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DiMEO SCHNEIDER
& ASSOCIATES, L.L.C.

Market Commentary

December 2017

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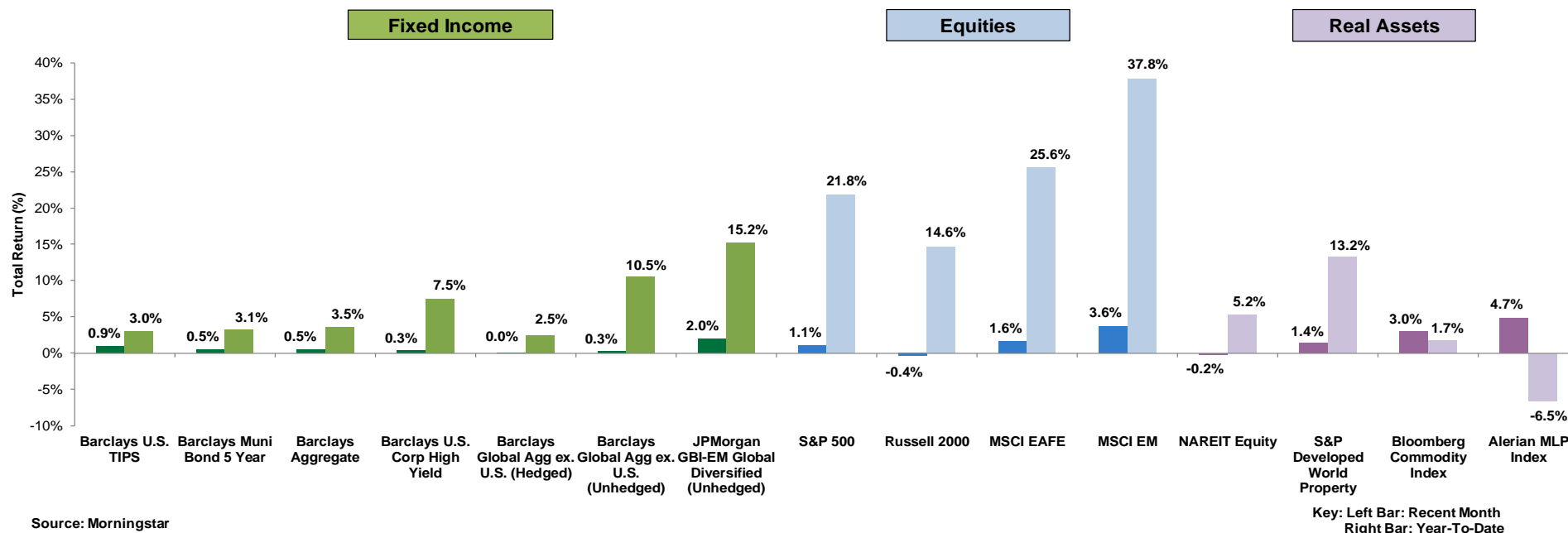


Global Markets Summary

December 2017

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Asset Class Returns



Source: Morningstar

Fixed Income

- Fixed income markets were positive during the last month of the year across domestic and international markets.
- Emerging markets debt was the best performing fixed income asset class for the year and capped the positive year by being the best performer in December.
- Despite three rate hikes over the course of 2017, the 10-Year U.S. Treasury yield ended the year at 2.41%, just 0.03% lower than where it started.

Equities

- Domestic and international markets were mostly higher during the month. Emerging markets equities, similar to their fixed income counterpart, was the best performer for the month and the year.
- Energy and telecom were the top performing sectors in December as energy prices recovered into the end of the year.
- Internationally, the United Kingdom had a notably strong end to the year while Brazil and India led the charge in emerging markets.

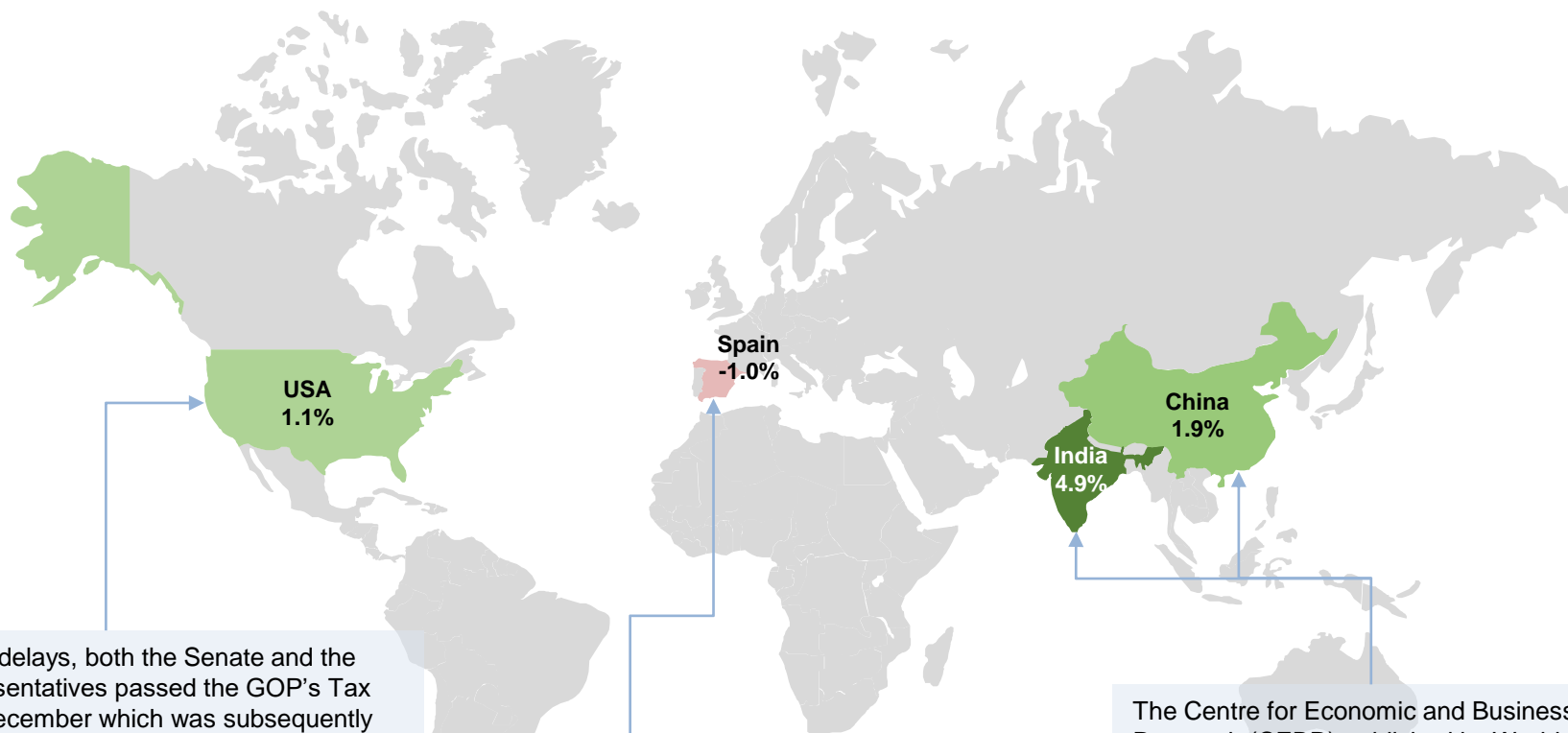
Real Assets

- MLPs were the top performer in real assets during the month of December but the worst performer for the full year. Commodities were higher while real estate finished December mixed.
- International real estate outperformed domestic benefiting global allocations as Europe and Asia rose.
- Commodities rose as oil pushed higher, benefiting the energy space as a whole. Industrial metals were also higher while agriculture fell.



Global Highlights

December 2017



Following a few delays, both the Senate and the House of Representatives passed the GOP's Tax Reform Bill in December which was subsequently signed into law by President Trump.

U.S. oil prices hit their highest point since mid-2015 closing above \$60 to end the year. This was in part due to a fall in output and a drop in commercial stockpiles.

The Federal Open Market Committee (FOMC) met in December and decided to raise the target range for the federal funds rate by a quarter point to 1.25% to 1.50%.

Despite the Spanish government's attempt to suppress the separatist movement in Catalonia with an early election, the three separatist parties together took the majority of seats in the 135-seat Parliament.

The Centre for Economic and Business Research (CEBR) published its World Economic League Table with predictions that China will overtake the U.S. as the world's number one economy by 2032. The report also noted India's likelihood to overtake both the UK and France in 2018.

Despite the United Nations sanctions, it appears that China has been secretly selling oil to North Korea. This could add stress to Chinese relations with other UN parties.

Stated returns reflect each country's MSCI Gross Country Index in U.S. Dollars



Financial Markets Performance

Total Returns as of December 31, 2017
 Periods greater than one year are annualized
 All returns are in U.S. dollar terms

Global Fixed Income Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
Bloomberg Barclays 1-3-Month T-Bill	0.1%	0.3%	0.8%	0.8%	0.4%	0.2%	0.2%	0.3%	1.2%
Bloomberg Barclays US TIPS	0.9%	1.3%	3.0%	3.0%	2.1%	0.1%	2.9%	3.5%	4.4%
Bloomberg Barclays Municipal Bond (5 Year)	0.5%	(0.7%)	3.1%	3.1%	1.7%	1.8%	2.7%	3.5%	3.4%
Bloomberg Barclays HY Muni	1.3%	1.8%	9.7%	9.7%	4.8%	4.3%	6.9%	5.2%	6.2%
Bloomberg Barclays US Aggregate	0.5%	0.4%	3.5%	3.5%	2.2%	2.1%	3.2%	4.0%	4.1%
Bloomberg Barclays U.S. Corporate High Yield	0.3%	0.5%	7.5%	7.5%	6.4%	5.8%	7.0%	8.0%	9.0%
Bloomberg Barclays Global Aggregate ex-US Hedged	0.0%	1.1%	2.5%	2.5%	2.9%	3.7%	4.1%	4.2%	4.2%
Bloomberg Barclays Global Aggregate ex-US Unhedged	0.3%	1.6%	10.5%	10.5%	1.8%	(0.2%)	1.0%	2.4%	4.3%
Bloomberg Barclays U.S. Long Gov / Credit	1.9%	2.8%	10.7%	10.7%	4.5%	4.4%	7.5%	7.3%	6.8%
JPMorgan GBI-EM Global Diversified	2.0%	0.8%	15.2%	15.2%	2.5%	(1.5%)	0.8%	3.6%	7.5%
Global Equity Markets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
S&P 500	1.1%	6.6%	21.8%	21.8%	11.4%	15.8%	13.8%	8.5%	9.9%
Dow Jones Industrial Average	1.9%	11.0%	28.1%	28.1%	14.4%	16.4%	14.3%	9.3%	10.3%
NASDAQ Composite	0.5%	6.5%	29.6%	29.6%	14.7%	19.4%	16.0%	11.3%	12.6%
Russell 3000	1.0%	6.3%	21.1%	21.1%	11.1%	15.6%	13.5%	8.6%	10.3%
Russell 1000	1.1%	6.6%	21.7%	21.7%	11.2%	15.7%	13.7%	8.6%	10.2%
Russell 1000 Growth	0.8%	7.9%	30.2%	30.2%	13.8%	17.3%	14.8%	10.0%	10.7%
Russell 1000 Value	1.5%	5.3%	13.7%	13.7%	8.7%	14.0%	12.5%	7.1%	9.6%
Russell Mid Cap	0.9%	6.1%	18.5%	18.5%	9.6%	15.0%	12.8%	9.1%	12.1%
Russell Mid Cap Growth	0.5%	6.8%	25.3%	25.3%	10.3%	15.3%	12.8%	9.1%	12.0%
Russell Mid Cap Value	1.2%	5.5%	13.3%	13.3%	9.0%	14.7%	12.8%	9.1%	12.0%
Russell 2000	(0.4%)	3.3%	14.6%	14.6%	10.0%	14.1%	11.6%	8.7%	11.2%
Russell 2000 Growth	0.1%	4.6%	22.2%	22.2%	10.3%	15.2%	12.3%	9.2%	11.6%
Russell 2000 Value	(1.0%)	2.0%	7.8%	7.8%	9.5%	13.0%	10.8%	8.2%	10.7%
MSCI ACWI	1.6%	5.8%	24.6%	24.6%	9.9%	11.4%	9.3%	5.2%	9.6%
MSCI ACWI ex. U.S.	2.3%	5.1%	27.8%	27.8%	8.3%	7.3%	5.4%	2.3%	9.2%
MSCI EAFE	1.6%	4.3%	25.6%	25.6%	8.3%	8.4%	6.5%	2.4%	8.6%
MSCI EAFE Growth	1.7%	5.3%	29.3%	29.3%	9.6%	9.2%	7.0%	3.0%	8.5%
MSCI EAFE Value	1.6%	3.3%	22.1%	22.1%	6.9%	7.5%	6.0%	1.7%	8.6%
MSCI EAFE Small Cap	2.7%	6.1%	33.5%	33.5%	14.6%	13.2%	9.5%	6.1%	12.6%
MSCI Emerging Markets	3.6%	7.5%	37.8%	37.8%	9.5%	4.7%	2.9%	2.0%	12.7%
Real Assets	1 MO	3 MO	YTD	1YR	3YR	5YR	7YR	10YR	15YR
FTSE NAREIT Equity REITs	(0.2%)	1.5%	5.2%	5.2%	5.6%	9.5%	10.5%	7.4%	10.9%
S&P Developed World Property ex-US	3.0%	6.5%	22.9%	22.9%	7.7%	7.0%	7.5%	3.0%	10.7%
S&P Developed World Property	1.4%	3.9%	13.2%	13.2%	6.4%	8.0%	8.6%	4.6%	10.6%
Bloomberg Commodity Total Return	3.0%	4.7%	1.7%	1.7%	(5.0%)	(8.5%)	(8.1%)	(6.8%)	(0.3%)
Alerian MLP	4.7%	(0.9%)	(6.5%)	(6.5%)	(9.3%)	(0.1%)	2.5%	6.0%	10.7%

Source: Morningstar