



Canterbury Consulting

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Global Positioning Statement™

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December 31, 2022

Drivers of the Market

Markets Improve Amidst Cooling Inflation

- Despite the challenging year, the U.S. equity markets made gains in the quarter, with much of the progress made in November. Improved GDP revisions, strong corporate earnings, and potential signs that elevated inflation could be cooling benefitted the markets.
- European equities and emerging markets (EM) equities also rose in the quarter. In China, the markets benefitted from Beijing loosening its pandemic restrictions. Despite the Eurozone's energy and economic concerns, equities rallied in the quarter, notably in energy, financials, consumer discretionary, and industrials.
- Amid elevated inflation, the Federal Reserve raised the key interest rate twice, 75 basis points in November and 50 basis points in December to a range between 4.25% - 4.50%. Chairman Powell communicated that the pace of interest rate hikes is likely to slow given that inflation is showing signs of cooling, however, would keep rates at higher levels for longer.
- The treasury yield curve increased on the front-end given the expected pace of interest rate hikes by the Fed, while the long end had little change over the quarter. As a result, the yield curve between 2-year and 10-year maturities inverted further. Investment grade (IG) spreads narrowed from 167 basis points (bps) to 138 bps over the quarter while high yield (HY) spreads narrowed from 543 bps to 479 bps.
- Inflation, measured by CPI, remained persistently elevated over the quarter but slowed down to a year-over-year rate of 6.5% in December. CPI excluding food and energy, generally viewed as sticky inflation or Core CPI, decreased to a year-over-year rate of 5.7%. 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.

Fourth Quarter 2022

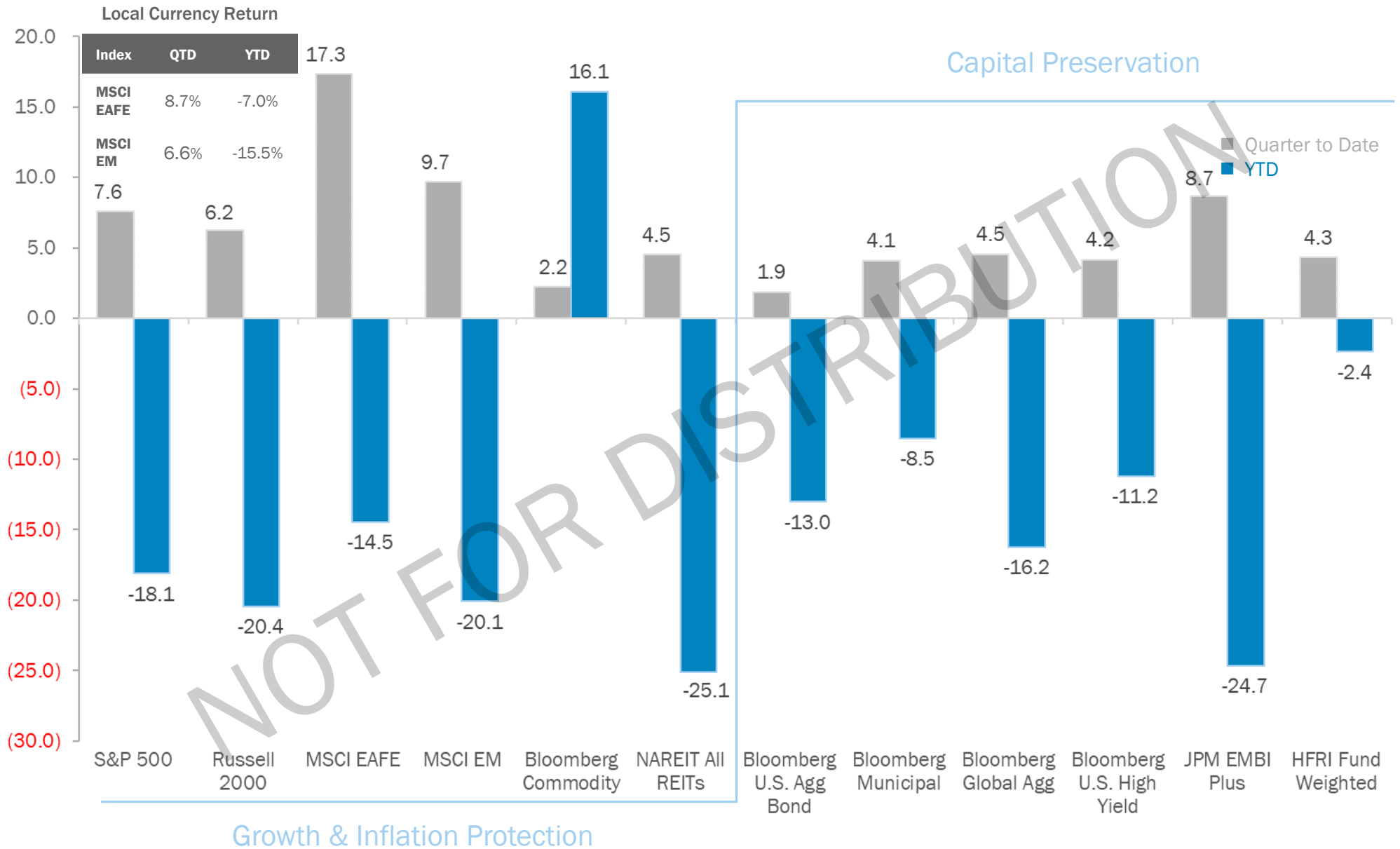
Returns through December 31, 2022

Index	QTD	YTD
Growth MSCI ACWI	9.8%	-18.4%
Capital Preservation Bloomberg Global Aggregate	4.6%	-16.3%
Inflation Protection Morningstar U.S. Real Asset*	6.5%	-8.2%

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

Index Returns (%)

Through December 31, 2022



Source: Morningstar

Year over Year Statistics¹

	December 29, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 30, 2022
S&P 500	2,673.61	2,506.85	3,230.78	3,756.07	4,766.18	3,839.50
S&P 500 EPS	124.47	150.68	154.87	123.68	192.85	206.27
P/E of S&P 500	21.48	16.64	20.86	30.37	24.71	18.61
P/E of MSCI EAFE	17.54	14.15	19.33	39.14	15.64	12.99
P/E of MSCI EM	14.16	10.86	15.84	22.19	13.55	11.48
S&P 500 Earnings Yield	4.66	6.01	4.79	3.29	4.05	5.37
Fed Funds Effective Rate	1.30	2.27	1.55	0.09	0.08	3.08
3 Month LIBOR	1.69	2.81	1.91	0.24	0.21	4.77
10 Year Treasury Yield	2.41	2.68	1.92	0.91	1.51	3.87
30 Year Mortgage Rate	3.85	4.51	3.86	2.87	3.27	6.66
Barclays U.S. Agg Yield	2.71	3.28	2.31	1.12	1.75	4.68
Barclays HY Spread	3.43	5.26	3.36	3.60	2.83	4.69
Gold (\$/oz)	1,302.80	1,282.49	1,517.27	1,898.36	1,829.20	1,824.02
WTI Crude Oil (\$/bbl)	60.42	45.41	61.06	48.52	76.99	80.26
Unemployment Rate	4.10	3.90	3.60	6.70	3.90	3.50
Headline CPI ²	2.10	1.90	2.30	1.40	7.00	6.50
VIX Index	11.04	25.42	13.78	22.75	17.22	21.67

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
2022	0.4%	3.9%	4.4%	3.51%	\$223.51	17.18	\$159.43	12.19	\$79.66	12.01
2023	1.3%	2.5%	4.8%	3.25%	\$233.14	16.47	\$161.31	12.05	\$84.08	11.37

1) Source: Bloomberg

2) Values are carried forward from the most recent reported value (12/31/2022)

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. Dec. 31, 2022 - Dec. 31, 2023). 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: Above avg. spreads

Volatility (VIX): Above avg. volatility

Yield Curve

Investor Sentiment

Normal Growth

U.S. GDP Growth: Above average growth

U.S. Unemployment: Below avg. unemployment

U.S. Credit Markets

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

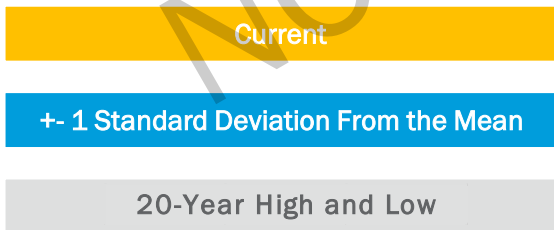
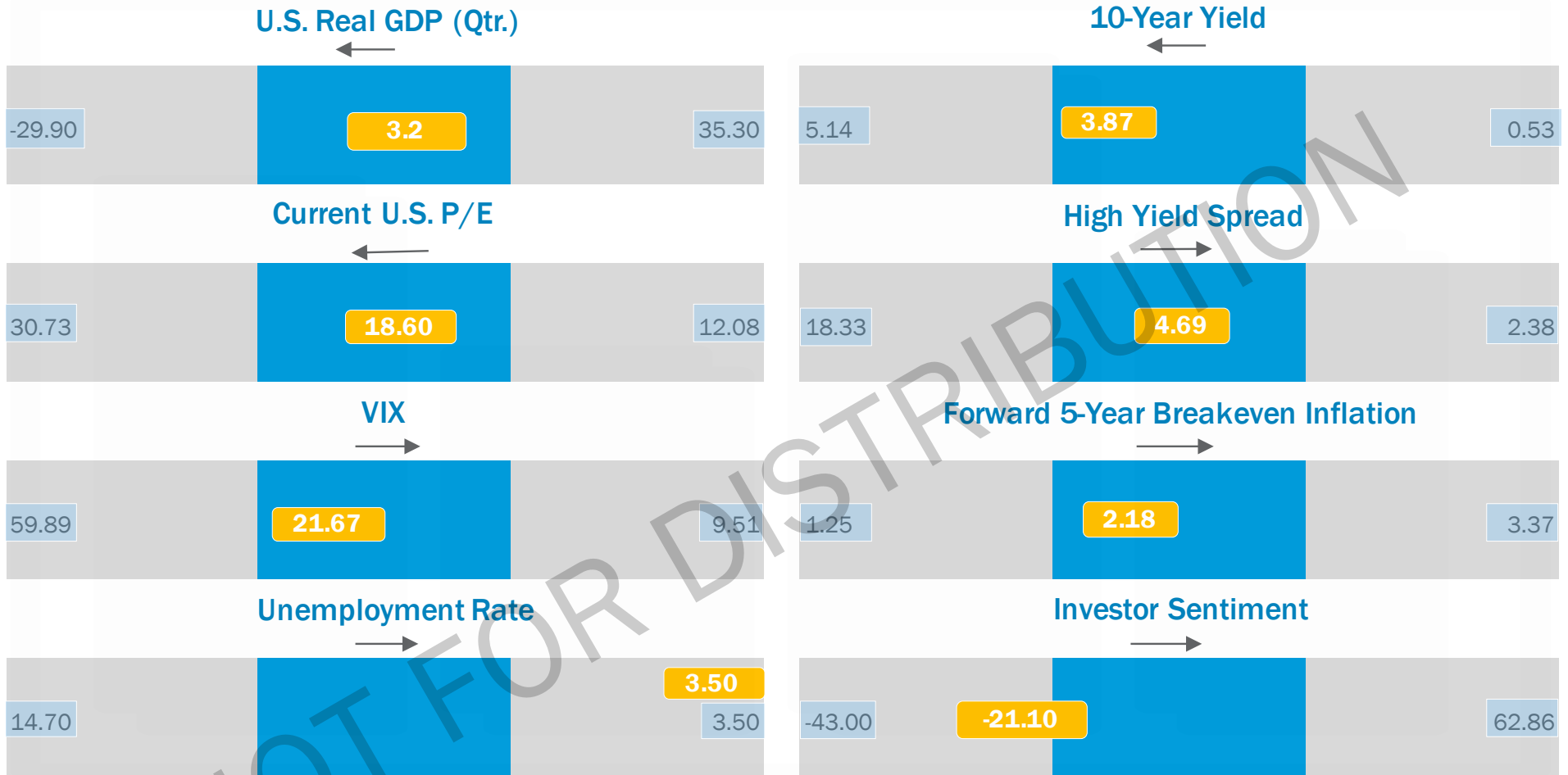
Metrics	Quarter avg.	10-year avg.
U.S. GDP Growth: Prior quarter U.S. Real GDP versus the 10 year U.S. Real GDP average*	3.2%	2.4%
U.S. Unemployment: Quarter avg. unemployment rate versus the 10 year average	3.6%	5.4%
U.S. Credit Markets: Quarter avg. Barclays US Corporate HY Average OAS versus the 10 year average	460	432
Volatility (VIX): Quarter avg. VIX average versus the 10 year VIX average	22.7	18.2
Yield Curve: Quarter avg. 30-year yield minus the quarter avg. 2-year yield versus the 10 year average	(-45) bps	156 bps
Investor Sentiment: Quarterly Sentiment spread versus the 10 year average spread. Spread measured by difference between Bull Sentiment Index and Bear Sentiment Index.	-17.2	2.5

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

Source: Bloomberg

Global Positioning Indicators

Through December 31, 2022



Source: Bloomberg