

Helping Clients Prosper.



DiMeo SCHNEIDER
& ASSOCIATES, L.L.C.

QUARTERLY CONSIDERATIONS

JUNE 30, 2020

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QUARTERLY CONSIDERATIONS



Retirement Plans

- The DOL released a proposed regulation pertaining to a fiduciary's duties when investing in ESG investments and a newly proposed fiduciary rule. See our [Fiduciary Governance Calendar](#) for details of both proposals.
- The 30th Annual Retirement Confidence Survey¹ showed:
 - 4 in 5 workers say they would like help calculating how much to save for retirement
 - 86% are interested in planning for health care expenses
 - 77% are interested in access to an emergency savings account or program



Nonprofit Organizations

- An Intentional Endowments Network report concluded that a thoughtful approach to ESG investing can have meaningful impact and drive positive change for endowments and foundations, while maintaining or even improving performance. Ask us if you'd like to learn more about [Mission Aligned Investing™](#).
- A recent Gallup poll found charitable giving has fallen to a 19-year low in the U.S., with the biggest declines among middle and lower income Americans.



The Wealth Office™

- While the bear market earlier this year may have had little historical precedent given the nature of the COVID-19 pandemic, investors may gain helpful insights [reviewing past bear markets and subsequent recoveries](#).
- **RMD Clarity** – the IRS just released a notice giving greater clarity for individuals who already completed a RMD earlier this year. Ask us for a summarized outline of the IRS notice.



Financial Institutions

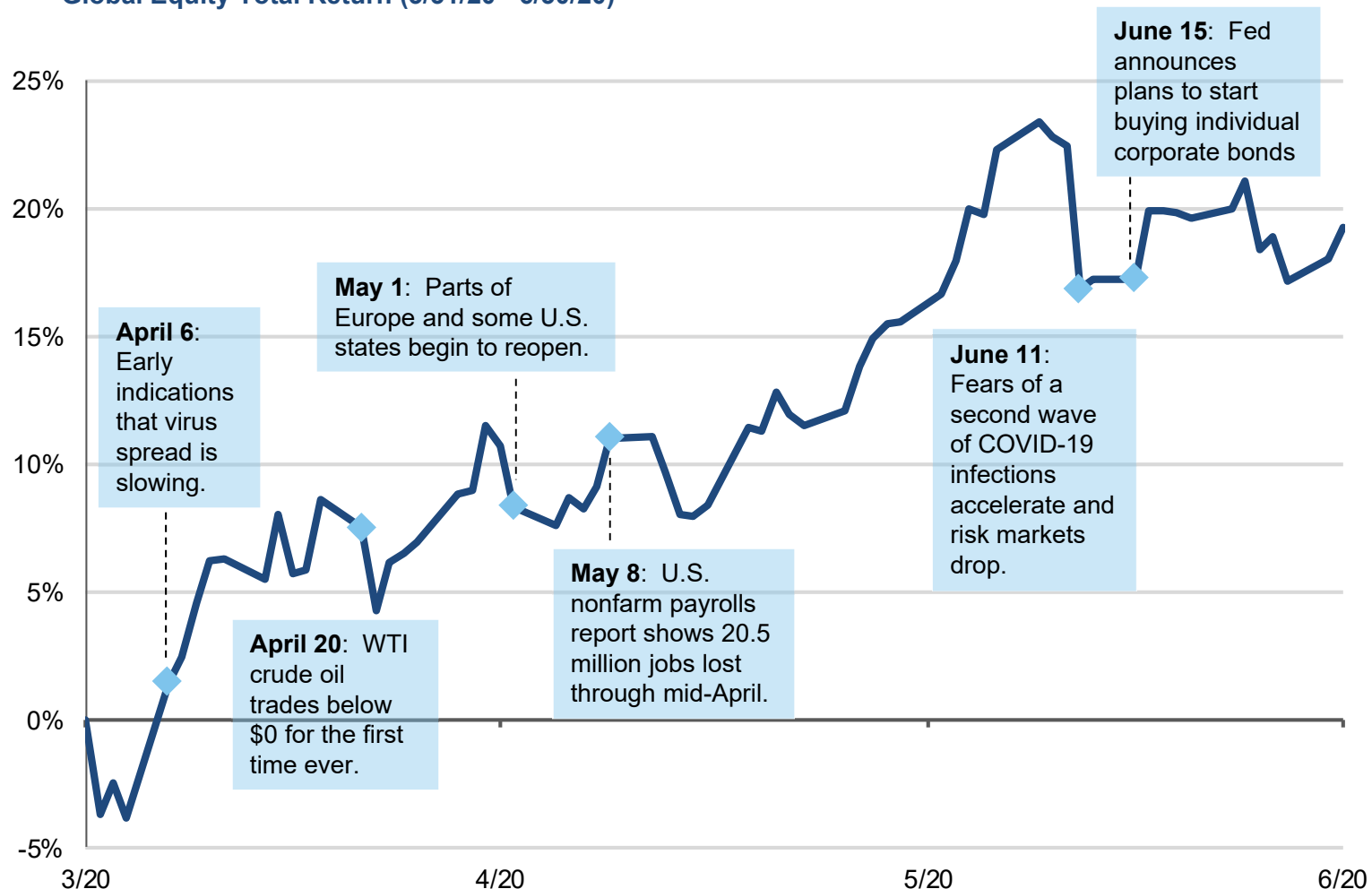
- 58% of advisors indicated that calling clients throughout the global pandemic proved most effective², but it's time consuming and takes away from investment due diligence and marketing efforts. We provide our financial institutions partners with a **turn-key library** of research and content available for private label.
- Contact our Financial Institutions Practice to obtain the full results of our recent survey and learn about marketing and communication support resources.

1. 2020 Retirement Confidence Survey by Employee Benefit Research Institute (EBRI) and Greenwald & Associates. 2. DiMEO Schneider Advisor Pulse Survey. As of 6/30/20. Please reference the disclosures at the end of this presentation for additional information related to the material presented.



2Q 2020 MARKET EVENTS

Global Equity Total Return (3/31/20 - 6/30/20)



Key 3Q 2020 Dates

July

- 28-29:** FOMC Meeting
- 30:** U.S. Q2 GDP report (first estimate)
- 31:** Tentative end to extra \$600/week of unemployment benefits

August

- 17-20:** Democratic national convention
- 24-27:** Republican national convention

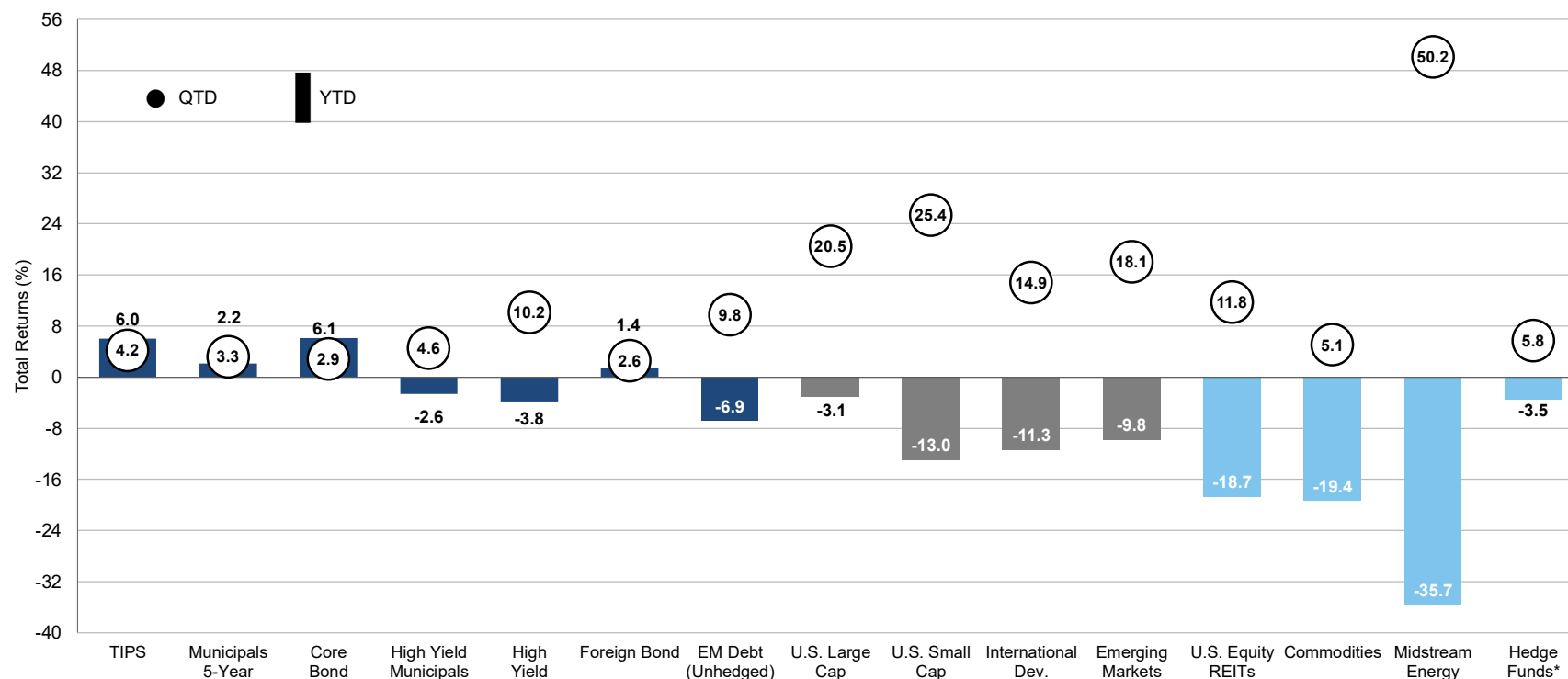
September

- 29:** First presidential debate

Source: Bloomberg as of 6/30/20. Global Equity represented by MSCI ACWI Net Total Return USD Index.



ASSET CLASS PERFORMANCE



*Hedge fund returns are lagged 1 month. Sources: Bloomberg, J.P. Morgan, Russell, MSCI, FTSE Russell, Alerian. Hedge Funds returns as of 5/31/20. All other returns as of 6/30/20.

Fixed Income (2Q 2020)

- + Stable Treasury rates
- + Risk-on tone benefitted spread sectors
- + Fed's credit facilities

Equities (2Q 2020)

- + Reopening optimism
- + Rebound in some business activity
- + Fiscal and monetary policy response to the global pandemic

Real Assets / Alternatives (2Q 2020)

- + Oil price rebound in May and June
- + Lower and more stable interest rates benefitted real estate

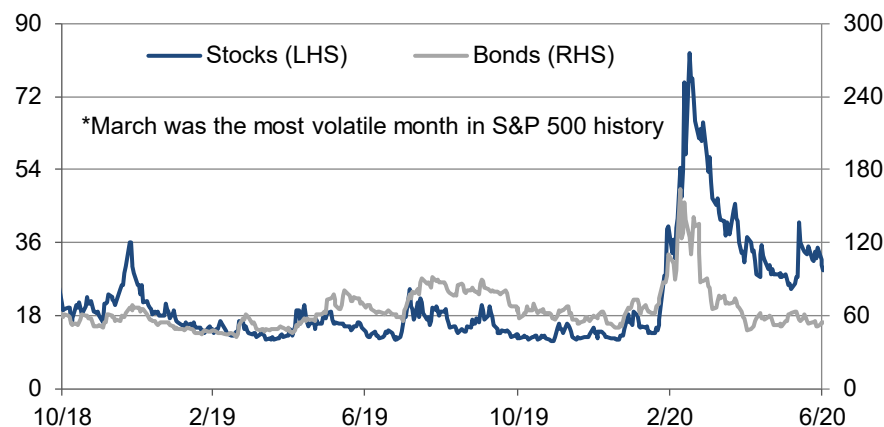
See disclosures for list of indices representing each asset class.



MARKET THEMES

Volatility – Stocks (VIX) and Bonds (MOVE)

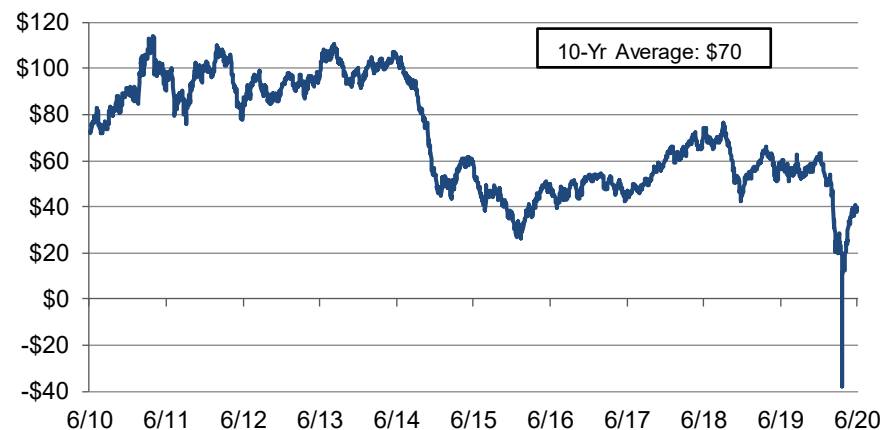
Volatility levels fell from March peaks but remains elevated for equities amid continued COVID-19 uncertainty.



Source: Bloomberg.

WTI Crude Oil Prices

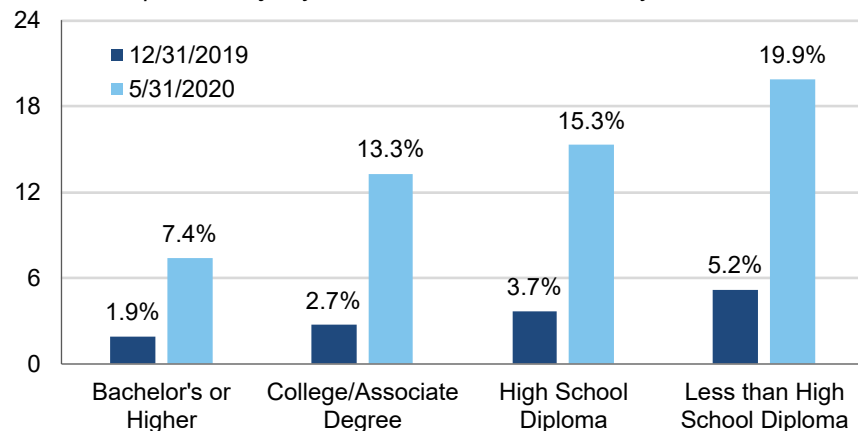
Oil futures contracts fell to an all-time low of -\$38 on April 20th but rallied back to a positive but still depressed level around \$40 per barrel.



Source: Bloomberg

U.S. Unemployment Rate by Education Level (%)

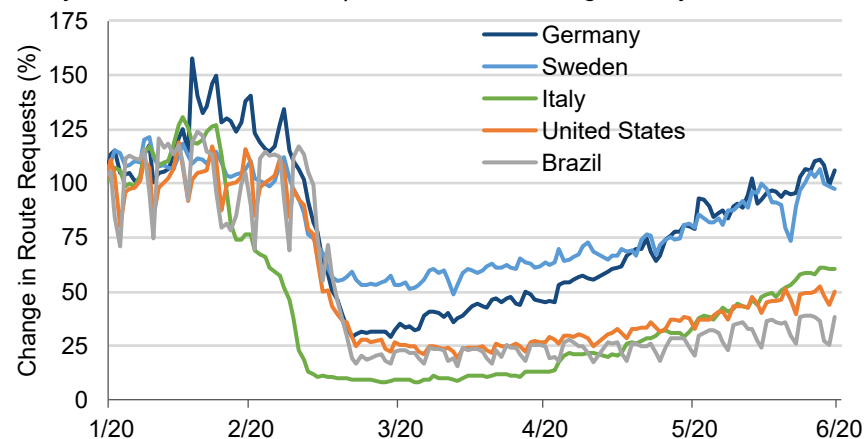
Job losses spiked in the second quarter, notably for those less-educated that comprise a majority of the service-related industry workforce.



Source: U.S. Bureau of Labor Statistics (BLS)

Change in Apple Maps Route Requests (Public Transit)

Reopening measures and the implications on economic activity remain a key focus with several European countries leading the way.



Source: Apple Mobility Trends Report



MARKET THEMES

Equity – Growth vs. Value

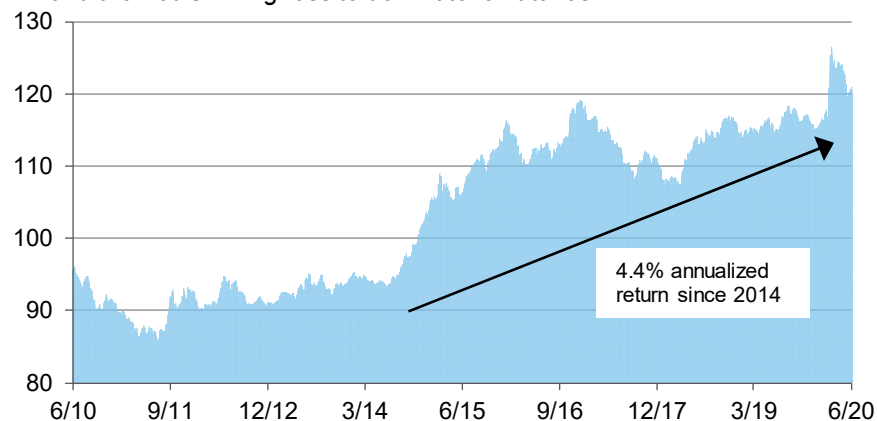
The rally in growth stocks continued for much of the second quarter with the exception of a couple weeks in early June.



Source S&P.

Trade Weighted U.S. Dollar

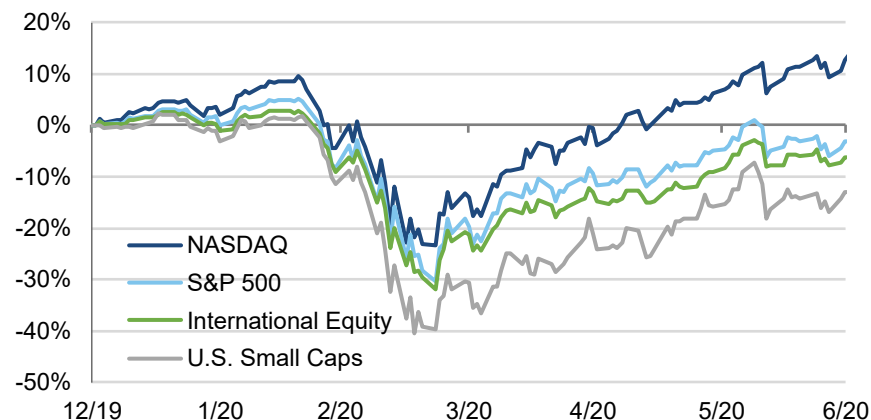
U.S. dollar weakness emerged amid increased monetary accommodation and the Fed's willingness to do whatever it takes.



Source: Federal Reserve based on H.10 exchange rate data.

Equity Performance – Sector, Region, Market Cap

Technology-heavy NASDAQ was the clear outperformer, whereas U.S. small caps have struggled to recover from a 40% drop in late March.



Sources: NASDAQ, S&P, MSCI, Russell.

Monetary Policy Rates

Central bank policy rates remain low and have been cut even further toward the zero bound in the U.S. and U.K.

Country / Region	Policy Rate	Latest Rate Change
China	3.85%	▼ 20bps cut on 4/20/20
U.S.	0.25%	▼ 100bps cut on 3/15/20
United Kingdom	0.10%	▼ 15bps cut on 3/19/20
Europe	-0.50%	▼ 10bps cut on 9/12/19
Japan	-0.10%	▼ 10bps cut on 1/28/16

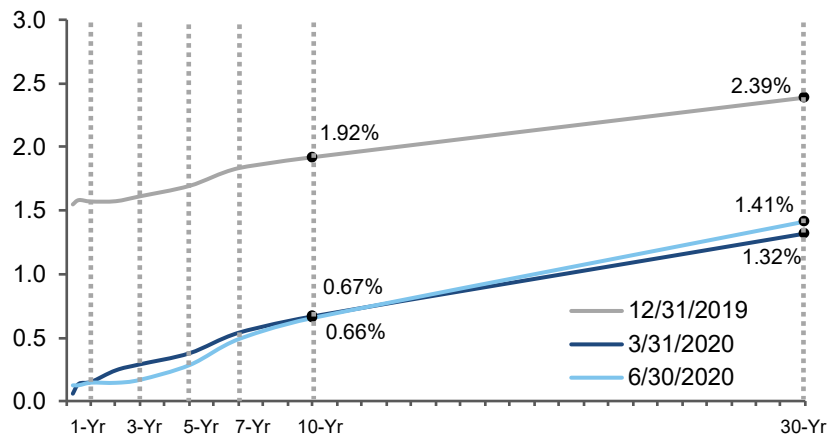
Sources: Chinese Central Bank, Federal Reserve, UK Central Bank, European Central Bank, Japanese Central Bank.



FIXED INCOME MARKET UPDATE

U.S. Treasury Curve

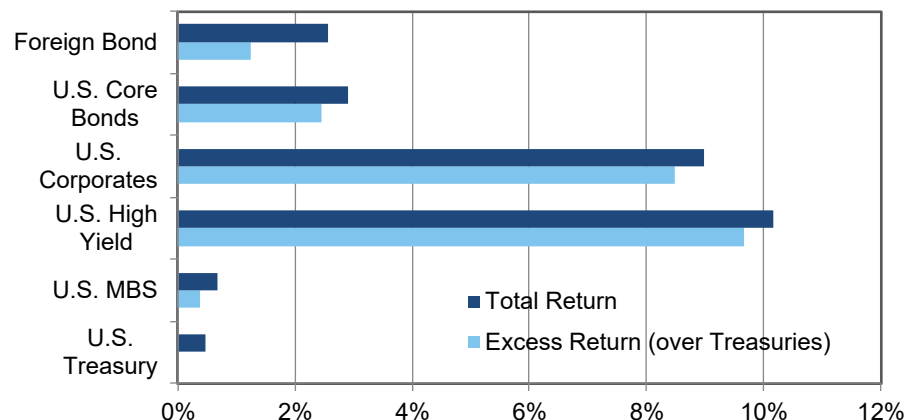
U.S. Treasury yields traded relatively flat with the Fed keeping the front-end anchored and economic uncertainty weighing on the back-end.



Source: Bloomberg.

Index Performance Attribution (2Q20)

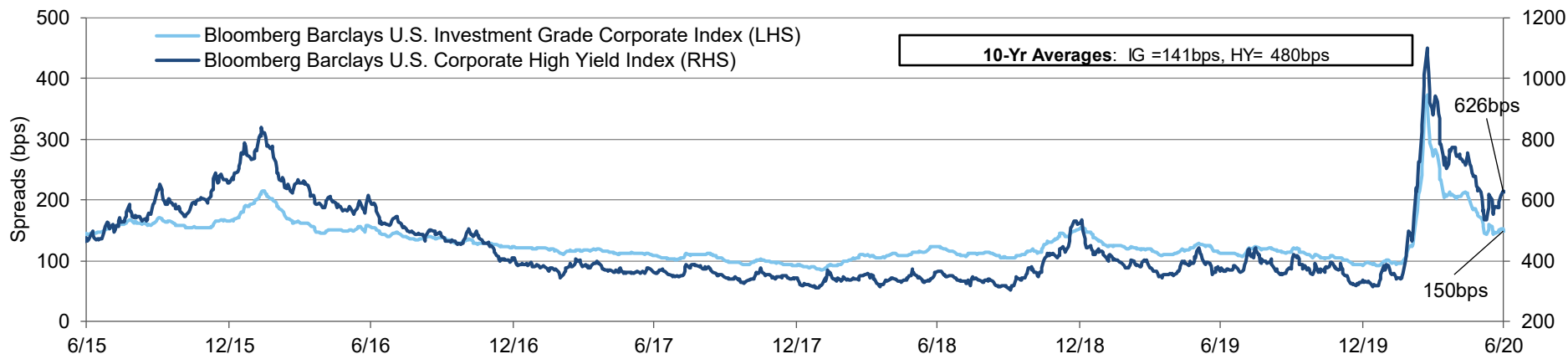
Positive performance driven by spread compression – notably different from the first quarter when risk-free rates fell and spreads widened.



Source: Bloomberg.

Credit Market Spreads – Trailing 5 Years

The late-March spread rally carried over into the second quarter with investment grade and high yield spreads tightening 122bps and 254bps, respectively. High-yield spreads remain over 140bps above the 10-year average, perhaps a sign that investors remain cautious about potential defaults.



Source: Bloomberg.

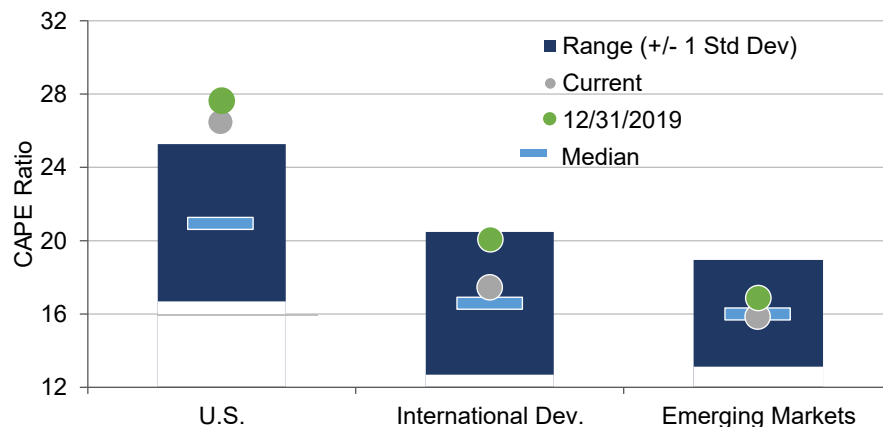
See disclosures for list of indices representing each asset class.



EQUITY MARKET UPDATE

Equity Valuations (Trailing 15 Years)

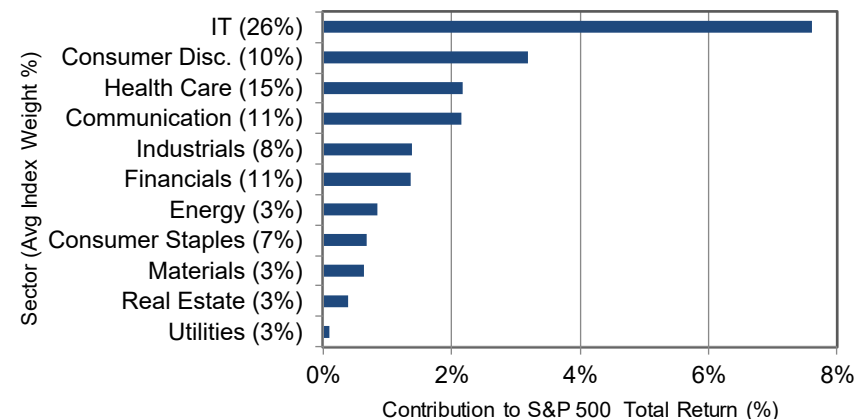
The second quarter equity rally pushed up valuations globally, bringing them very close to pre-COVID 2019 year-end levels.



Source: MSCI as of 6/30/20.

U.S. Equities – Contribution to Return by Sector (2Q20)

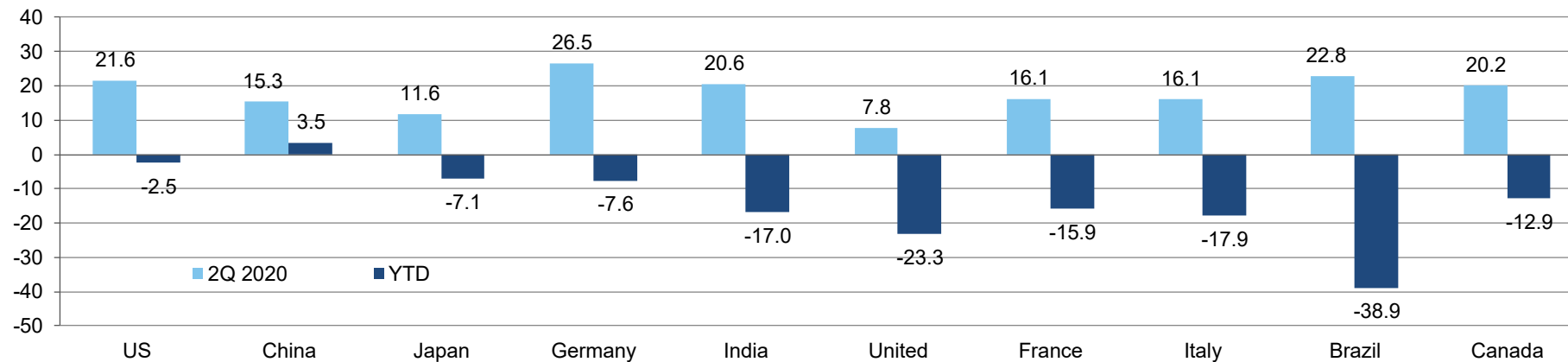
Technology contributed nearly half of the quarterly total return, driven by very strong performance and a meaningful index weight of 26%.



Source: S&P.

Country Total Returns (%) – Top 10 Largest Economies

Optimism about containment of the virus and reopening was expressed in equity prices across the world, which were all positive in the second quarter. That said, the drop experienced in March has left most countries in negative territory for the year.



Source: MSCI.

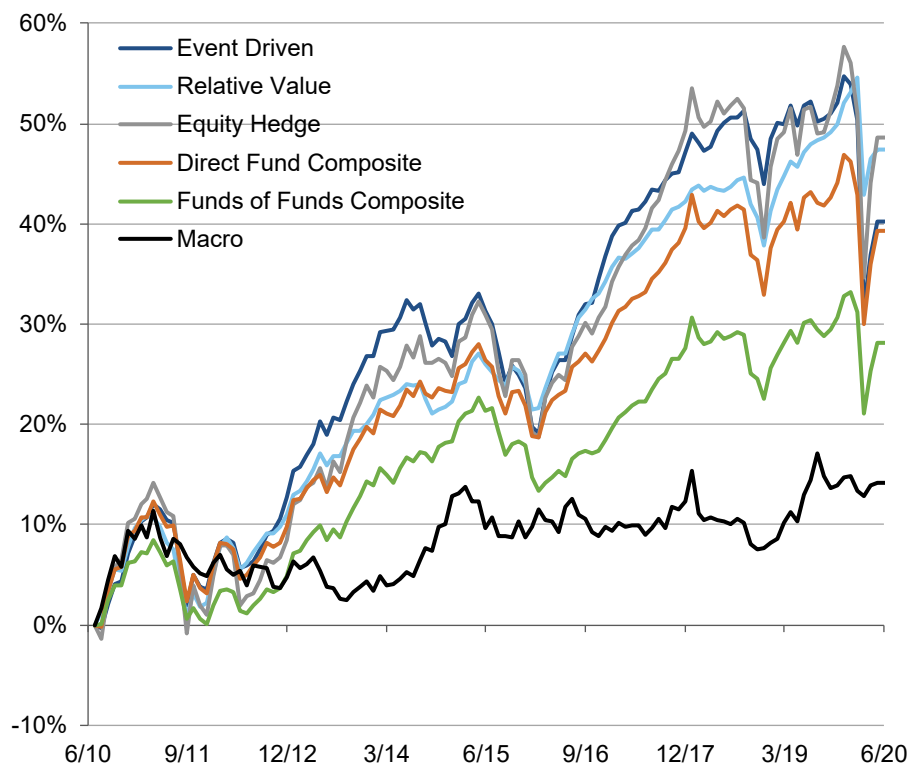
See disclosures for list of indices representing each asset class, region or country. CAPE = cyclically adjusted price/earnings ratio.



ALTERNATIVES MARKET UPDATE

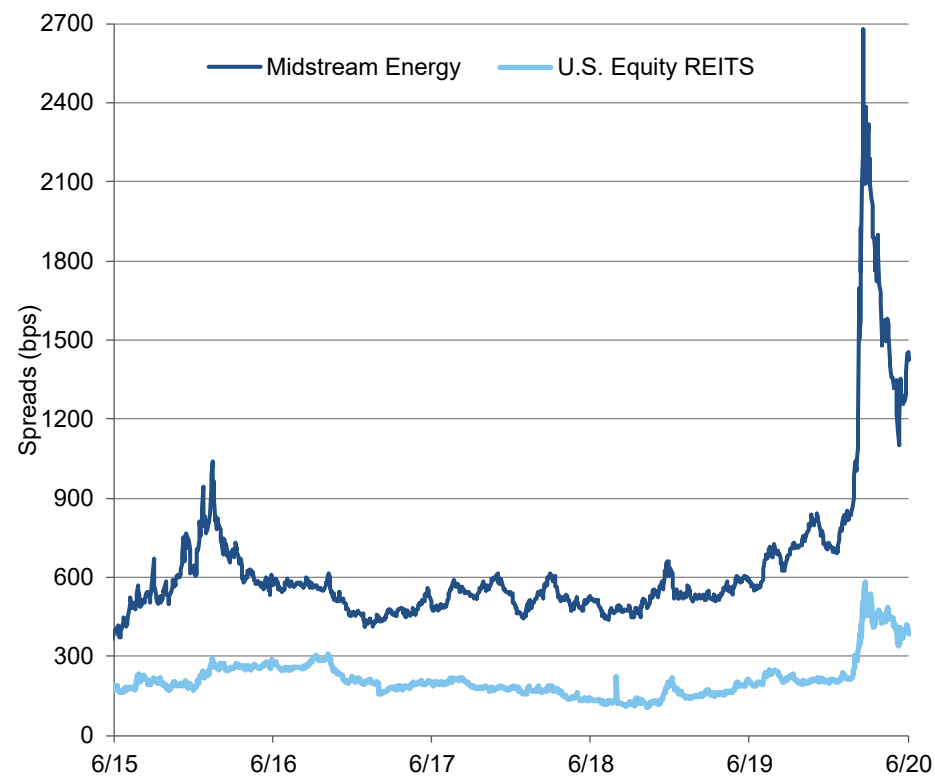
Hedge Fund Cumulative Returns – Trailing 10 Years

Annualized hedge fund returns averaged 2.5% over the last decade, led by Equity Hedge and Relative Value strategies.



Spreads over 10-Year Treasury

Midstream energy and REIT spreads tightened in sympathy with other risk assets but remain wide relative to historical standards, particularly midstream energy given recent oil price pressure.



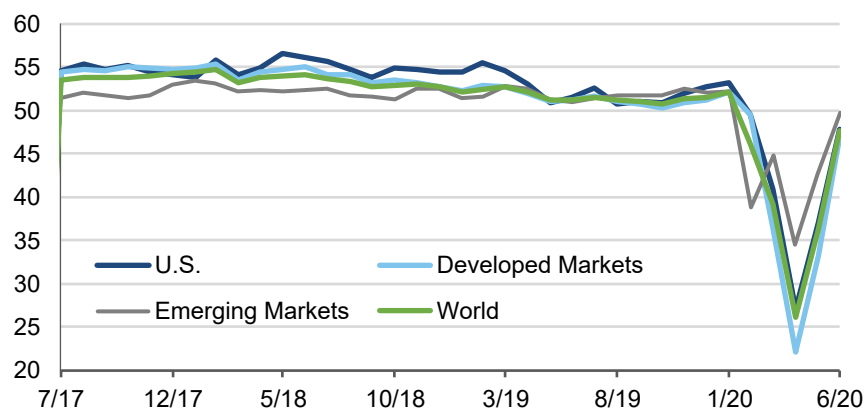
See disclosures for list of indices representing each asset class. Past performance does not indicate future performance.



ECONOMIC REVIEW

PMI Composites

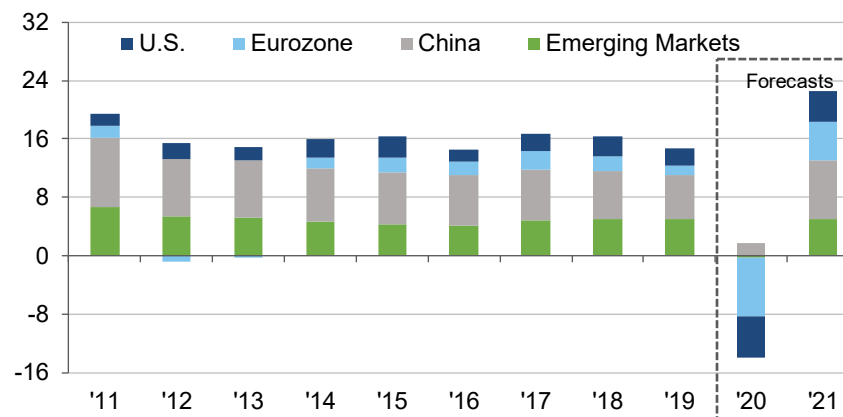
PMI data revealed progress toward more normal economic activity; however, all indices remain below 50 indicating economic contraction.



Sources: Markit, JPMorgan. Subject to one month lag.

Real GDP Growth (YoY)

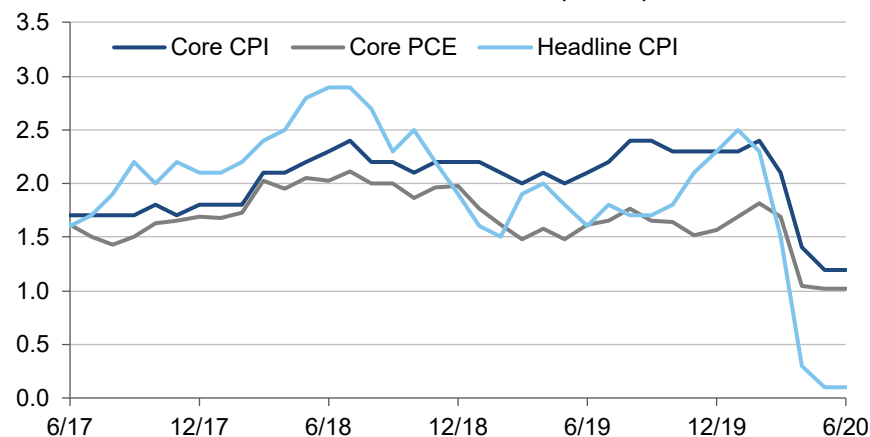
GDP growth forecasts for 2020 are negative for most of the world except China; however, 2021 estimates are more optimistic.



Source: Bloomberg. Forecasts based on Bloomberg survey.

U.S. Inflation

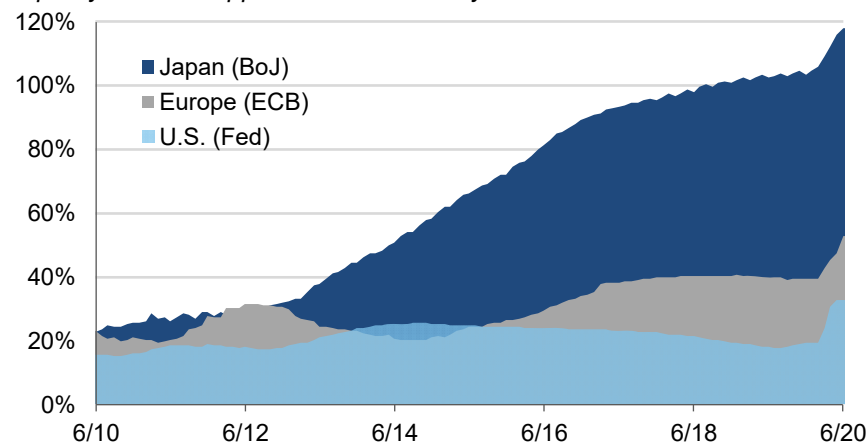
Core inflation dropped off amid the decline in demand given the shutdown. Headline CPI fell even further with the drop in oil prices.



Sources: Bureau of Labor Statistics (BLS), Bureau of Economic Analysis (BEA)

Central Bank Balance Sheets as a Percent of GDP

Despite unprecedented levels of monetary easing, the Fed has a lot more policy room to support economic activity.



Source: Bloomberg



THE CASE FOR DIVERSIFICATION

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	10Yr (Ann)
Midstream Energy 35.6	Midstream Energy 13.9	Emerging Markets 18.2	U.S. Small Cap 38.8	U.S. Equity REITs 30.1	U.S. Equity REITs 3.2	U.S. Small Cap 21.3	Emerging Markets 37.3	High Yield Munis 4.8	U.S. Large Cap 31.5	Core Bond 6.1	U.S. Large Cap 14.0
U.S. Equity REITs 28.0	TIPS 13.6	High Yield Munis 18.1	U.S. Large Cap 32.4	High Yield Munis 13.8	Municipals 5-Year 2.4	Midstream Energy 18.3	International Dev. 25.0	Municipals 5-Year 1.7	U.S. Equity REITs 26.0	TIPS 6.0	U.S. Small Cap 10.5
U.S. Small Cap 26.9	High Yield Munis 9.3	U.S. Equity REITs 18.1	Midstream Energy 27.6	U.S. Large Cap 13.7	High Yield Munis 1.8	High Yield 17.1	U.S. Large Cap 21.8	Foreign Bond 0.5	U.S. Small Cap 25.5	Municipals 5-Year 2.2	U.S. Equity REITs 9.1
Emerging Markets 18.9	U.S. Equity REITs 8.3	International Dev. 17.3	International Dev. 22.8	Core Bond 6.0	U.S. Large Cap 1.4	U.S. Large Cap 12.0	EM Debt (unhedged) 15.2	Core Bond 0.0	International Dev. 22.5	Foreign Bond 1.4	High Yield 6.7
Commodities 16.8	Core Bond 7.8	EM Debt (unhedged) 16.9	Balanced 12.2	Balanced 5.1	Core Bond 0.6	Commodities 11.7	U.S. Small Cap 14.6	TIPS -1.3	Emerging Markets 18.4	High Yield Munis -2.6	Balanced 6.3
EM Debt (unhedged) 15.7	Municipals 5-Year 6.9	U.S. Small Cap 16.3	Hedge Funds 9.0	U.S. Small Cap 4.9	Hedge Funds -0.3	Emerging Markets 11.2	Balanced 13.6	High Yield -2.1	Balanced 17.5	U.S. Large Cap -3.1	High Yield Munis 6.1
High Yield 15.1	High Yield 5.0	U.S. Large Cap 16.0	High Yield 7.4	Midstream Energy 4.8	International Dev. -0.8	EM Debt (unhedged) 9.9	High Yield Munis 9.7	Hedge Funds -4.0	High Yield 14.3	Hedge Funds -3.5	International Dev. 5.7
U.S. Large Cap 15.1	Foreign Bond 4.2	High Yield 15.8	U.S. Equity REITs 2.5	TIPS 3.6	TIPS -1.4	U.S. Equity REITs 8.5	Hedge Funds 7.8	U.S. Large Cap -4.4	EM Debt (unhedged) 13.5	High Yield -3.8	Core Bond 3.8
Balanced 13.0	U.S. Large Cap 2.1	Balanced 11.5	Municipals 5-Year 0.8	Hedge Funds 3.4	Foreign Bond -2.3	Balanced 7.6	High Yield 7.5	U.S. Equity REITs -4.6	High Yield Munis 10.7	Balanced -4.3	TIPS 3.5
High Yield Munis 7.8	Balanced 0.9	TIPS 7.0	Foreign Bond -1.0	Municipals 5-Year 3.2	Balanced -3.3	TIPS 4.7	Foreign Bond 6.5	Balanced -5.8	Core Bond 8.7	EM Debt (unhedged) -6.9	Emerging Markets 3.3
International Dev. 7.8	EM Debt (unhedged) -1.8	Foreign Bond 5.3	Core Bond -2.0	Foreign Bond 2.9	U.S. Small Cap -4.4	Foreign Bond 3.2	U.S. Equity REITs 5.2	EM Debt (unhedged) -6.2	TIPS 8.4	Emerging Markets -9.8	Foreign Bond 3.1
Core Bond 6.5	U.S. Small Cap -4.2	Midstream Energy 4.8	Emerging Markets -2.6	High Yield 2.5	High Yield -4.5	High Yield Munis 3.0	Core Bond 3.5	U.S. Small Cap -11.0	Hedge Funds 7.8	International Dev. -11.3	Municipals 5-Year 2.9
TIPS 6.3	Hedge Funds -5.7	Hedge Funds 4.8	High Yield Munis -5.5	Emerging Markets -2.2	Emerging Markets -14.9	Core Bond 2.6	Municipals 5-Year 3.1	Commodities -11.2	Commodities 7.7	U.S. Small Cap -13.0	Hedge Funds 2.6
Hedge Funds 5.7	Commodities -13.3	Core Bond 4.2	TIPS -8.6	International Dev. -4.9	EM Debt (unhedged) -14.9	International Dev. 1.0	TIPS 3.0	Midstream Energy -12.4	Midstream Energy 6.6	U.S. Equity REITs -18.7	EM Debt (unhedged) 1.6
Foreign Bond 4.1	International Dev. -12.1	Municipals 5-Year 3.0	EM Debt (unhedged) -9.0	EM Debt (unhedged) -5.7	Commodities -24.7	Hedge Funds 0.5	Commodities 1.7	International Dev. -13.8	Foreign Bond 6.3	Commodities -19.4	Midstream Energy -1.4
Municipals 5-Year 3.4	Emerging Markets -18.4	Commodities -1.1	Commodities -9.5	Commodities -17.0	Midstream Energy -32.6	Municipals 5-Year -0.4	Midstream Energy -6.5	Emerging Markets -14.6	Municipals 5-Year 5.4	Midstream Energy -35.7	Commodities -5.8

Source: Bloomberg as of 6/30/20. See disclosures for list of indices representing each asset class.



FINANCIAL MARKETS PERFORMANCE

Global Fixed Income Markets	QTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg Barclays 1-3-Month T-Bill	0.0%	0.5%	1.5%	1.7%	1.1%	0.8%	0.6%	1.3%
Bloomberg Barclays U.S. TIPS	4.2%	6.0%	8.3%	5.0%	3.7%	3.0%	3.5%	4.0%
Bloomberg Barclays Municipal Bond (5 Year)	3.3%	2.2%	3.8%	3.1%	2.8%	2.8%	2.9%	3.6%
Bloomberg Barclays High Yield Municipal Bond	4.6%	-2.6%	1.0%	5.3%	5.8%	5.2%	6.1%	5.0%
Bloomberg Barclays U.S. Aggregate	2.9%	6.1%	8.7%	5.3%	4.3%	4.0%	3.8%	4.4%
Bloomberg Barclays U.S. Corporate High Yield	10.2%	-3.8%	0.0%	3.3%	4.8%	5.0%	6.7%	6.8%
Bloomberg Barclays Global Aggregate ex-U.S. Hedged	1.8%	2.3%	4.0%	4.9%	4.5%	4.5%	4.2%	4.3%
Bloomberg Barclays Global Aggregate ex-U.S. Unhedged	3.4%	0.6%	0.7%	2.5%	2.9%	1.3%	2.0%	2.8%
Bloomberg Barclays U.S. Long Gov / Credit	6.2%	12.8%	18.9%	10.3%	9.0%	8.2%	7.8%	7.1%
JPMorgan GBI-EM Global Diversified	9.8%	-6.9%	-2.8%	1.1%	2.3%	-0.2%	1.6%	4.7%
Global Equity Markets	QTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	20.5%	-3.1%	7.5%	10.7%	10.7%	12.1%	14.0%	8.8%
Dow Jones Industrial Average	18.5%	-8.4%	-0.5%	9.1%	10.6%	10.8%	13.0%	9.1%
NASDAQ Composite	30.9%	12.7%	27.0%	19.2%	16.4%	18.2%	18.4%	12.4%
Russell 3000	22.0%	-3.5%	6.5%	10.0%	10.0%	11.7%	13.7%	8.8%
Russell 1000	21.8%	-2.8%	7.5%	10.6%	10.5%	12.0%	14.0%	8.9%
Russell 1000 Growth	27.8%	9.8%	23.3%	19.0%	15.9%	16.6%	17.2%	11.3%
Russell 1000 Value	14.3%	-16.3%	-8.9%	1.8%	4.6%	7.1%	10.4%	6.2%
Russell Mid Cap	24.6%	-9.1%	-2.3%	5.8%	6.7%	9.4%	12.3%	8.5%
Russell Mid Cap Growth	30.3%	4.2%	11.9%	14.8%	11.6%	13.2%	15.1%	10.3%
Russell Mid Cap Value	19.9%	-18.1%	-11.8%	-0.6%	3.3%	6.5%	10.3%	7.0%
Russell 2000	25.4%	-13.0%	-6.7%	2.0%	4.3%	7.2%	10.5%	7.0%
Russell 2000 Growth	30.6%	-3.1%	3.5%	7.8%	6.8%	10.0%	12.9%	8.8%
Russell 2000 Value	18.9%	-23.5%	-17.5%	-4.4%	1.2%	4.0%	7.8%	4.9%
MSCI ACWI	19.2%	-6.3%	2.1%	6.1%	6.5%	7.8%	9.2%	6.4%
MSCI ACWI ex. U.S.	16.1%	-11.0%	-4.8%	1.1%	2.3%	3.7%	5.0%	4.4%
MSCI EAFE	14.9%	-11.3%	-5.1%	0.8%	2.1%	3.9%	5.7%	4.1%
MSCI EAFE Growth	16.9%	-3.5%	4.2%	5.9%	5.5%	6.5%	7.8%	5.7%
MSCI EAFE Value	12.4%	-19.3%	-14.5%	-4.4%	-1.6%	1.2%	3.5%	2.3%
MSCI EAFE Small Cap	19.9%	-13.1%	-3.5%	0.5%	3.8%	6.4%	8.0%	5.7%
MSCI Emerging Markets	18.1%	-9.8%	-3.4%	1.9%	2.9%	3.2%	3.3%	6.3%
Alternatives	QTD	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Consumer Price Index*	-0.8%	-1.0%	0.1%	1.6%	1.5%	1.4%	1.6%	1.9%
FTSE NAREIT Equity REITs	11.8%	-18.7%	-13.0%	0.0%	4.1%	5.4%	9.1%	6.0%
S&P Developed World Property x U.S.	9.2%	-20.5%	-14.4%	-0.8%	1.5%	3.1%	6.7%	4.6%
S&P Developed World Property	10.5%	-19.5%	-13.8%	-0.4%	2.6%	4.1%	7.7%	5.1%
Bloomberg Commodity Total Return	5.1%	-19.4%	-17.4%	-6.1%	-7.7%	-8.1%	-5.8%	-4.3%
HFRI Fund of Funds Composite*	5.8%	-3.5%	-1.5%	1.6%	1.1%	2.4%	2.6%	2.5%
HFRI Fund Weighted Composite*	7.1%	-5.2%	-2.3%	1.5%	2.0%	3.0%	3.5%	4.1%
Alerian MLP	50.2%	-35.7%	-41.4%	-16.8%	-12.9%	-9.7%	-1.4%	2.6%

*One month lag.

Source: Bloomberg as of 6/30/20. Total returns as of 6/30/20. Periods greater than 1 year are annualized. All returns are in U.S. dollar terms.



DISCLOSURES

All material and information is intended for DiMEO Schneider & Associates, L.L.C. business only. Any use or public dissemination outside firm business is prohibited. Information is obtained from a variety of sources which are believed though not guaranteed to be accurate. Any forecast represents future expectations and actual returns, volatilities and correlations will differ from forecasts. Past performance does not indicate future performance. This presentation does not represent a specific investment recommendation. Please consult with your advisor, attorney and accountant, as appropriate, regarding specific advice.

When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise notes. Each index is unmanaged and investors can not actually invest directly into an index:

TIPS: Bloomberg Barclays Global Inflation-Linked: U.S. TIPS Total Return Index Unhedged
Municipals 5-Year: Bloomberg Barclays Municipal Bond 5 Year (4-6) Total Return Index Unhedged USD
Core Bond: Bloomberg Barclays US Agg Total Return Value Unhedged USD
High Yield Municipals: Bloomberg Barclays Muni High Yield Total Return Index Value Unhedged USD
High Yield: Bloomberg Barclays US Corporate High Yield Total Return Index Value Unhedged USD
Foreign Bond: Bloomberg Barclays Global Aggregate ex-USD Total Return Index Value USD (50/50 blend of hedged and unhedged)
EM Debt (unhedged): J.P. Morgan GBI-EM Global Diversified Composite Unhedged USD
U.S.: Russell 3000 Total Return Index
U.S. Large Cap: S&P 500 Total Return Index
U.S. Small Cap : Russell 2000 Total Return Index
International Developed: MSCI EAFE Net Total Return USD Index
Emerging Markets: MSCI Emerging Markets Net Total Return USD Index
World: MSCI ACWI Net Total Return USD Index
U.S. Equity REITs: FTSE Nareit Equity REITs Total Return Index USD
Midstream Energy: Alerian MLP Total Return Index
Hedge Funds: Hedge Fund Research HFRI Fund of Funds Composite Index
Event Driven: Hedge Fund Research HFRI Event-Driven Total Index
Relative Value: Hedge Fund Research HFRI Relative Value Fixed Income-Convertible Arbitrage Index
Equity Hedge: Hedge Fund Research HFRI Equity Hedge Total Index
Direct Fund Composite: Hedge Fund Research HFRI Fund Weighted Composite Index
Fund of Funds Composite: Hedge Fund Research HFRI Fund of Funds Composite Index
Macro: Hedge Fund Research HFRI Macro Total Index
Balanced*: 2% 3-month Treasury bill, 2% TIPS, 32% Core Bond, 4% High Yield , 3% Foreign Bond. 2% EM Debt (unhedged), 17% U.S. Large Cap, 5% U.S. Small Cap, 15% International, 7% Emerging Markets, 5% U.S. Equity REITS, 6% MLPs
U.S.: MSCI USA Net Total Return USD Index
China: MSCI CHINA Net Total Return USD Index
Japan: MSCI Japan Net Total Return USD Index
Germany: MSCI Germany Net Total Return USD Index
India: MSCI India Net Total Return USD Index
United Kingdom: MSCI UK Net Total Return USD Index
France: MSCI France Net Total Return USD Index
Italy: MSCI Italy Net Total Return USD Index
Brazil: MSCI Brazil Net Total Return USD Index
Canada: MSCI Canada Net Total Return USD Index

*Balanced represents current allocation of the DSA Balanced DPA Model Portfolio and historically tracks allocation changes to that Model. Returns are hypothetical and do not represent the actual returns earned by clients invested in the DSA Balanced DPA Model Portfolio. Please contact us for additional information on the historical allocation of this Model.