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Global Positioning Statement™

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December 31, 2017

Drivers of the Market

Risk Assets Continue to Climb as Volatility Disappears

- Risk assets continued to move higher on the back of strong global economic activity. Investor sentiment rose as market participants weighed the potential benefits from U.S. tax reform. The VIX remained at a historically low level over the quarter. The lack of volatility was consistent throughout the year, making 2017 one of the least volatile years in the stock market's history
- U.S. equities posted their ninth consecutive year of gains, which is tied for the longest stretch without a down year. Large-cap stocks outperformed small-caps on the back of a weaker U.S. dollar and strong global growth. International equities performed even better, outpacing the S&P 500 for the first time since 2012
- Core fixed income was neutral to slightly negative over the quarter as interest rates moved higher and credit spreads stayed range-bound. The FOMC hiked interest rates an additional 25 basis points in December, however, the move was expected. High yield and EM debt generated positive returns from income, however the lack of volatility resulted in little price movement. Latin American bonds (i.e. Brazil) finished the year strong as investors became more comfortable with higher quality emerging markets
- Energy-related assets moved higher over the quarter as oil approached $60 per barrel. Sustained OPEC production cuts, declining inventories, and steady demand resulted in gradual price appreciation

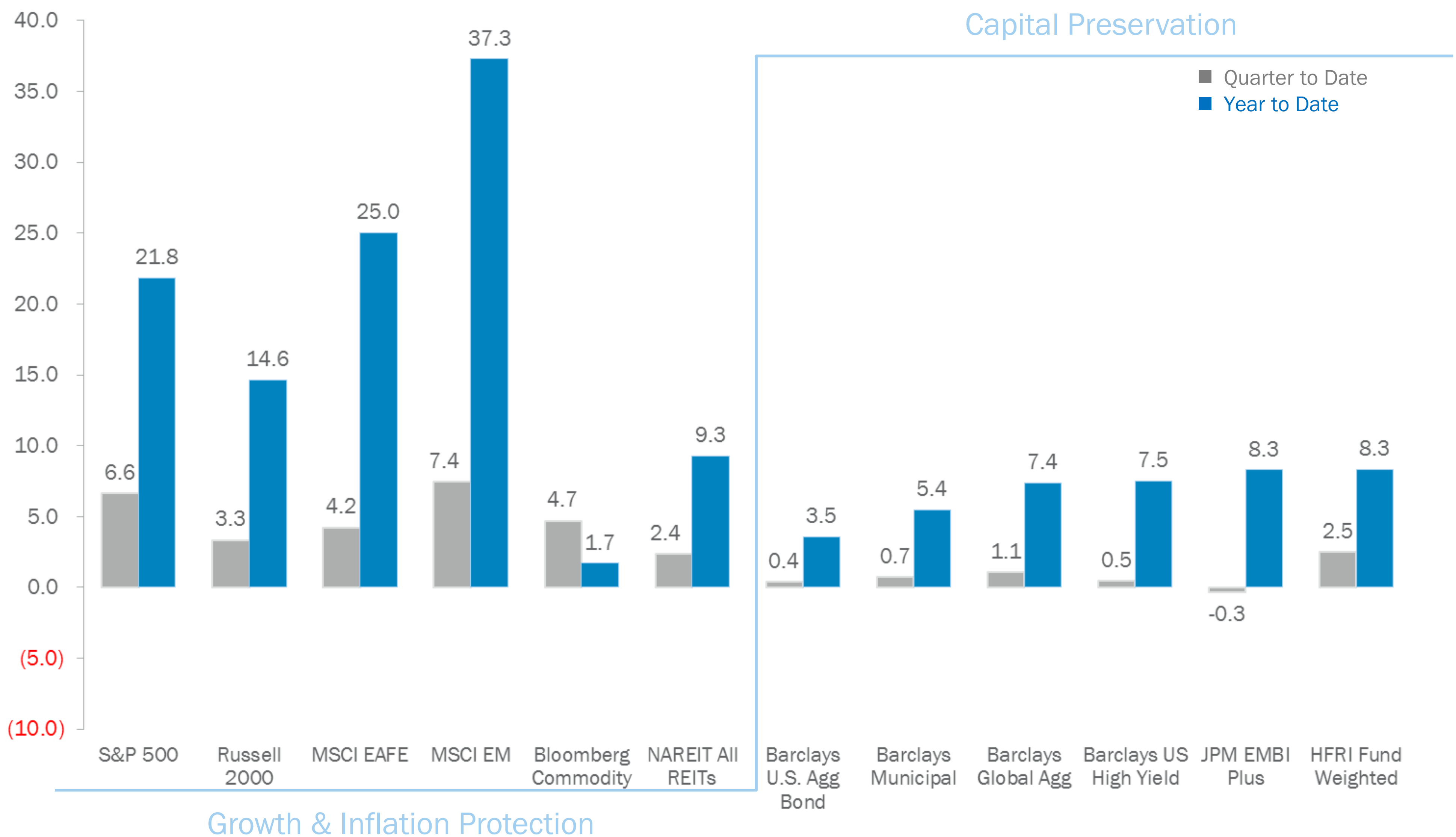
Returns through December 31, 2017

Index	QTD	YTD	1 Year
Growth MSCI ACWI	5.7%	24.0%	24.0%
Capital Preservation Barclays Global Aggregate	1.1%	7.4%	7.4%
Inflation Protection Morningstar U.S. Real Asset*	3.3%	3.4%	3.4%

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

Index Returns (%)

Through December 31, 2017



December 31, 2017

Source: Morningstar

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Economic Data

Year over Year Statistics[1]

	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 30, 2016	December 29, 2017
S&P 500	1,426.19	1,848.36	2,058.90	2,043.94	2,238.83	2,673.61
S&P 500 EPS	99.09	105.85	112.40	108.79	108.84	119.11
P/E of S&P 500	14.39	17.46	18.32	18.79	20.57	22.45
P/E of MSCI EAFE	16.79	17.97	16.75	21.35	20.00	19.91
P/E of MSCI EM	13.00	10.78	13.06	15.26	14.13	15.93
S&P 500 Earnings Yield	6.95	5.73	5.46	5.32	4.86	4.46
Fed Funds Effective Rate	0.16	0.09	0.12	0.24	0.54	1.30
3 Month LIBOR	0.31	0.25	0.26	0.61	1.00	1.69
10 Year Treasury Yield	1.76	3.03	2.17	2.27	2.44	2.41
30 Year Mortgage Rate	3.40	4.54	3.99	3.90	4.06	3.85
Barclays U.S. Agg Yield	2.71	3.26	3.11	3.67	3.37	3.25
Barclays HY Spread	5.11	3.82	4.83	6.60	4.09	3.43
Gold ($/oz)	1,675.35	1,201.64	1,184.37	1,061.10	1,147.50	1,302.80
WTI Crude Oil ($/bbl)	91.82	98.42	53.27	37.04	53.72	60.42
Unemployment Rate	7.90	6.70	5.60	5.00	4.70	4.10
Headline CPI[2]	1.70	1.50	0.80	0.70	2.10	2.20
VIX Index	18.02	13.72	19.20	18.21	14.04	11.04

Forward Looking Forecasts[1]

	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]
2017	2.3%	2.1%	4.4%	2.4%	$142.95	18.70	$133.39	15.37	$88.58	13.08
2018	2.6%	2.2%	4.0%	2.9%	$148.05	18.06	$137.54	14.91	$92.88	12.47

(1) Source: Bloomberg
(2) Values are carried forward from the most recent reported value (11/30/2017)
(3) Forecasts are consensus opinions from 98 forecasting agencies (Median)
(4) 2017: Forward 12 month estimate 2018: Forward 24 month estimate
Estimate calculated from quarter end (i.e. Dec. 31, 2017 – Dec. 31, 2018). Price in P/E ratio static as of quarter end

Current U.S. Economic Conditions: Normal Growth

Contraction

U.S. GDP Growth: 0.0% - 1.9%

U.S. Earnings: Meeting forecasts

U.S. Credit Markets: Expanding spreads

Volatility (VIX): 25-40

Yield Curve: Flattening yield curve

Investor Sentiment: Demand greater risk premium

Normal Growth

U.S. GDP Growth: 2.0% - 4.0%

U.S. Earnings: Meet or Exceed forecasts

U.S. Credit Markets: Normal spreads, Normal defaults

Volatility (VIX): Normal 15-25

Yield Curve: Yield curve stable

Investor Sentiment: Investors showing rational buying

Panic

U.S. GDP Growth: Negative

U.S. Earnings: Worse than pessimistic forecasts

U.S. Credit Markets: Wide spreads, High defaults

Volatility (VIX): > 40

Yield Curve: Inverted yield curve

Investor Sentiment: Investors sell indiscriminately

Manic Growth

U.S. GDP Growth: Greater than 4.0%

U.S. Earnings: Exceed optimistic forecasts

U.S. Credit Markets: Low defaults, Low spreads

Volatility (VIX): Below 15

Yield Curve: Yield curve steepens

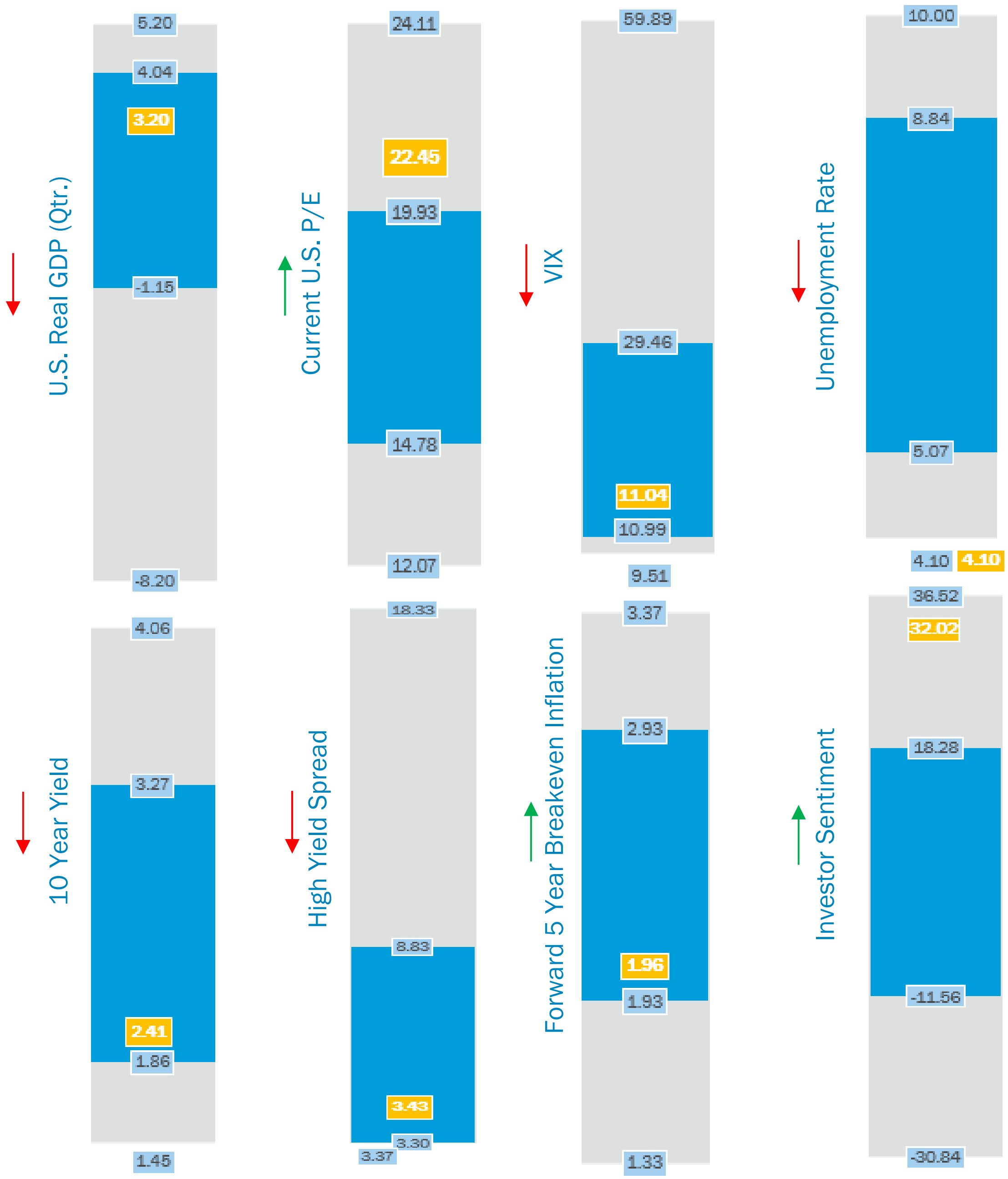
Investor Sentiment: Investors eager to purchase at any price

Measurements

***U.S. GDP Growth:** Quarterly U.S. Real GDP standard deviation from 10 year U.S. Real GDP*
***U.S. Earnings:** Compare S&P earnings estimates to the % of earnings that met or exceeded forecasts*
***Spreads:** Quarterly Barclays HY Bond spread standard deviation from 10 year Barclays HY Bond spread*
***Defaults:** Quarterly HY default rate standard deviation from 10 year HY default rate*
***Volatility:** Quarterly VIX standard deviation from 10 year VIX*
***Yield Curve:** Difference between U.S. 30 year rates and 2 year rates*
***Sentiment:** Spread between Bull Sentiment Index and Bear Sentiment Index. Quarterly spread standard deviation from 10 year spread*

Global Positioning Indicators

Fourth Quarter 2017



Current

+- 1 Standard Deviation From the Mean

10-Year High and Low

Higher Current Number (YoY)

Lower Current Number (YoY)

- Canterbury monitors several economic and market indicators to help detect potential imbalances or trends
- Risk assets continued to move higher on the back of strong global economic activity. Investor sentiment rose as market participants weighed the potential benefits from U.S. tax reform
- The VIX remained at a historically low level over the quarter. The lack of volatility was consistent throughout 2017

Global Positioning Statement™

Canterbury's Position

	GROWTH		CAPITAL PRESERVATION		INFLATION PROTECTION
Asset Class	Public Equity	Private Equity	Fixed Income	Hedge Funds	Real Assets
Benchmark	MSCI ACWI	Cambridge U.S. Private Equity Index	Barclays Global Aggregate	HFRI Fund Weighted	Morningstar U.S. Real Asset
Canterbury Positioning	1. Consider rebalancing back to emerging markets target if underweight 2. Allocate to high active share strategies	1. Focus on operational hands-on strategies 2. Prudent use of leverage	1. Maintain diversification & defensive posture with interest rates and credit 2. Maintain home country bias	1. Balance allocations between long/short equity and long/short credit	1. Diversify exposure to real assets 2. Rebalance real asset exposure
Reason	1. Better diversification and lower valuations in emerging markets 2. Later stage recovery and rising interest rates support thoughtful security selection	1. Persistent value creation independent of market cycle 2. Late stage in the recovery	1. Interest rate risk is expensive in the current low rate environment. Credit spreads are tighter than median levels 2. Less non-U.S. developed currency risk and a better hedge against investor liabilities	1. Equity and credit strategies look equally attractive	1. Increases the reliability of the asset class against inflation 2. Many investors' allocations to real assets have fallen below target ranges
Positioning Shifts	None	None	None	None	None