 31, 2023

Drivers of the Market

Markets Improve Amidst Cooling Inflation

- In the first quarter, the U.S. equity market had a strong start, with technology stocks driving much of the market's gains. In the second half, concerns around several large banks caused market declines. However, U.S. stocks managed to recover some of its losses towards the end of the quarter.
- International developed equities and emerging markets (EM) equities also rose in the quarter despite rising interest rates and inflation concerns. Both developed and EM equities benefitted from a weaker U.S. dollar. Countries that performed well included Brazil, India, China, Germany, and France.
- Amid elevated inflation, the Federal Reserve raised the key interest rate twice, 25 basis points in February and 25 basis points in March to a range between 4.75% - 5.00%. The FOMC considered skipping a rate increase at their March meeting given banking turmoil from the failures of Silicon Valley Bank and Signature Bank, but ultimately decided to follow through with an interest rate hike as stress quickly subsided.
- The treasury yield curve increased on the front-end given the expected pace of interest rate hikes by the Fed, while the intermediate and long-end of the curve fell over the quarter. As a result, the yield curve between 2-year and 10-year maturities remained inverted. Investment grade (IG) spreads increased from 138 basis points (bps) to 145 bps over the quarter while high yield (HY) spreads narrowed from 479 bps to 458 bps.**
- Inflation, measured by CPI, remained persistently elevated over the quarter but slowed down to a year-over-year rate of 5% in March. CPI excluding food and energy, generally viewed as sticky inflation or Core CPI, remained relatively stable at a year-over-year rate of 5.6%. Indicators used to measure U.S. economic activity such as the ISM Manufacturing and Non-Manufacturing indexes, continued to decline over the quarter. As a result, concerns of a slowing economy increased.

First Quarter 2023

Returns through March 31, 2023

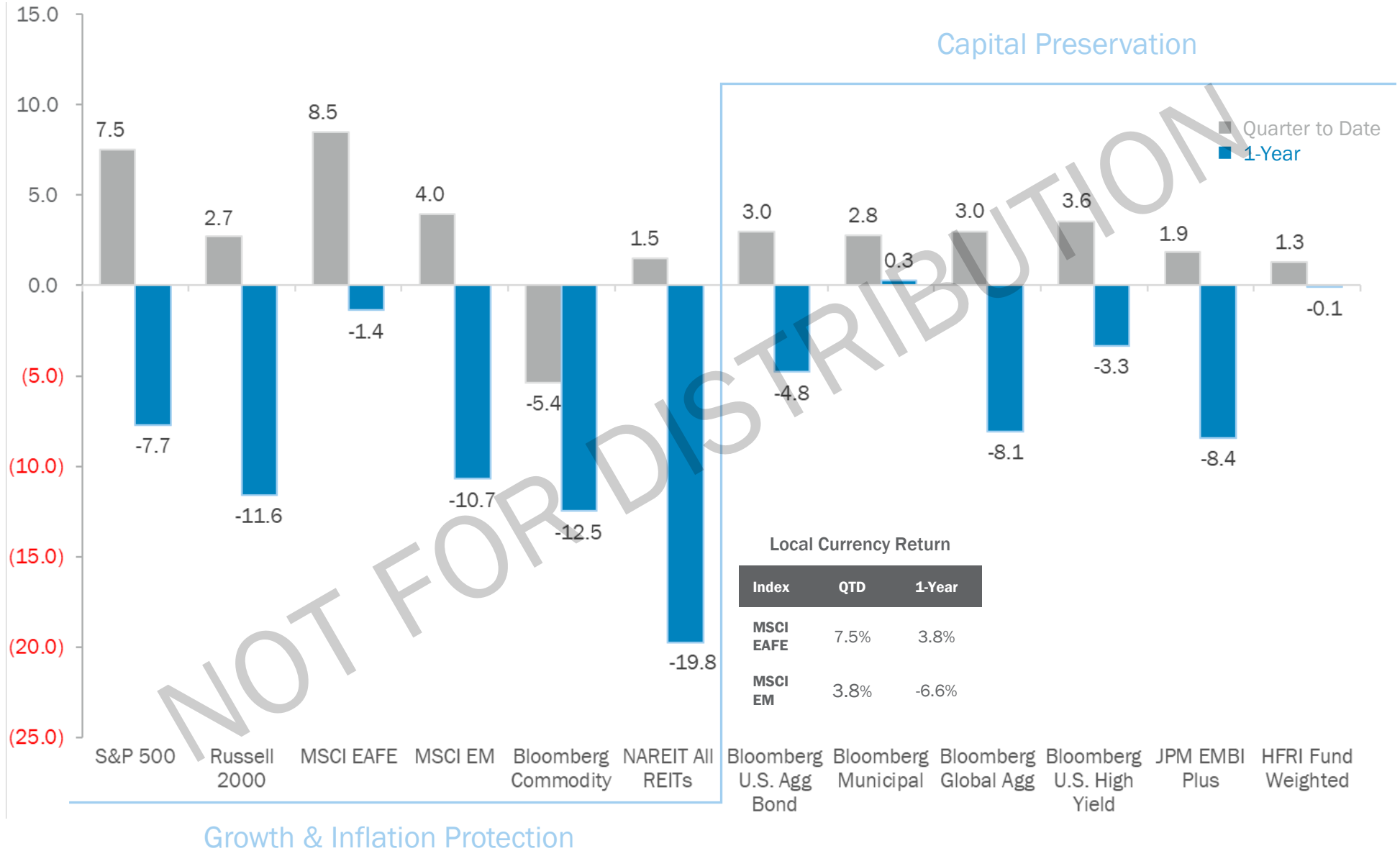
Index	QTD	1-YR
Growth MSCI ACWI	7.3%	-7.4%
Capital Preservation Bloomberg Global Aggregate	3.1%	-7.2%
Inflation Protection Morningstar U.S. Real Asset*	2.2%	-7.5%

*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 March 31, 2023



Source: Morningstar

Year over Year Statistics¹

	March 30, 2018	March 29, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
S&P 500	2,640.87	2,834.40	2,584.59	3,972.89	4,530.41	4,109.31
S&P 500 EPS	136.30	162.16	164.67	140.14	211.96	222.42
P/E of S&P 500	21.18	18.42	16.64	30.92	22.97	19.66
P/E of MSCI EAFE	15.80	14.77	12.92	24.80	14.44	15.14
P/E of MSCI EM	14.64	13.01	11.68	20.38	13.01	12.37
S&P 500 Earnings Yield	4.72	5.43	6.01	3.23	4.35	5.01
Fed Funds Effective Rate	1.51	2.41	0.65	0.07	0.20	4.83
3 Month LIBOR	2.31	2.60	1.45	0.19	0.96	5.19
10 Year Treasury Yield	2.74	2.41	0.67	1.74	2.34	3.47
30 Year Mortgage Rate	4.27	4.08	3.86	3.27	4.90	6.81
Bloomberg U.S. Agg Yield	3.12	2.93	1.59	1.61	2.92	4.40
Bloomberg HY Spread	3.54	3.91	8.80	3.10	3.25	4.55
Gold (\$/oz)	1,325.48	1,292.38	1,577.18	1,707.71	1,937.44	1,969.28
WTI Crude Oil (\$/bbl)	64.94	60.14	20.48	59.16	100.28	75.67
Unemployment Rate	4.00	3.80	4.40	6.10	3.60	3.50
Headline CPI²	2.40	1.90	1.50	2.60	8.50	5.00
VIX Index	19.97	13.71	53.54	19.40	20.56	18.70

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	1.1%	4.2%	3.9%	3.44%	\$218.82	18.78	\$156.95	13.33	\$80.16	12.35
2024	1.0%	2.6%	4.6%	3.23%	\$241.62	17.01	\$161.31	12.97	\$93.27	10.62

1) Source: Bloomberg

2) Values are carried forward from the most recent reported value (3/31/2023)

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

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

Estimate calculated from quarter end (i.e. March 31, 2023 - March 31, 2024). Price in P/E ratio static as of quarter end.

Current U.S. Economic Conditions: Contraction

Contraction

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX): Above avg. volatility

Yield Curve

Investor Sentiment

Normal Growth

U.S. GDP Growth: In line w/ historical avg.

U.S. Unemployment: Below avg. unemployment

U.S. Credit Markets: In line w/ historical avg.

Volatility (VIX)

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: Sig. below average

Manic Growth

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment

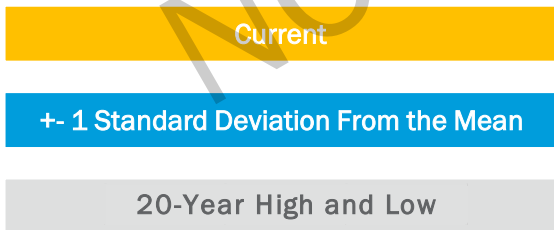
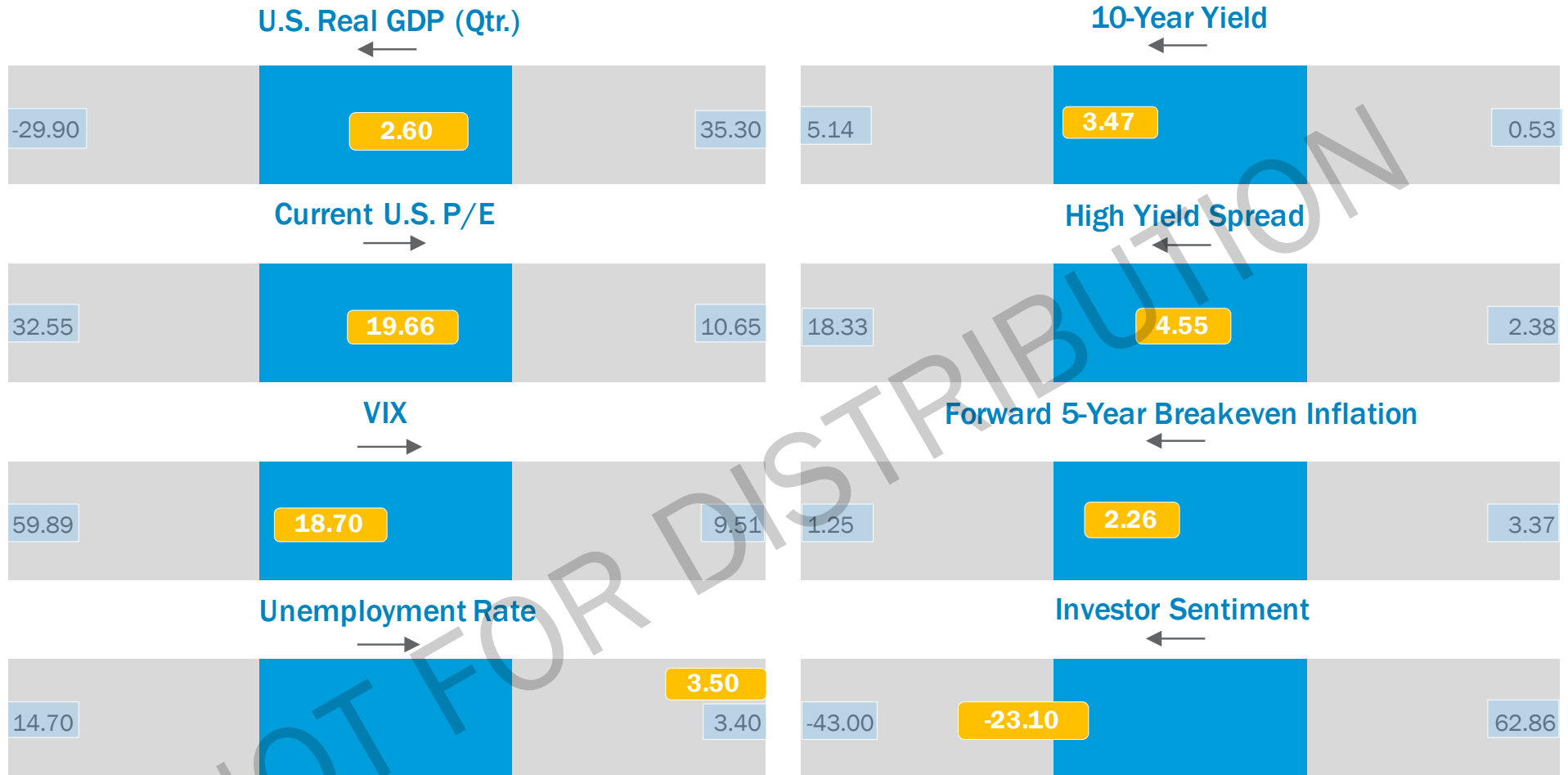
Metrics	Quarter avg.	10-year avg.
U.S. GDP Growth: Prior quarter U.S. Real GDP versus the 10 year U.S. Real GDP average*	2.6%	2.5%
U.S. Unemployment: Quarter avg. unemployment rate versus the 10 year average	3.6%	5.3%
U.S. Credit Markets: Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	429	430
Volatility (VIX): Quarter avg. VIX average versus the 10 year VIX average	19.6	18.3
Yield Curve: Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	(-61) bps	148 bps
Investor Sentiment: Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	-16.1	1.8

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

Source: Bloomberg

Global Positioning Indicators

Through March 31, 2023



Source: Bloomberg