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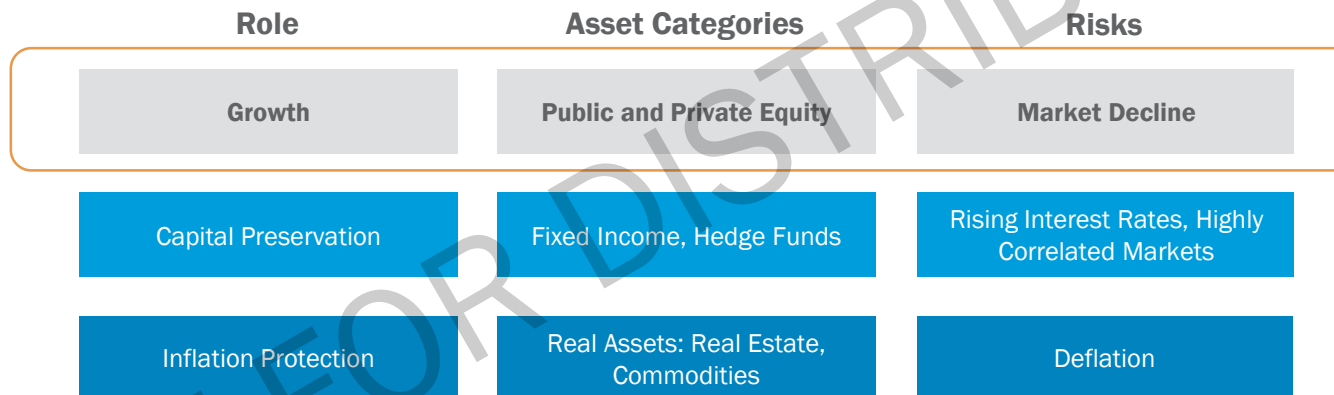
Quarterly Asset Class Report Global Equity

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December 31, 2019

Canterbury Consulting recommends and communicates asset-class strategy with the objective of constructing a diversified portfolio of long-only equity strategies designed to (in aggregate):

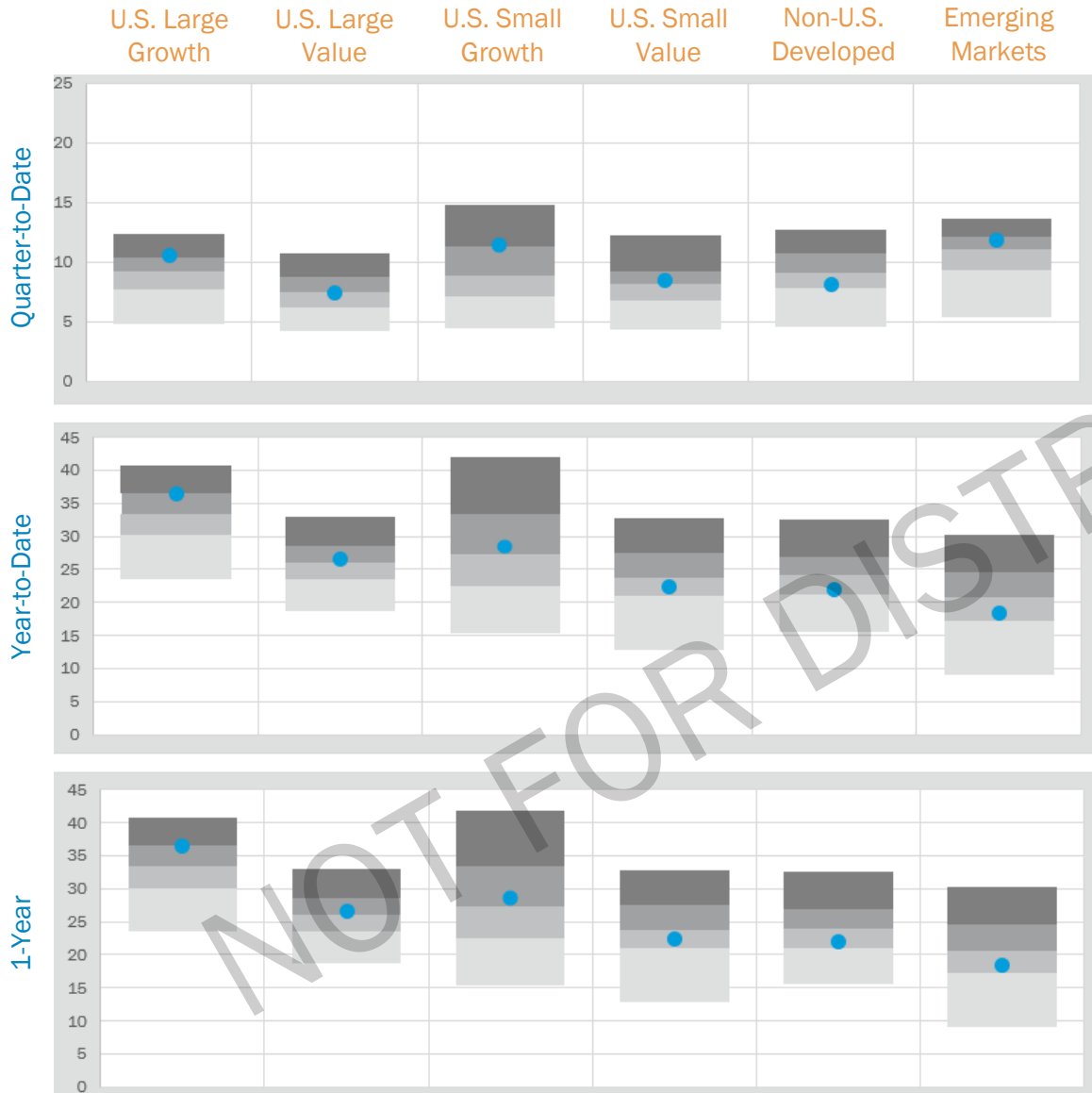
- Provide growth of portfolio assets in excess of inflation and spending rates
- Maintain comparable exposure to the global equity market
- Exhibit returns uncorrelated to fixed income markets



- Canterbury global equity portfolios are expected to deliver consistent net of fees excess returns and moderate tracking error versus the MSCI All Country World Index over longer periods of time.

Performance (%) as of December 31, 2019

Equity Review



- Major U.S. index returns were positive in the quarter with U.S. small cap stocks slightly outperforming U.S. large cap stocks. Year to date, U.S. large cap stocks outperformed U.S. small cap stocks.
- Value stocks lagged growth stocks for the third straight year. The performance spread between growth and value was more pronounced at the lower end of the market cap spectrum.
- Both non-U.S. developed and emerging markets were positive in the quarter. Although emerging markets had the strongest performance in the quarter when compared to major indices, they lagged over the one-year time period.

Blue dots represent the returns of the respective Russell & MSCI benchmarks; gray floating bar charts represent the peer groups by quartile.

Sources: Morningstar Direct, Russell, MSCI

Market Capitalization Mix

Equity: U.S. Market Cap

	Current	10 Year Avg	Deviation from Mean*	Large	Neutral	Small
Valuation	Russell Top 200 Current P/E (Large Cap)	21.81	17.51	1.67		+
	R2000 Current P/E (Small Cap)	39.26	40.41	-0.12	-	
	Avg P/E Ratio (Large/Small)	0.56	0.47	1.21		+
	Russell Top 200 EV/EBITDA [^] (Large Cap)	14.07	10.61	1.78		+
	R2000 EV/EBITDA (Small Cap)	15.36	15.22	0.05	-	
	Avg EV/EBITDA Ratio (Large/Small)	0.92	0.70	2.64		++
	Russell Top 200 P/S (Large Cap)	2.64	1.84	2.05		++
	R2000 P/S (Small Cap)	1.05	1.09	-0.31	-	
	Avg P/S Ratio (Large/Small)	2.52	1.67	2.97		++
Solvency	Russell Top 200 Debt/EBITDA (Large Cap)	4.14	4.31	-0.51	-	
	Russell 2000 Debt/EBITDA (Small Cap)	5.92	5.78	0.15	-	
	Avg Debt/EBITDA Ratio (Large/Small)	0.70	0.76	-0.47	-	
Growth	Russell Top 200 LT EPS Gr (Fwd) (Large Cap)	6.22	9.36	-0.92	-	
	R2000 LT EPS Gr (Fwd) (Small Cap)	29.94	10.21	5.51		++
	Avg Growth Ratio (Large/Small)	0.21	0.92	-1.06		+
Economy	Case Shiller Home Price (YoY)	2.23	4.18	-0.43	-	
	Total Leading Economic Indicators	111.60	96.57	1.55		+
	Currency (USD v Broad Basket)	96.39	88.28	0.95	-	
	Curve Steepness 2's to 10's	0.35	1.43	-1.34	+	

*Deviation from mean represents how many standard deviations the current value is above or below the 10-year average, also known as the "Z-Score." '+' denotes one standard deviation, and '++' denotes two standard deviations in favor of the asset class.

[^]EV/EBITDA, also known as the "enterprise multiple," is a ratio used to determine the value of a company. Unlike P/E, the enterprise multiple takes debt into account. This is often the ratio used by companies looking to acquire another business.

Equity Review

- There are various metrics used to value the equity universe. Canterbury prefers Price/Earnings, EV/EBITDA, and Price/Sales.
- The P/E multiple for small caps fell slightly below its long-term average even after a strong fourth quarter. U.S. large cap multiples across the three valuation metrics rose amid positive returns.
- Growth estimates continued to decline for large caps. However, small cap growth estimates, which can fluctuate significantly, improved quarter over quarter and remain well above their 10-year averages.
- The interest rate spread between the 10-year and 2-year U.S. Treasury widened in the quarter, but remains below its long-term average. The previous quarter experienced yield curve inversion and two interest rate cuts from the Fed. In October, the Fed cut rates for a third time, reversing most of the rate increases from the previous year.

Source: Russel

Region Mix — U.S. vs. R.O.W.

Equity: Region (U.S./Global)		Current	10 Year Avg	Deviation from Mean*	U.S.	Neutral	R.O.W.
Valuation	S&P 500 Current P/E	21.60	17.80	1.54			+
	MSCI ACWI Current P/E	19.80	17.25	1.14	+		
	Avg P/E Ratio (US /ACWI)	1.09	1.03	0.93		-	
	S&P 500 EV/EBITDA [^]	14.09	10.98	1.69			+
	MSCI ACWI EV/EBITDA	12.19	10.08	1.62	+		
	Avg EV/EBITDA Ratio (US/ACWI)	1.16	1.09	1.23			+
	S&P 500 P/S	2.36	1.73	1.78			+
MSCI ACWI P/S	1.73	1.34	1.72	+			
Avg P/S Ratio (US/ACWI)	1.37	1.28	1.16			+	
Solvency	S&P 500 Debt/EBITDA	4.11	4.22	-0.30		-	
	MSCI ACWI Debt/EBITDA	5.66	5.99	-0.76		-	
	Avg Debt/EBITDA Ratio (US/ACWI)	0.73	0.71	0.60		-	
Growth	S&P 500 LT EPS Gr (Fwd)	6.69	9.08	-0.69		-	
	MSCI ACWI LT EPS Gr (Fwd)	6.16	10.03	-0.10		-	
	Avg Growth Ratio (US/ACWI)	1.09	0.99	0.28		-	
Economy	Currency (USD v Broad Basket)	96.39	88.28	0.95		-	

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Equity Review

- Valuation multiples rose for both U.S. equities and equities outside of the U.S. From a relative standpoint, global equities remain more attractively valued.
- Debt levels remain below long-term averages for both U.S. and global (R.O.W.) stocks, suggesting healthy leverage conditions.
- Expected earnings growth remains below 10-year averages for both domestic and R.O.W. equities. Both estimates fell slightly in the quarter.
- The U.S. dollar fell in the quarter and was a tailwind to international returns. If growth differentials between the U.S. and R.O.W. were to narrow further, the U.S. dollar may continue its decline in 2020.

Sources: MSCI, Standard & Poor's

Region Mix – Non-U.S. Developed vs. R.O.W.

Equity Review

Equity: Region (Non-U.S. Dev/Global)		Current	10 Year Avg	Deviation from Mean*	Non-U.S. Dev	Neutral	R.O.W.
Valuation	MSCI EAFE Current P/E	18.56	17.41	0.39		-	
	MSCI ACWI Current P/E	19.80	17.25	1.14	+		
	Avg P/E Ratio (EAFE/ACWI)	0.94	1.01	-0.96		-	
	MSCI EAFE EV/EBITDA [^]	10.00	9.24	0.87		-	
	MSCI ACWI EV/EBITDA	12.19	10.08	1.62	+		
	Avg EV/EBITDA Ratio (EAFE/ACWI)	0.82	0.92	-1.77	+		
	MSCI EAFE P/S	1.22	1.03	1.25			+
	MSCI ACWI P/S	1.73	1.34	1.72	+		
Avg P/S Ratio (EAFE/ACWI)	0.71	0.77	-2.22	++			
Solvency	MSCI EAFE Debt/EBITDA	7.45	8.38	-1.08	+		
	MSCI ACWI Debt/EBITDA	5.66	5.99	-0.76		-	
	Avg Debt/EBITDA Ratio (EAFE/ACWI)	1.32	1.40	-1.41	+		
Growth	MSCI EAFE LT EPS Gr (Fwd)	5.04	5.44	-0.01		-	
	MSCI ACWI LT EPS Gr (Fwd)	6.16	10.03	-0.10		-	
	Avg Growth Ratio (EAFE/ACWI)	0.82	0.77	0.02		-	
Economy	USD/EUR	1.12	1.23	-0.94		-	

*Deviation from mean represents how many standard deviations the current value is above or below the 10-year average, also known as the "Z-Score." '+' denotes one standard deviation, and '++' denotes two standard deviations in favor of the asset class.

[^]EV/EBITDA, also known as the "enterprise multiple," is a ratio used to determine the value of a company. Unlike P/E, the enterprise multiple takes debt into account. This is often the ratio used by companies looking to acquire another business.

- Both non-U.S. developed and R.O.W. equity valuations are above their long-term averages. Non-U.S. developed equities continue to remain more attractive from a valuation standpoint.
- Debt levels continue to remain low for non-U.S. developed stocks and R.O.W. equities.
- Earnings growth forecasts for both non-U.S. developed and R.O.W. equities have come down from last quarter. These estimates tend to fluctuate significantly from quarter to quarter.
- The euro strengthened versus the dollar, but the dollar remains strong relative to its historical average. A weaker dollar can benefit U.S. companies with revenues in Europe and costs in U.S. dollars.

Source: MSCI

Region Mix – Emerging Markets vs. R.O.W.

Equity Review

Equity: Region (EM/Global)		Current	10 Year Avg	Deviation from Mean*	EM	Neutral	R.O.W.
Valuation	MSCI EM Current P/E	15.43	13.40	1.19			+
	MSCI ACWI Current P/E	19.80	17.25	1.14	+		
	Avg P/E Ratio (EM/ACWI)	0.78	0.78	-0.04		-	
	MSCI EM EV/EBITDA^	9.90	8.10	2.14			++
	MSCI ACWI EV/EBITDA	12.19	10.08	1.62	+		
	Avg EV/EBITDA Ratio (EM/ACWI)	0.81	0.81	0.02		-	
	MSCI EM P/S	1.36	1.17	1.29			+
	MSCI ACWI P/S	1.73	1.34	1.72	+		
Avg P/S Ratio (EM/ACWI)	0.79	0.89	-0.63		-		
Solvency	MSCI EM Debt/EBITDA	4.73	3.99	1.13			+
	MSCI ACWI Debt/EBITDA	5.66	5.99	-0.76		-	
	Avg Debt/EBITDA Ratio (EM/ACWI)	0.84	0.67	1.29			+
Growth	MSCI EM LT EPS Gr (Fwd)	7.03	8.32	-0.08		-	
	MSCI ACWI LT EPS Gr (Fwd)	6.16	10.03	-0.10		-	
	Avg Growth Ratio (EM/ACWI)	1.14	0.79	0.66		-	

*Deviation from mean represents how many standard deviations the current value is above or below the 10-year average, also known as the “Z-Score.” ‘+’ denotes one standard deviation, and ‘++’ denotes two standard deviations in favor of the asset class.

^EV/EBITDA, also known as the “enterprise multiple,” is a ratio used to determine the value of a company. Unlike P/E, the enterprise multiple takes debt into account. This is often the ratio used by companies looking to acquire another business.

- Both EM equities and R.O.W. equities remain above or near their historical valuation multiples. EM equities appear to trade at an appropriate discount to R.O.W. equities.
- Elevated debt levels continue to be more of a concern for emerging markets than they are for R.O.W., particularly for those EM countries with dollar-denominated debt, if U.S. dollar weakness reverses.
- Growth estimates tend to fluctuate from quarter to quarter. Both EM and R.O.W. EPS growth estimates remain below their long-term averages.

Source: MSCI