



Canterbury Consulting

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Global Positioning Statement™

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September 30, 2024

Third Quarter Commentary

- In the third quarter, U.S. equity performance was more broadly distributed than in previous quarters, with the equal-weighted S&P 500 (9.6%) and Russell 3000 indices (10.4%) outperforming their market-cap weighted counterparts (5.9% and 6.2%, respectively). The Federal Reserve’s decision to cut rates spurred a risk-on rally, with small caps posting their second-best quarter since Q1 2021. Mega-cap tech names saw a meaningful pullback over the quarter, with only 3 of the “Magnificent 7” (Apple, Meta, and Tesla) posting positive returns.
- Both international developed and emerging markets equities posted strong returns for the third quarter, with the announcement of Chinese stimulatory measures fueling an EM rally. The MSCI EAFE returned 7.3% for the quarter, while the MSCI EM index returned 8.7%.
- The Federal Reserve cut interest rates by 50 basis points (bps) to a range between 4.75% to 5.00% as inflation showed signs of cooling and concerns around the labor market weakening. Officials’ forecasts suggest an additional one to two rate cuts of 25 bps by the end of 2024. The Bank of Canada cut rates by 25 bps twice during the quarter on the back of slowing inflation and a weaker outlook on the labor market.
- U.S. corporate bond spreads in investment grade (92 basis points) and high yield (303 basis points) remained tight during the quarter. Spreads remain well below long-term median levels [1].
- Indicators used to measure U.S. economic activity, such as the ISM Manufacturing and Non-Manufacturing indexes, continued to show mixed signals of contractionary and expansionary activity, respectively, further complicating the inflation and interest rate outlook for the Fed.

Returns through September 30, 2024

Index	QTD	YTD
Growth MSCI ACWI	6.61%	18.66%
Capital Preservation Bloomberg Global Aggregate	6.98%	3.60%
Inflation Protection Morningstar U.S. Real Asset*	8.32%	9.92%

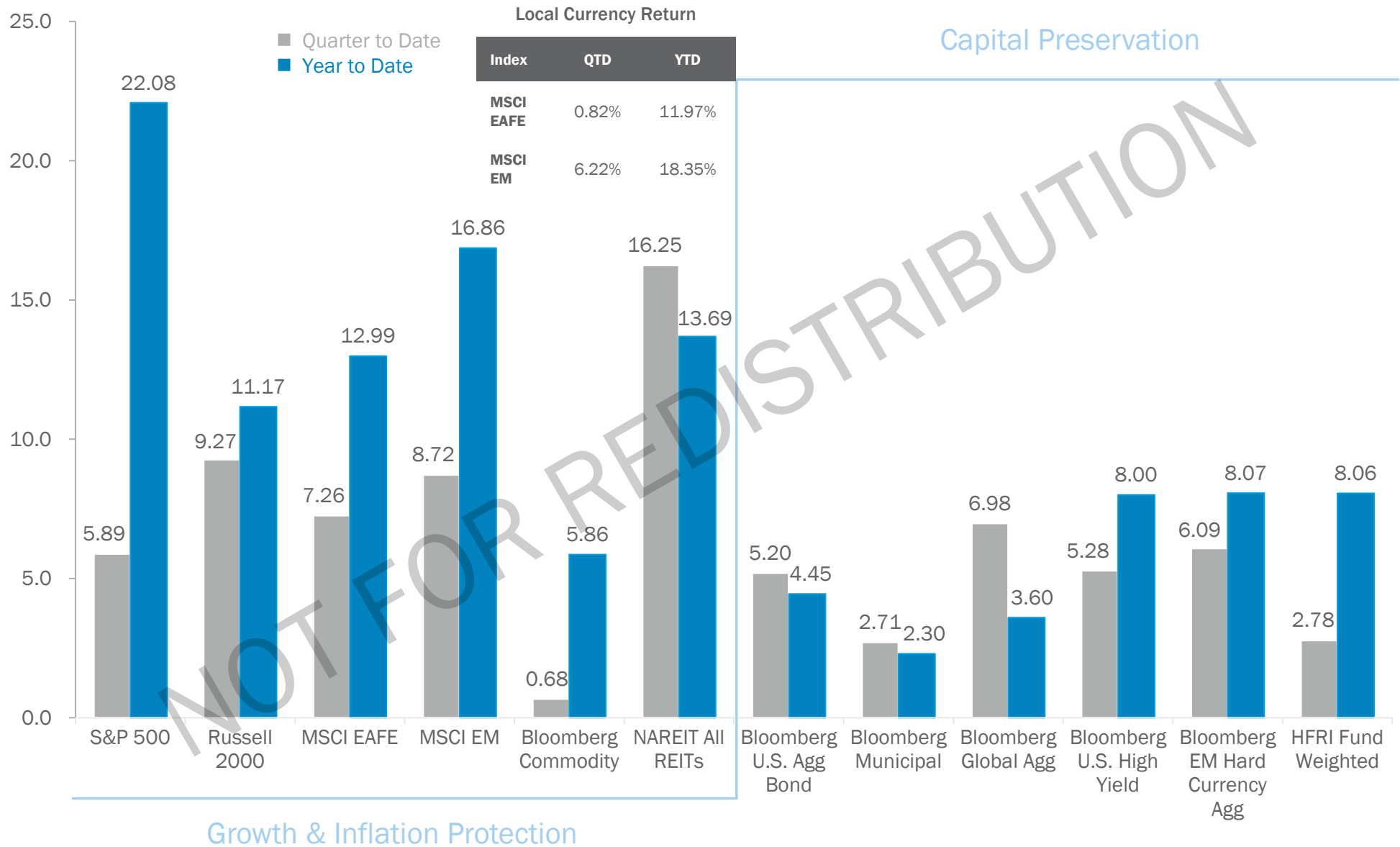
Sources: MSCI ACWI Index, MSCI ACWI ex-US Index, MSCI EAFE Index, MSCI EM Index, Federal Reserve Board of Governors, U.S. Bureau of Labor Statistics, Morningstar

[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 (%)

Through September 30, 2024



Source: Morningstar

Year over Year Statistics¹

	September 30, 2019	September 30, 2020	September 30, 2021	September 30, 2022	September 29, 2023	September 30, 2024
S&P 500	2,976.74	3,363.00	4,307.54	3,585.62	4,288.05	5,762.48
S&P 500 EPS	164.38	145.73	183.93	222.34	219.91	233.14
P/E of S&P 500	19.24	25.26	25.39	17.15	21.03	24.72
P/E of MSCI EAFE	15.39	21.48	17.23	11.75	13.41	15.51
P/E of MSCI EM	12.99	18.52	15.13	10.77	13.73	16.27
S&P 500 Earnings Yield	5.20	3.96	3.94	5.83	4.76	3.80
Fed Funds Effective Rate	2.04	0.09	0.08	2.56	5.33	5.13
3 Month LIBOR	2.09	0.23	0.13	3.75	5.66	4.85
10 Year Treasury Yield	1.66	0.68	1.49	3.83	4.57	3.78
30 Year Mortgage Rate	3.72	3.08	3.18	7.06	7.74	6.68
Bloomberg U.S. Agg Yield	2.26	1.18	1.56	4.75	5.39	4.23
Bloomberg HY Spread	3.73	5.17	2.89	5.52	3.94	2.95
Gold (\$/oz)	1,472.49	1,885.82	1,756.95	1,660.61	1,848.63	2,634.58
WTI Crude Oil (\$/bbl)	54.07	40.22	75.03	79.49	90.79	68.17
Unemployment Rate	3.50	7.80	4.70	3.50	3.80	4.10
Headline CPI²	1.70	1.40	5.40	8.20	3.70	2.40
VIX Index	16.24	26.37	23.14	31.62	17.52	16.73

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
2024	2.6%	2.9%	4.1%	3.74%	\$256.20	22.49	\$169.26	14.59	\$90.41	12.95
2025	1.8%	2.2%	4.4%	3.67%	\$274.11	21.02	\$173.98	14.19	\$97.17	12.05

1) Sources: MSCI, FRED, SP Global

2) Values are carried forward from the most recent reported value (9/30/2024)

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. Sep. 30, 2024 - Sep. 30, 2025). Price in P/E ratio static as of quarter end.

Current U.S. Economic Conditions: Cautious Growth

Contraction

U.S. GDP Growth

U.S. Unemployment

U.S. Credit Markets

Volatility (VIX)

Yield Curve: Below avg.

Investor Sentiment

Normal Growth

U.S. GDP Growth: Above avg. growth

U.S. Unemployment: Below avg. unemployment

U.S. Credit Markets

Volatility (VIX): Below avg. volatility

Yield Curve

Investor Sentiment: Sig. 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

U.S. Unemployment

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

Volatility (VIX)

Yield Curve

Investor Sentiment: Sig. above avg. 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*	3.0%	2.7%
U.S. Unemployment: Quarter avg. unemployment rate versus the 10 year average	4.1%	4.8%
U.S. Credit Markets: Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	305	422
Volatility (VIX): Quarter avg. VIX average versus the 10 year VIX average	16.0	18.4
Yield Curve: Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	27 bps	98 bps
Investor Sentiment: Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	20.5	1.7

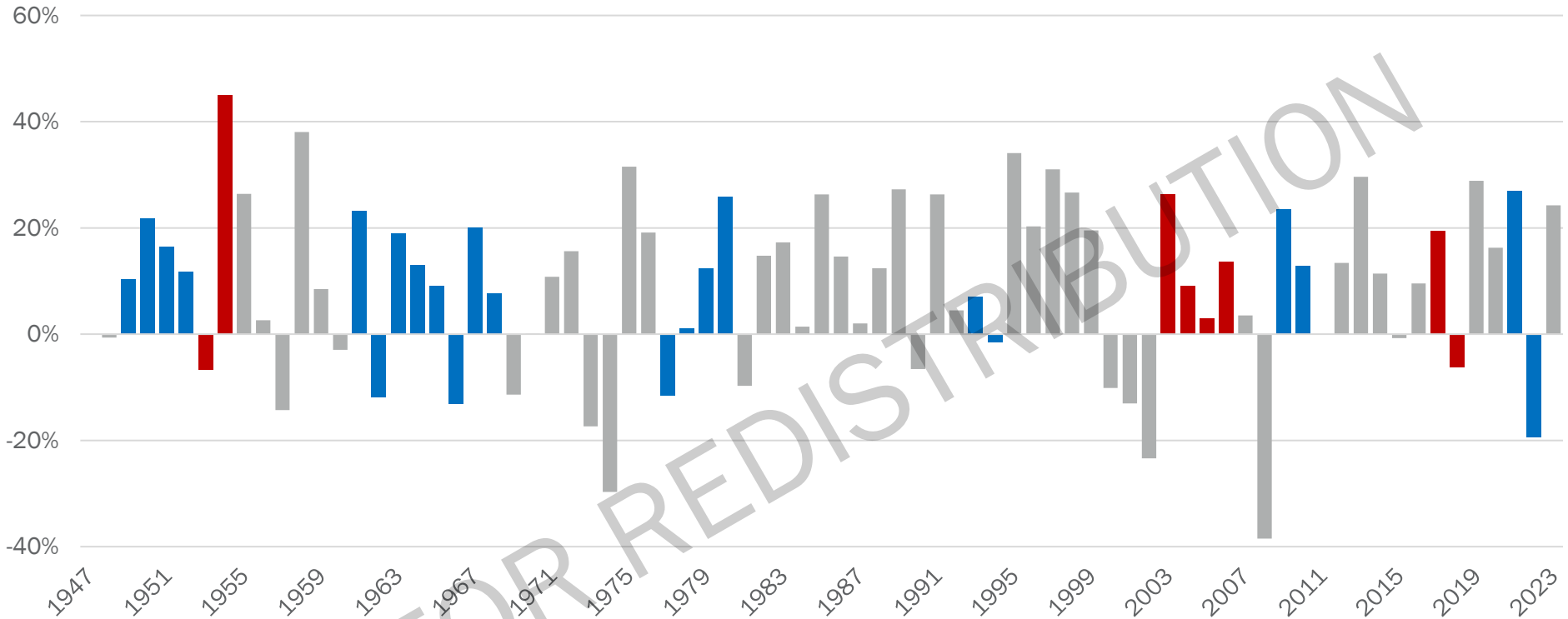
*U.S. GDP Growth is the current, end of previous quarter reading

Sources: FRED, MSCI, SP Global

Government Control¹ and Equity Performance

As of September 30, 2024

Calendar Year Returns of the S&P 500 Price Index



	Average Performance	% of Time
Republican	12.9%	10%
Democrat	9.3%	29%
Divided Gov't	8.3%	61%

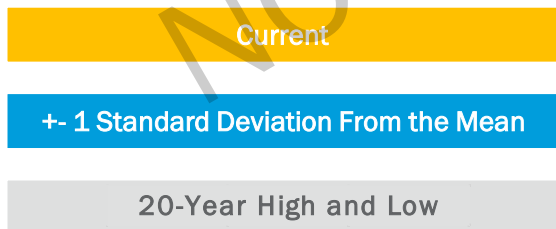
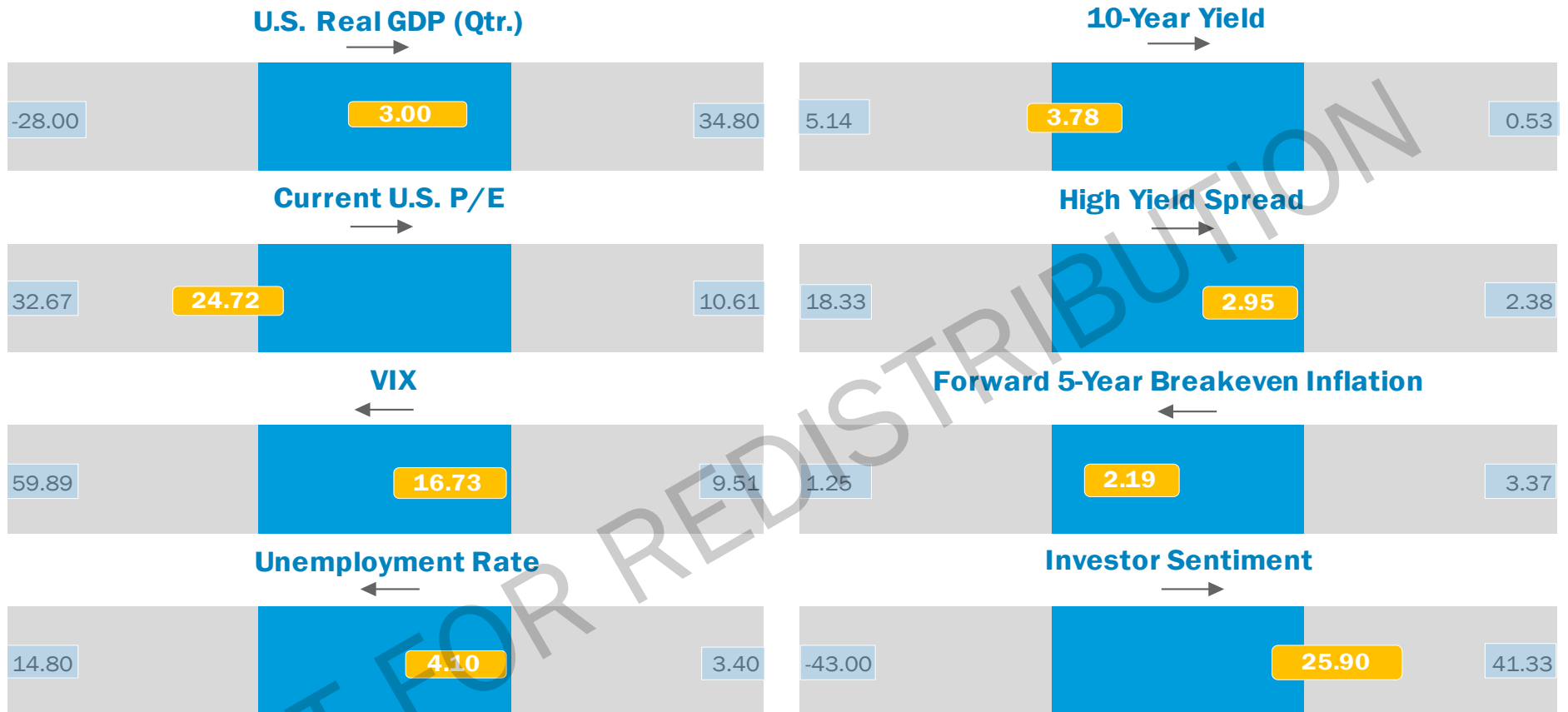
¹ - "Control" is defined as a singular party controlling both chambers of Congress as well as the presidency, while "divided" is defined as any instance where one party controls the presidency, and another party controls either the House or Senate.

The above data has been presented for illustration purpose only and is not to be construed as predictive of future results. Canterbury does not associate any direct relationship between election outcomes and equity market performance.

Source: J.P. Morgan Asset Management and Morningstar Direct. Data indicates historic calendar year performance..

Global Positioning Indicators

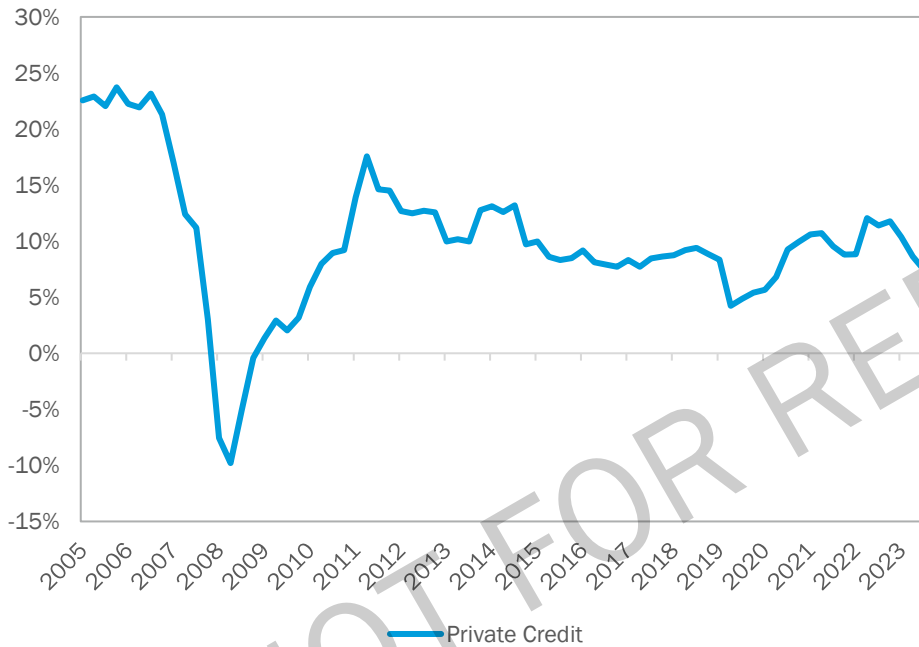
As of September 30, 2024



Sources: FRED, MSCI, SP Global

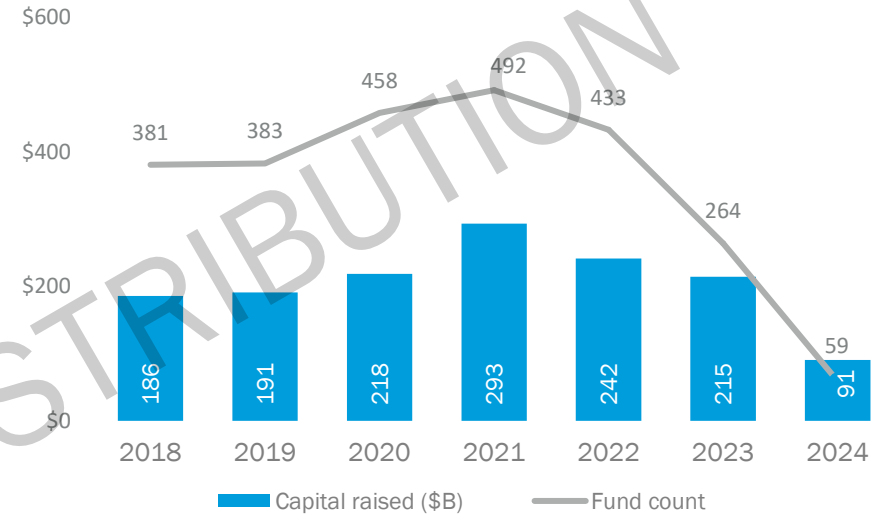
Market Environment

Private Credit Rolling 3-Year IRR¹

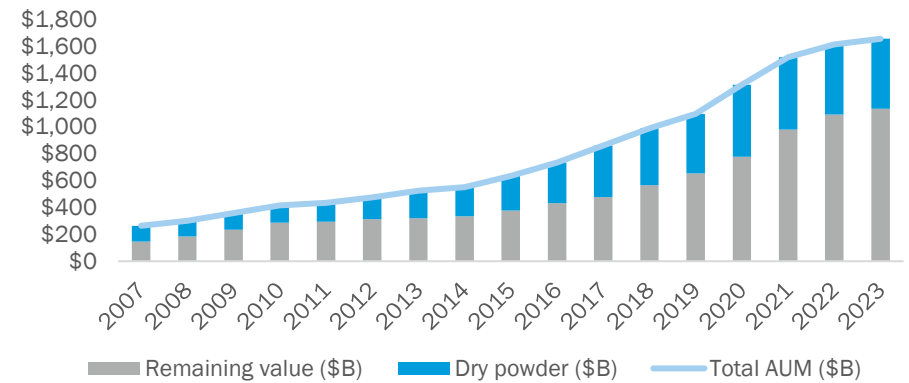


Historical Returns

Private Credit Fundraising Activity²



Size of Market³

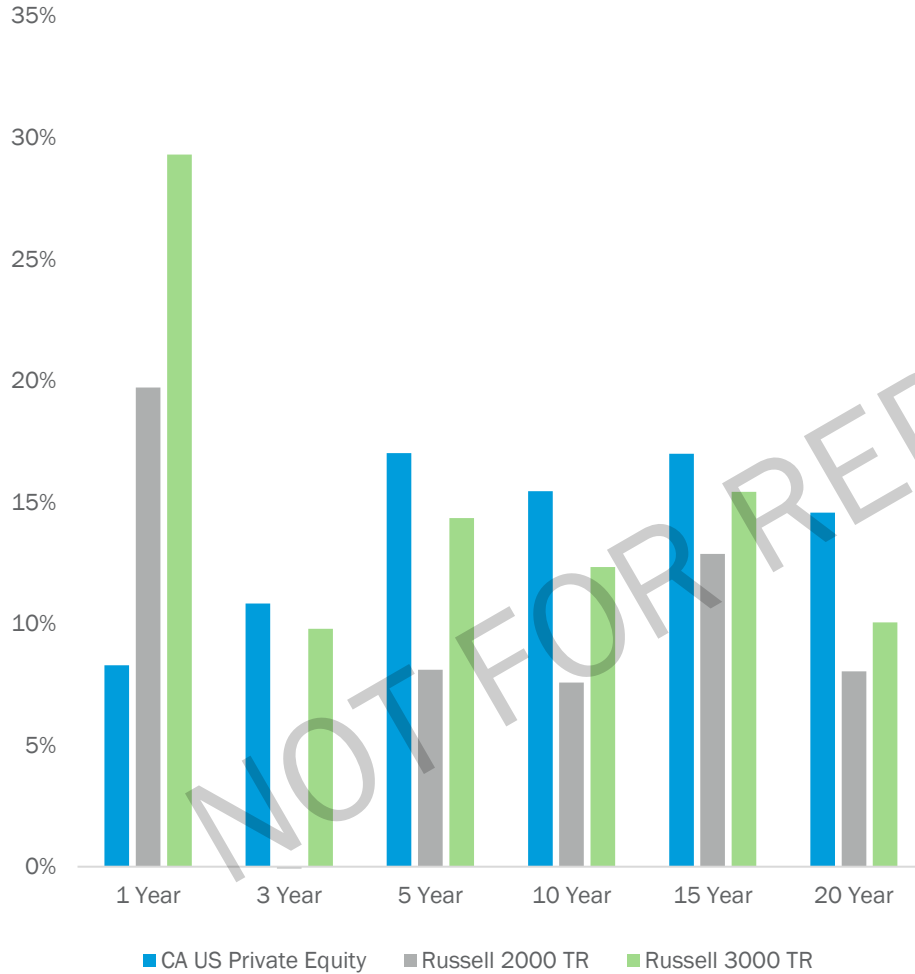


1) Pitchbook Data as of 6/30/2024. Private Credit includes the aggregation of general debt, venture debt, infrastructure debt, real estate debt, bridge financing, mezzanine debt, credit special situations, and distressed debt as defined by Pitchbook.

2) Pitchbook Data as of 6/30/2024

3) Pitchbook Data as of 12/31/2023

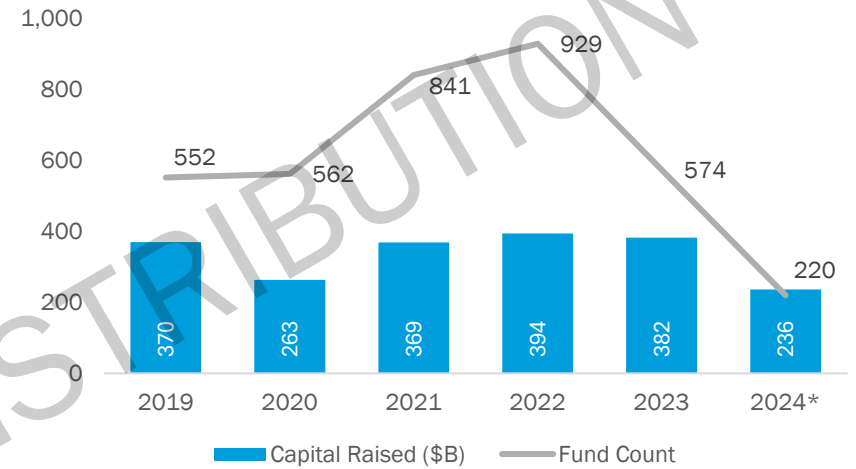
US Private Equity and Public Equity Index Returns¹ as of 3/31/2024



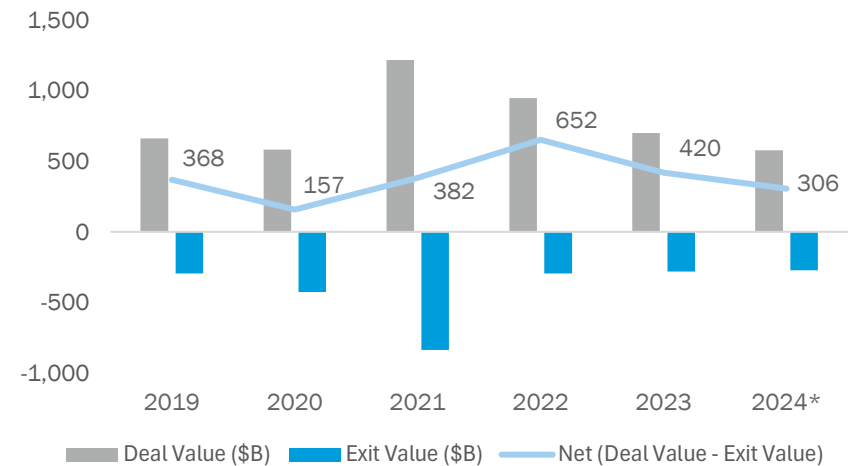
Historical Returns

Market Environment

US PE Fundraising Activity²



US PE Deal and Exit Value²



*as of September 30, 2024

(1) Source: Cambridge Associates, Morningstar as of March 31, 2024

(2) Source: Pitchbook Q3 2024 PE Breakdown