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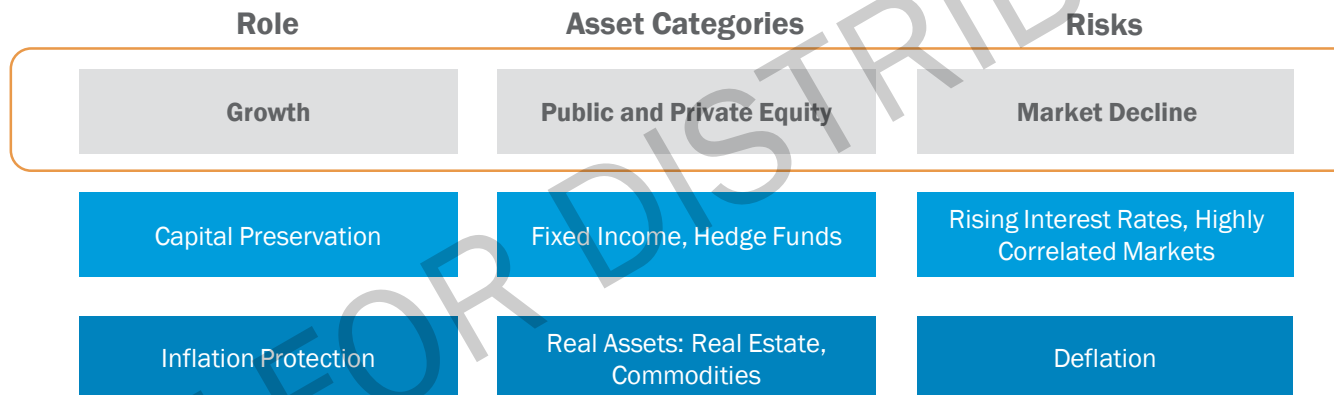
Quarterly Asset Class Report Global Equity

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June 30, 2020

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):

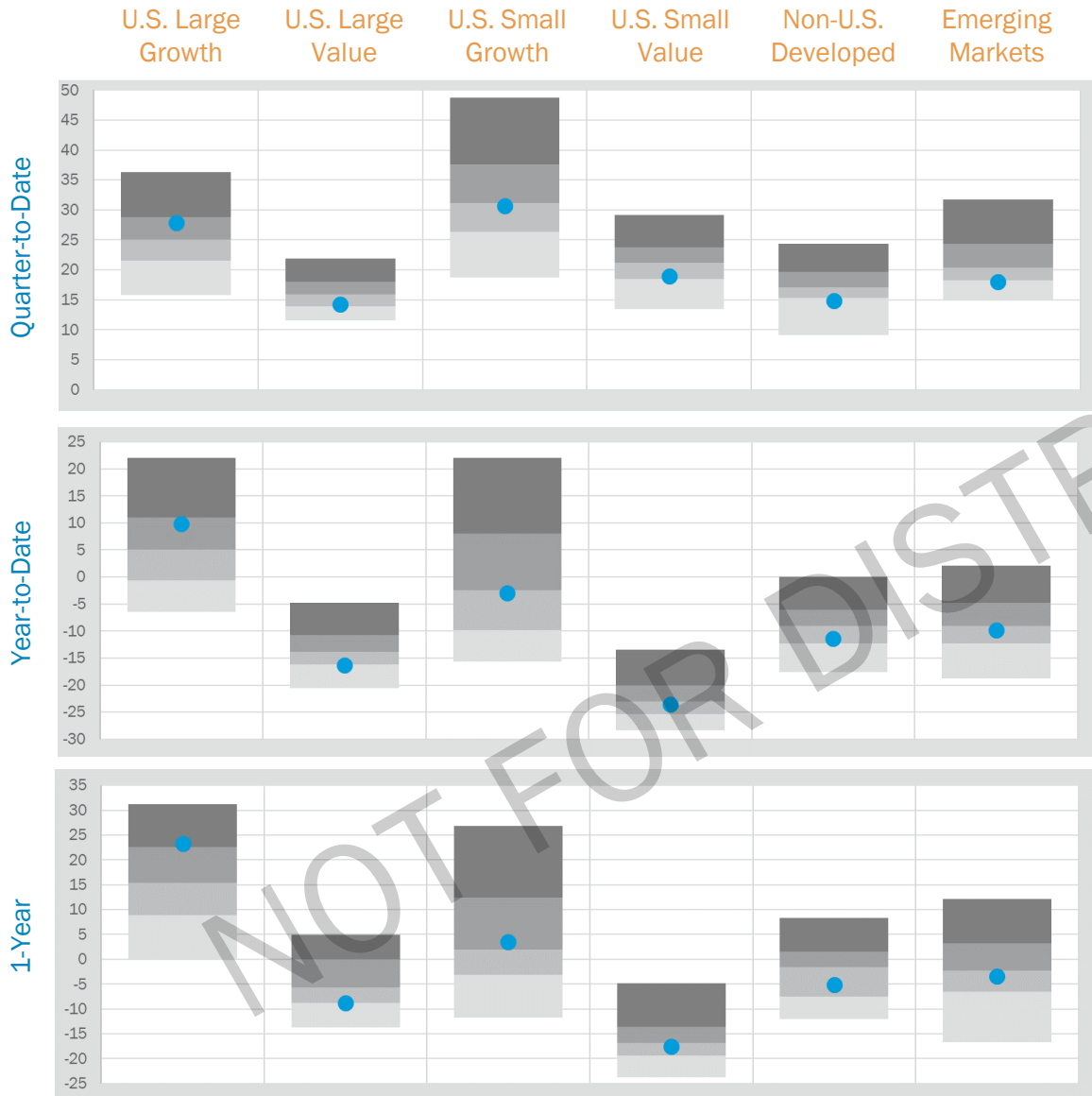
- Provide growth of portfolio assets in excess of inflation and spending rates
- Maintain comparable exposure to the global equity market
- Exhibit returns uncorrelated to fixed income markets



- 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 June 30, 2020

Equity Review



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

- Major U.S. index returns rose significantly in the quarter with U.S. small-cap stocks outperforming U.S. large-cap stocks. Over the recent one-year time period, U.S. large-cap stocks have outperformed U.S. small-cap stocks.
- Value stocks continued to lag growth stocks in the quarter. The performance spread between growth and value was most pronounced at the higher end of the market cap spectrum.
- Both non-U.S. developed and emerging markets (EM) rallied in the quarter and benefited from currency tailwinds. EM equities outperformed non-U.S. developed equities in the quarter and the year-to-date.

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)	23.17	17.64	2.07		++
	R2000 Current P/E (Small Cap)	69.50	40.05	4.55	++	
	Avg P/E Ratio (Large/Small)	0.33	0.46	-1.77	+	
	Russell Top 200 EV/EBITDA^ (Large Cap)	14.94	10.86	2.05		++
	R2000 EV/EBITDA (Small Cap)	21.51	15.61	2.08	++	
	Avg EV/EBITDA Ratio (Large/Small)	0.69	0.70	-0.06		-
	Russell Top 200 P/S (Large Cap)	2.70	1.89	2.04		++
	R2000 P/S (Small Cap)	0.97	1.11	-0.97		-
	Avg P/S Ratio (Large/Small)	2.79	1.70	3.62		++
Solvency	Russell Top 200 Debt/EBITDA (Large Cap)	4.59	4.27	1.19		+
	Russell 2000 Debt/EBITDA (Small Cap)	10.40	5.92	3.96	++	
	Avg Debt/EBITDA Ratio (Large/Small)	0.44	0.74	-2.10	++	
Growth	Russell Top 200 LT EPS Gr (Fwd) (Large Cap)	8.48	9.30	-0.18		-
	R2000 LT EPS Gr (Fwd) (Small Cap)	8.94	10.18	-0.37		-
	Avg Growth Ratio (Large/Small)	0.95	0.92	0.05		-
Economy	Case Shiller Home Price (YoY)	3.98	4.32	-0.08		-
	Total Leading Economic Indicators	99.80	97.75	0.23		-
	Currency (USD v Broad Basket)	97.39	89.17	0.96		-
	Curve Steepness 2's to 10's	0.51	1.31	-1.02	+	

*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.
- Valuation metrics spiked for both small caps and large caps in the quarter as earnings declined amid the COVID-related shutdowns. All but one of the metrics are above their long-term averages.
- Growth estimates have remained steady for both small caps and large caps, and are slightly below their long-term averages.
- The interest rate spread between the 10-year and two-year U.S. Treasury widened slightly in the quarter, but remains below its long-term average.

Source: Russell

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	21.85	17.91	1.60			+
	MSCI ACWI Current P/E	20.64	17.21	1.48	+		
	Avg P/E Ratio (US /ACWI)	1.06	1.04	0.28		-	
	S&P 500 EV/EBITDA [^]	14.60	11.16	1.82			+
	MSCI ACWI EV/EBITDA	12.29	10.20	1.56	+		
	Avg EV/EBITDA Ratio (US/ACWI)	1.19	1.09	1.79			+
	S&P 500 P/S	2.24	1.77	1.32			+
	MSCI ACWI P/S	1.61	1.36	1.13	+		
Avg P/S Ratio (US/ACWI)	1.39	1.29	1.37			+	
Solvency	S&P 500 Debt/EBITDA	4.74	4.18	1.89			+
	MSCI ACWI Debt/EBITDA	6.33	5.96	1.06	+		
	Avg Debt/EBITDA Ratio (US/ACWI)	0.75	0.70	1.36			+
Growth	S&P 500 LT EPS Gr (Fwd)	8.48	8.97	-0.08		-	
	MSCI ACWI LT EPS Gr (Fwd)	5.89	9.84	-0.10		-	
	Avg Growth Ratio (US/ACWI)	1.44	0.99	0.71		-	
Economy	Currency (USD v Broad Basket)	97.39	89.17	0.96		-	

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Equity Review

- Valuation multiples ticked up across the board for both U.S. equities and equities outside of the U.S., and were above their long-term averages.
- Debt levels are now above long-term averages for both U.S. and global (R.O.W.) stocks, suggesting more concerning leverage conditions.
- Expected earnings growth remains below 10-year averages for both domestic and R.O.W. equities. However, both estimates increased from last quarter.
- The U.S. dollar weakened in the quarter and was a relative tailwind to international returns.

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	18.99	17.29	0.65	-	
	MSCI ACWI Current P/E	20.64	17.21	1.48	+	
	Avg P/E Ratio (EAFE/ACWI)	0.92	1.01	-1.30	+	
	MSCI EAFE EV/EBITDA [^]	9.70	9.25	0.52	-	
	MSCI ACWI EV/EBITDA	12.29	10.20	1.56	+	
	Avg EV/EBITDA Ratio (EAFE/ACWI)	0.79	0.91	-2.19	++	
	MSCI EAFE P/S	1.06	1.04	0.15	-	
	MSCI ACWI P/S	1.61	1.36	1.13	+	
Avg P/S Ratio (EAFE/ACWI)	0.66	0.77	-3.29	++		
Solvency	MSCI EAFE Debt/EBITDA	8.25	8.30	-0.07	-	
	MSCI ACWI Debt/EBITDA	6.33	5.96	1.06	+	
	Avg Debt/EBITDA Ratio (EAFE/ACWI)	1.30	1.39	-1.56	+	
Growth	MSCI EAFE LT EPS Gr (Fwd)	5.76	6.41	-0.01	-	
	MSCI ACWI LT EPS Gr (Fwd)	5.89	9.84	-0.10	-	
	Avg Growth Ratio (EAFE/ACWI)	0.98	0.67	0.13	-	
Economy	USD/EUR	1.12	1.22	-0.82	-	

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- Both non-U.S. developed and R.O.W. equity valuations moved above their long-term averages. Non-U.S. developed equities continue to remain more attractive from a valuation standpoint.
- Debt levels for non-U.S. developed stocks remain below their long-term average, whereas R.O.W. debt levels moved above their long-term average.
- Earnings growth forecasts for both non-U.S. developed and R.O.W. rose in the quarter.
- The euro strengthened versus the U.S. dollar. 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	16.42	13.40	1.83			+
	MSCI ACWI Current P/E	20.64	17.21	1.48	+		
	Avg P/E Ratio (EM/ACWI)	0.80	0.78	0.17		-	
	MSCI EM EV/EBITDA [^]	9.82	8.13	1.96			+
	MSCI ACWI EV/EBITDA	12.29	10.20	1.56	+		
	Avg EV/EBITDA Ratio (EM/ACWI)	0.80	0.80	-0.07		-	
	MSCI EM P/S	1.27	1.16	0.82		-	
	MSCI ACWI P/S	1.61	1.36	1.13	+		
	Avg P/S Ratio (EM/ACWI)	0.79	0.87	-0.56		-	
Solvency	MSCI EM Debt/EBITDA	5.20	4.08	1.65			+
	MSCI ACWI Debt/EBITDA	6.33	5.96	1.06	+		
	Avg Debt/EBITDA Ratio (EM/ACWI)	0.82	0.69	1.08			+
Growth	MSCI EM LT EPS Gr (Fwd)	5.12	8.47	-0.20		-	
	MSCI ACWI LT EPS Gr (Fwd)	5.89	9.84	-0.10		-	
	Avg Growth Ratio (EM/ACWI)	0.87	0.82	0.08		-	

- Both EM equity and R.O.W. equity valuations are above their historical valuation multiples. EM equities appear to be at an appropriate discount to R.O.W. equities.
- Debt levels for both EM countries and for R.O.W. have increased.
- Growth estimates have improved for both EM and R.O.W. but still remain below their long-term averages.

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Source: MSCI