



Canterbury Consulting

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## Global Positioning Statement™

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June 30, 2021

## Drivers of the Market

### Global Reopening

- U.S. stock markets delivered positive returns in the quarter, supported by the rebound of growth stocks, strong first quarter earnings, and the prospect of a bipartisan deal to increase infrastructure spending.
- European equities outperformed emerging markets (EM) equities in the quarter. Europe benefitted from the reopening of regional economies and strong global goods demand. In contrast, the slow vaccination campaign in Japan and policy tightening in China weighed on their relative performance.
- U.S. core bonds ended the second quarter with positive returns as economic activity increased and fundamentals continued to improve. The Fed moved up its timeline in raising interest rates and discussed slowing down its asset purchase program at the latest FOMC meeting. The treasury yield curve slightly flattened as the bond market disregarded inflation concerns.
- Investment grade (IG) and high yield (HY) spreads grinded tighter over the quarter. Corporate credit spreads have continued to narrow since the peak in March 2020 and are now at historic tight.
- Commodities and energy-related-assets continued to benefit from renewed demand from an economic reopening and higher inflation expectations. Inflation, measured by CPI, drastically increased over the quarter from 1.7% at the end of Q1 to 5.0% at the end of Q2. Inflation breakeven rates marginally decreased over the quarter but still remained above 2%. ISM manufacturing and non-manufacturing indicators remained above historic levels over the quarter as companies continued to rebuild inventories.

Second Quarter 2021

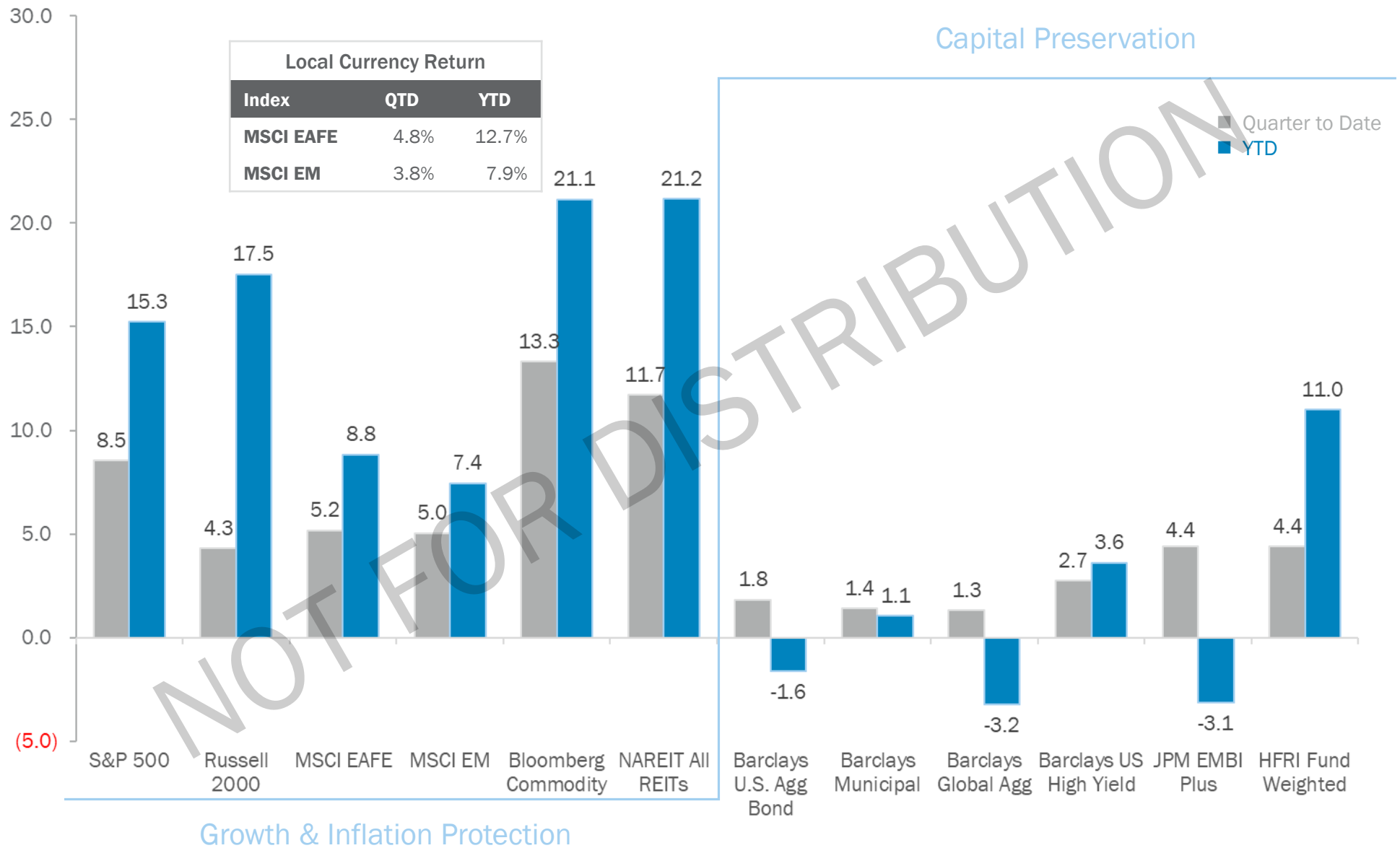
### Returns through June 30, 2021

Index	QTD	YTD
<b>Growth</b> MSCI ACWI	7.4%	12.3%
<b>Capital Preservation</b> Barclays Global Aggregate	1.3%	-3.2%
<b>Inflation Protection</b> Morningstar U.S. Real Asset*	7.7%	14.2%

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

# Index Returns (%)

Through June 30, 2021



Source: Morningstar

Year over Year Statistics<sup>1</sup>

	June 30, 2016	June 30, 2017	June 29, 2018	June 28, 2019	June 30, 2020	June 30, 2021
<b>S&amp;P 500</b>	2,098.86	2,423.41	2,718.37	2,941.76	3,100.29	4,297.50
<b>S&amp;P 500 EPS</b>	105.73	115.74	139.75	152.11	129.40	146.84
<b>P/E of S&amp;P 500</b>	19.85	20.94	19.45	19.34	23.96	29.27
<b>P/E of MSCI EAFE</b>	23.25	18.70	15.50	16.86	32.84	24.05
<b>P/E of MSCI EM</b>	14.40	14.98	11.93	14.11	18.39	18.65
<b>S&amp;P 500 Earnings Yield</b>	5.04	4.78	5.14	5.17	4.17	3.42
<b>Fed Funds Effective Rate</b>	0.38	1.04	1.82	2.38	0.08	0.08
<b>3 Month LIBOR</b>	0.65	1.30	2.34	2.32	0.30	0.15
<b>10 Year Treasury Yield</b>	1.47	2.30	2.86	2.01	0.66	1.47
<b>30 Year Mortgage Rate</b>	3.53	3.87	4.40	3.80	3.27	3.13
<b>Barclays U.S. Agg Yield</b>	1.91	2.55	3.29	2.49	1.25	1.50
<b>Barclays HY Spread</b>	5.94	3.64	3.63	3.77	6.26	2.68
<b>Gold (\$/oz)</b>	1,321.90	1,241.61	1,252.60	1,409.55	1,780.96	1,770.11
<b>WTI Crude Oil (\$/bbl)</b>	48.33	46.04	74.15	58.47	39.27	73.47
<b>Unemployment Rate</b>	4.90	4.30	4.00	3.60	11.10	5.90
<b>Headline CPI<sup>2</sup></b>	1.00	1.60	2.90	1.60	0.60	5.40
<b>VIX Index</b>	15.63	11.18	16.09	15.08	30.43	15.83

## Forward Looking Forecasts

	Real GDP <sup>3</sup>	CPI <sup>3</sup>	Unemployment <sup>3</sup>	10-Yr Treasury <sup>3</sup>	S&P 500 EPS <sup>4</sup>	Forward P/E <sup>4</sup>	MSCI EAFE EPS <sup>4</sup>	Forward P/E <sup>4</sup>	MSCI EM EPS <sup>4</sup>	Forward P/E <sup>4</sup>
2021	6.6%	3.7%	5.6%	1.80%	\$189.52	22.68	\$137.48	16.77	\$94.18	14.60
2022	4.1%	2.7%	4.2%	2.08%	\$211.47	20.32	\$149.83	15.38	\$102.34	13.43

1) Source: Bloomberg

2) Values are carried forward from the most recent reported value (6/30/2021)

3) Forecasts are consensus opinions from 83 forecasting agencies throughout the month of June (Median)

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

Estimate calculated from quarter end (i.e. June 30, 2021 – June 30, 2022). Price in P/E ratio static as of quarter end.

## Current U.S. Economic Conditions: Normal Growth

### Contraction

U.S. GDP Growth

U.S. Unemployment: Above avg. unemployment

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment

### Normal Growth

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX): Below average volatility

Yield Curve: Above average yield curve

Investor Sentiment: Above average

### Panic

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX)

Yield Curve

Investor Sentiment

### Manic Growth

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

U.S. Unemployment

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

Volatility (VIX)

Yield Curve

Investor Sentiment

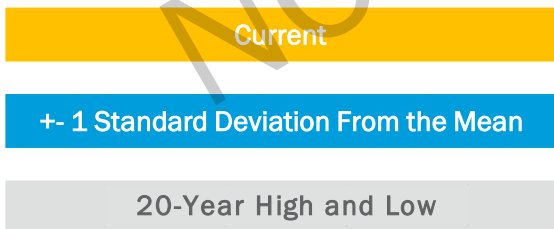
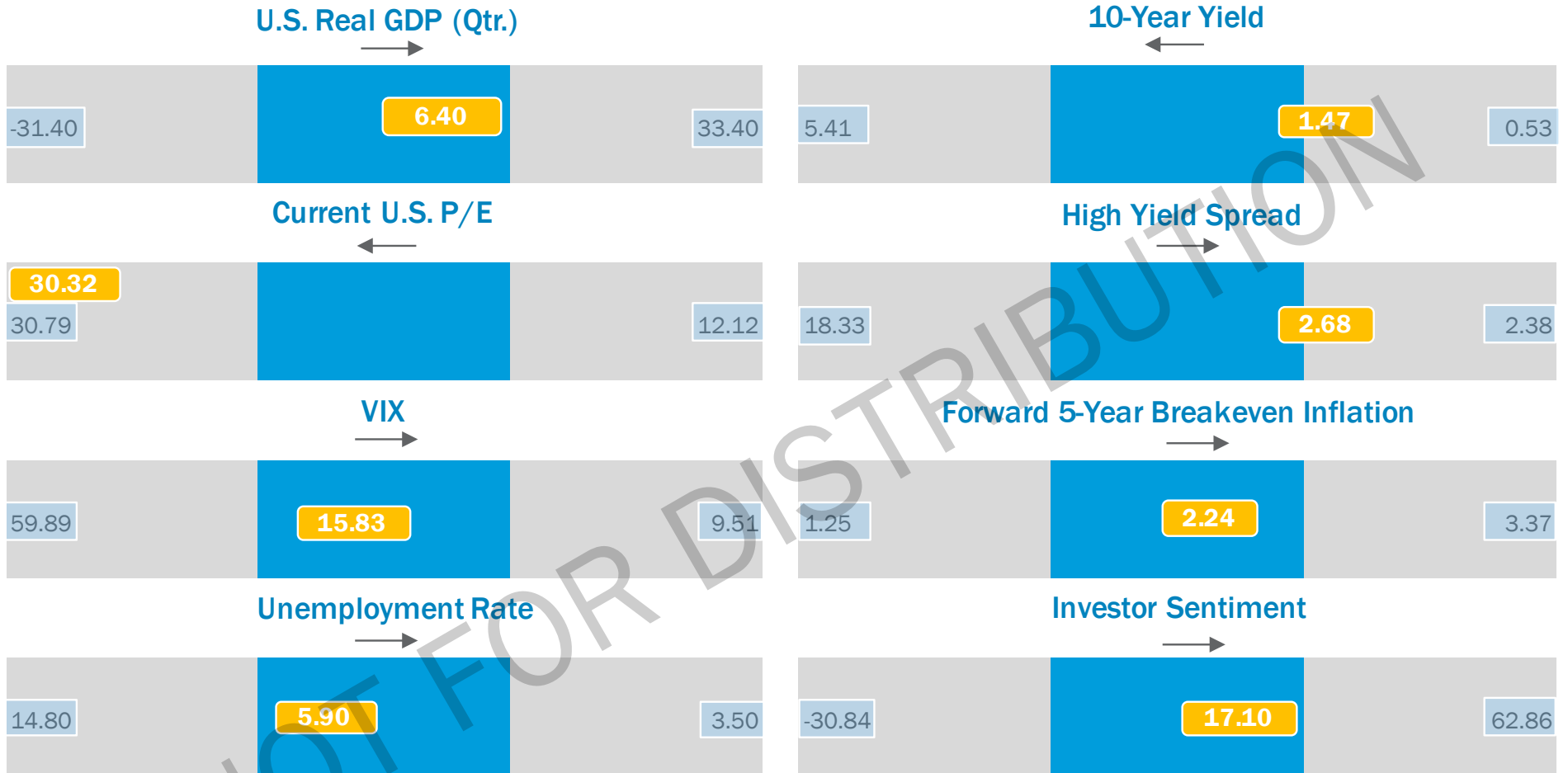
Metrics	Quarter avg.	10-year avg.
<b>U.S. GDP Growth:</b> Prior quarter U.S. Real GDP versus the 10 year U.S. Real GDP average*	6.4%	2.3%
<b>U.S. Unemployment:</b> Quarter avg. unemployment rate versus the 10 year average	6.1%	6.0%
<b>U.S. Credit Markets:</b> Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	285	466
<b>Volatility (VIX):</b> Quarter avg. VIX average versus the 10 year VIX average	17.1	18.0
<b>Yield Curve:</b> Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	204 bps	190 bps
<b>Investor Sentiment:</b> Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	14.7	4.7

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

Source: Bloomberg

# Global Positioning Indicators

Through June 30, 2021



Source: Bloomberg